

TTM TECHNOLOGIES INC
Form 10-Q
May 05, 2015
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Form 10-Q

☒ **QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 30, 2015

Commission File Number: 0-31285

TTM TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of

91-1033443
(I.R.S. Employer

Edgar Filing: TTM TECHNOLOGIES INC - Form 10-Q

incorporation or organization)

Identification No.)

1665 Scenic Avenue Suite 250, Costa Mesa, California 92626

(Address of principal executive offices)

(714) 327-3000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. Check one:

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of shares of common stock, \$0.001 par value, of registrant outstanding at April 30, 2015: 84,019,121

Table of Contents

TABLE OF CONTENTS

<u>PART I: FINANCIAL INFORMATION</u>	Page
<u>Item 1. Financial Statements (unaudited)</u>	
<u>Consolidated Condensed Balance Sheets as of March 30, 2015 and December 29, 2014</u>	3
<u>Consolidated Condensed Statements of Operations for the quarters ended March 30, 2015 and March 31, 2014</u>	4
<u>Consolidated Condensed Statements of Comprehensive Income (Loss) for the quarters ended March 30, 2015 and March 31, 2014</u>	5
<u>Consolidated Condensed Statements of Cash Flows for the quarters ended March 30, 2015 and March 31, 2014</u>	6
<u>Notes to Consolidated Condensed Financial Statements</u>	7
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	20
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	26
<u>Item 4. Controls and Procedures</u>	27
<u>PART II: OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	27
<u>Item 1A. Risk Factors</u>	28
<u>Item 6. Exhibits</u>	46
<u>SIGNATURES</u>	47

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements (unaudited)****TTM TECHNOLOGIES, INC.****Consolidated Condensed Balance Sheets**

	As of	
	March 30, 2015	December 29, 2014
	(Unaudited)	
	(In thousands, except par value)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 282,968	\$ 279,042
Accounts receivable, net	239,645	307,933
Accounts receivable due from related parties	4,022	4,934
Inventories	153,920	145,187
Prepaid expenses and other current assets	49,898	61,027
Total current assets	730,453	798,123
Property, plant and equipment, net	746,649	754,718
Goodwill and definite-lived intangibles, net	29,510	31,361
Deposits and other non-current assets	15,262	17,087
	\$ 1,521,874	\$ 1,601,289
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt, including current portion of long-term debt	\$ 96,202	\$ 96,204
Convertible senior notes, net of discount	32,208	31,841
Accounts payable	194,186	217,326
Accounts payable due to related parties	16,852	17,950
Accrued salaries, wages and benefits	37,910	43,497
Equipment payable	39,059	47,212
Other accrued expenses	40,191	41,982
Total current liabilities	456,608	496,012
Convertible senior notes, net of discount	198,880	197,042
Long-term debt	129,500	177,600
Other long-term liabilities	16,691	15,171
Total long-term liabilities	345,071	389,813
Commitments and contingencies (Note 12)		
Equity:		
Common stock, \$0.001 par value; 200,000 shares authorized, 84,017 and 83,345 shares issued and outstanding in 2015 and 2014, respectively	84	83
Additional paid-in capital	588,727	586,709
Retained earnings	79,867	76,421
Statutory surplus reserve	21,236	21,236
Accumulated other comprehensive income	30,281	31,015

Edgar Filing: TTM TECHNOLOGIES INC - Form 10-Q

Total equity	720,195	715,464
	\$ 1,521,874	\$ 1,601,289

See accompanying notes to consolidated condensed financial statements.

Table of Contents**TTM TECHNOLOGIES, INC.****Consolidated Condensed Statements of Operations****For the Quarters Ended March 30, 2015 and March 31, 2014**

	Quarter Ended	
	March 30,	March 31,
	2015	2014
	(Unaudited)	
	(In thousands, except per share data)	
Net sales	\$ 329,164	\$ 291,895
Cost of goods sold	277,605	253,389
Gross profit	51,559	38,506
Operating expenses:		
Selling and marketing	9,455	9,323
General and administrative	34,469	22,494
Amortization of definite-lived intangibles	1,874	2,236
Gain on sale of asset	(2,504)	
Total operating expenses	43,294	34,053
Operating income	8,265	4,453
Other income (expense):		
Interest expense	(5,765)	(6,206)
Loss on extinguishment of debt		(506)
Other, net	(415)	(3,395)
Total other expense, net	(6,180)	(10,107)
Income (loss) before income taxes	2,085	(5,654)
Income tax benefit	1,361	1,855
Net income (loss)	\$ 3,446	\$ (3,799)
Basic earnings (loss) per share	\$ 0.04	\$ (0.05)
Diluted earnings (loss) per share	\$ 0.04	\$ (0.05)
Weighted-average shares used in computing per share amounts:		
Basic	83,603	82,925
Diluted	84,465	82,925

See accompanying notes to consolidated condensed financial statements.

Table of Contents**TTM TECHNOLOGIES, INC.****Consolidated Condensed Statements of Comprehensive Income (Loss)****For the Quarters Ended March 30, 2015 and March 31, 2014**

	Quarter Ended	
	March 30,	March 31,
	2015	2014
	(Unaudited)	
	(In thousands)	
Net income (loss)	\$ 3,446	\$ (3,799)
Other comprehensive (loss) income:		
Foreign currency translation adjustments, net of tax	1,063	(12,093)
Less: reclassification into earnings, net of tax	(1,786)	
Net	(723)	(12,093)
Net unrealized (losses) gains on cash flow hedges:		
Unrealized (loss) gain on effective cash flow hedges during the period, net	(53)	120
Loss realized in net earnings	42	25
Net	(11)	145
Unrealized gains (losses) on available for sale securities:		
Unrealized loss on available for sale securities during period		(20)
Loss realized in net earnings		37
Net		17
Other comprehensive loss, net of tax	(734)	(11,931)
Comprehensive income (loss)	\$ 2,712	\$ (15,730)

See accompanying notes to consolidated condensed financial statements.

Table of Contents**TTM TECHNOLOGIES, INC.****Consolidated Condensed Statements of Cash Flows****For the Quarters Ended March 30, 2015 and March 31, 2014**

	Quarter Ended	
	March 30,	March 31,
	2015	2014
	(Unaudited)	
	(In thousands)	
Cash flows from operating activities:		
Net income (loss)	\$ 3,446	\$ (3,799)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation of property, plant and equipment	24,536	23,707
Amortization of definite-lived intangible assets	1,874	2,236
Accretion of convertible notes debt discount and amortization of debt issuance costs	2,625	2,523
Deferred income taxes	2,255	1,266
Stock-based compensation	2,040	2,168
Loss on extinguishment of debt		506
Gain on sale of asset	(2,504)	
Other	(1,415)	3,660
Payment of accreted interest on convertible senior notes		(1,324)
Changes in operating assets and liabilities:		
Accounts and notes receivable, net	69,200	71,315
Inventories	(8,733)	(1,169)
Prepaid expenses and other current assets	3,600	2,385
Accounts payable	(23,629)	(36,919)
Accrued salaries, wages and benefits and other accrued expenses	(5,941)	(21,179)
Net cash provided by operating activities	67,354	45,376
Cash flows from investing activities:		
Purchase of property, plant and equipment and equipment deposits	(22,776)	(28,914)
Proceeds from sale of property, plant and equipment and asset held for sale	7,187	100
Net cash used in investing activities	(15,589)	(28,814)
Cash flows from financing activities:		
Repayment of long-term debt borrowing	(48,101)	(48,101)
Proceeds from exercise of stock options	262	
Proceeds from issuance of convertible senior notes		