

MERIT MEDICAL SYSTEMS INC

Form 10-Q

May 09, 2016

[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2016.

OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____
Commission File Number 0-18592

MERIT MEDICAL SYSTEMS, INC.
(Exact name of Registrant as specified in its charter)
Utah 87-0447695
(State or other jurisdiction of incorporation or organization) (I.R.S. Identification No.)

1600 West Merit Parkway, South Jordan, UT, 84095
(Address of Principal Executive Offices, including Zip Code)

(801) 253-1600
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Sections 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 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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.
Large Accelerated Filer Accelerated Filer

Non-Accelerated Filer 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

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Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date.

Common Stock 44,309,320

Title or class	Number of Shares Outstanding at May 5, 2016
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Table of Contents

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

<u>Item 1. Financial Statements (Unaudited)</u>	<u>1</u>
<u>Consolidated Balance Sheets as of March 31, 2016 and December 31, 2015</u>	<u>1</u>
<u>Consolidated Statements of Income for the three months ended March 31, 2016 and 2015</u>	<u>3</u>
<u>Consolidated Statements of Comprehensive Income for the three months ended March 31, 2016 and 2015</u>	<u>4</u>
<u>Consolidated Statements of Cash Flows for the three months ended March 31, 2016 and 2015</u>	<u>5</u>
<u>Condensed Notes to Consolidated Financial Statements</u>	<u>7</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>17</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>24</u>
<u>Item 4. Controls and Procedures</u>	<u>26</u>

PART II. OTHER INFORMATION

<u>Item 1. Legal Proceedings</u>	<u>27</u>
<u>Item 1A. Risk Factors</u>	<u>27</u>
<u>Item 6. Exhibits</u>	<u>27</u>
<u>SIGNATURES</u>	<u>28</u>

Table of Contents

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

March 31, 2016 and December 31, 2015

(In thousands)

	March 31, 2016	December 31, 2015
ASSETS		(unaudited)
CURRENT ASSETS:		
Cash and cash equivalents	\$5,162	\$4,177
Trade receivables — net of allowance for uncollectible accounts — 2016 — \$1,451 and 2015 — \$1,497	71,574	70,292
Employee receivables	263	217
Other receivables	5,501	6,799
Inventories	110,726	105,999
Prepaid expenses	6,181	5,634
Prepaid income taxes	3,049	2,955
Deferred income tax assets	7,049	7,025
Income tax refund receivables	504	905
Total current assets	210,009	204,003
PROPERTY AND EQUIPMENT:		
Land and land improvements	19,464	19,307
Buildings	137,890	136,595
Manufacturing equipment	161,503	158,775
Furniture and fixtures	40,904	39,301
Leasehold improvements	28,350	27,561
Construction-in-progress	30,837	26,292
Total property and equipment	418,948	407,831
Less accumulated depreciation	(146,057)	(140,053)
Property and equipment — net	272,891	267,778
OTHER ASSETS:		
Intangible assets:		
Developed technology — net of accumulated amortization — 2016 — \$41,290 and 2015 — \$39,468	38,468	69,861
Other — net of accumulated amortization — 2016 — \$27,605 and 2015 — \$26,603	40,641	39,493
Goodwill	187,047	184,472
Other assets	13,664	13,121
Total other assets	320,520	306,947

TOTAL	\$ 803,420	\$ 778,728
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See condensed notes to consolidated financial statements. (continued)

1

Table of Contents

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 March 31, 2016 and December 31, 2015
 (In thousands)

	March 31, 2016	December 31, 2015
LIABILITIES AND STOCKHOLDERS' EQUITY		(unaudited)
CURRENT LIABILITIES:		
Trade payables	\$ 39,104	\$ 37,977
Accrued expenses	33,866	37,846
Current portion of long-term debt	10,000	10,000
Advances from employees	207	589
Income taxes payable	2,145	1,498
Total current liabilities	85,322	87,910
LONG-TERM DEBT	218,402	197,593
DEFERRED INCOME TAX LIABILITIES	11,099	10,985
LIABILITIES RELATED TO UNRECOGNIZED TAX BENEFITS	768	768
DEFERRED COMPENSATION PAYABLE	8,195	8,500
DEFERRED CREDITS	2,678	2,721
OTHER LONG-TERM OBLIGATIONS		