

OSI SYSTEMS INC
Form 10-Q
October 31, 2017
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2017

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 000-23125

OSI SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

33-0238801
(I.R.S. Employer
Identification No.)

12525 Chadron Avenue

Hawthorne, California 90250

(Address of principal executive offices) (Zip Code)

(310) 978-0516

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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, a smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and

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emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

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

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of October 26, 2017, there were 18,968,450 shares of the registrant's common stock outstanding.

Table of Contents

OSI SYSTEMS, INC.

INDEX

| | PAGE |
|---|-------------|
| <u>PART I FINANCIAL INFORMATION</u> | 3 |
| <u>Item 1</u> <u>Financial Statements</u> | 3 |
| <u>Unaudited Condensed Consolidated Balance Sheet at June 30, 2017 and Unaudited Condensed Consolidated Balance Sheet at September 30, 2017</u> | 3 |
| <u>Unaudited Condensed Consolidated Statements of Operations for the three months ended September 30, 2016 and 2017</u> | 4 |
| <u>Unaudited Condensed Consolidated Statements of Comprehensive Income (Loss) for the three months ended September 30, 2016 and 2017</u> | 5 |
| <u>Unaudited Condensed Consolidated Statements of Cash Flows for the three months ended September 30, 2016 and 2017</u> | 6 |
| <u>Notes to Unaudited Condensed Consolidated Financial Statements</u> | 7 |
| <u>Item 2</u> <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | 21 |
| <u>Item 3</u> <u>Quantitative and Qualitative Disclosures about Market Risk</u> | 25 |
| <u>Item 4</u> <u>Controls and Procedures</u> | 26 |
| <u>PART II OTHER INFORMATION</u> | 28 |
| <u>Item 1</u> <u>Legal Proceedings</u> | 28 |
| <u>Item 1A</u> <u>Risk Factors</u> | 28 |
| <u>Item 2</u> <u>Unregistered Sales of Equity Securities and Use of Proceeds</u> | 28 |
| <u>Item 3</u> <u>Defaults Upon Senior Securities</u> | 28 |
| <u>Item 4</u> <u>Mine Safety Disclosures</u> | 28 |
| <u>Item 5</u> <u>Other Information</u> | 28 |
| <u>Item 6</u> <u>Exhibits</u> | 28 |
| <u>Signatures</u> | 29 |

Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****OSI SYSTEMS, INC. AND SUBSIDIARIES****UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

(amounts in thousands, except share amounts)

| | June 30, 2017 | September 30, 2017 |
|--|------------------|-----------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 169,650 | \$ 192,028 |
| Accounts receivable, net | 206,526 | 203,068 |
| Inventories | 248,510 | 271,309 |
| Prepaid expenses and other current assets | 28,314 | 34,425 |
| Total current assets | 653,000 | 700,830 |
| Property and equipment, net | 141,539 | 151,170 |
| Goodwill | 242,129 | 282,656 |
| Intangible assets, net | 118,450 | 145,036 |
| Deferred income taxes | 34,897 | 29,705 |
| Other assets | 40,072 | 42,127 |
| Total assets | \$ 1,230,087 | \$ 1,351,524 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | |
| CURRENT LIABILITIES: | | |
| Bank lines of credit | \$ 103,000 | \$ 214,000 |
| Current portion of long-term debt | 2,396 | 2,286 |
| Accounts payable | 76,121 | 86,112 |
| Accrued payroll and related expenses | 34,621 | 31,271 |
| Advances from customers | 37,934 | 34,458 |
| Other accrued expenses and current liabilities | 92,062 | 93,224 |
| Total current liabilities | 346,134 | 461,351 |
| Long-term debt | 241,750 | 243,416 |
| Deferred income taxes | 20,681 | 20,323 |
| Other long-term liabilities | 52,309 | 55,054 |
| Total liabilities | 660,874 | 780,144 |
| Commitments and contingencies (Note 9) | | |
| Stockholders' Equity: | | |
| Preferred stock, \$0.001 par value authorized, 10,000,000 shares; no shares issued or outstanding | | |
| Common stock, \$0.001 par value authorized, 100,000,000 shares; issued and outstanding, 18,689,568 shares at June 30, 2017 and 18,958,834 shares at September 30, 2017 | 222,529 | 212,931 |
| Retained earnings | 363,872 | 374,029 |
| Accumulated other comprehensive loss | (17,188) | (15,580) |
| Total stockholders' equity | 569,213 | 571,380 |
| Total liabilities and stockholders' equity | \$ 1,230,087 | \$ 1,351,524 |

See accompanying notes to condensed consolidated financial statements.

Table of Contents**OSI SYSTEMS, INC. AND SUBSIDIARIES****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(amounts in thousands, except per share data)**

| | For the Three Months Ended September 30, | |
|---|---|-------------|
| | 2016 | 2017 |
| Net revenues: | | |
| Products | \$ 153,457 | \$ 165,653 |
| Services | 67,398 | 91,480 |
| Total net revenues | 220,855 | 257,133 |
| Cost of goods sold: | | |
| Products | 113,121 | 114,180 |
| Services | 39,647 | 51,682 |
| Total cost of goods sold | 152,768 | 165,862 |
| Gross profit | 68,087 | 91,271 |
| Operating expenses: | | |
| Selling, general and administrative | 43,553 | 55,647 |
| Research and development | 12,478 | 15,100 |
| Impairment, restructuring and other charges | 9,957 | 1,130 |
| Total operating expenses | 65,988 | 71,877 |
| Income from operations | 2,099 | 19,394 |
| Interest and other expense, net | (1,158) | |