MERIT MEDICAL SYSTEMS INC Form 10-O August 11, 2014 Table of Contents

#### SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2014.

OR

0 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 (I.R.S. Identification No.) organization)

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 ý No o

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 ý No o

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 o Accelerated Filer x

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Non-Accelerated Filer o

Smaller Reporting Company o

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

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date. Common Stock 43,228,865

Title or class

43,228,865 Number of Shares Outstanding at August 6, 2014

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#### PART I - FINANCIAL STATEMENTS

#### ITEM 1. FINANCIAL STATEMENTS

#### MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS JUNE 30, 2014 AND DECEMBER 31, 2013 (In thousands)

ASSETS	June 30, 2014 (unaudited)	December 31, 2013
CURRENT ASSETS: Cash and cash equivalents	\$9,401	\$7,459
Trade receivables — net of allowance for uncollectible accounts — 2014 — \$903 and \$840	d 2013 67,345	60,186
Employee receivables	180	224
Other receivables	4,033	3,279
Inventories	86,471	82,378
Prepaid expenses	5,477	5,121
Prepaid income taxes	1,230	1,232
Deferred income tax assets	5,619	5,638
Income tax refund receivables	297	398
Total current assets	180,053	165,915
PROPERTY AND EQUIPMENT:		
Land and land improvements	17,214	16,240
Buildings	129,967	127,747
Manufacturing equipment	145,473	136,768
Furniture and fixtures	35,166	32,327
Leasehold improvements	14,651	13,692
Construction-in-progress	26,911	25,172
Total property and equipment	369,382	351,946
Less accumulated depreciation	(118,509)	(108,676)
Property and equipment — net	250,873	243,270
OTHER ASSETS: Intangible assets:		
Developed technology — net of accumulated amortization — 2014 — \$22,862 and 2 \$17,602	$^{013}_{85,\overline{763}}$	91,052
Other — net of accumulated amortization — $2014 - $21,021$ and $2013 - $18,870$	27,582	28,935

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Goodwill Deferred income tax assets Other assets	184,505 800 14,544	184,505 800 13,806
Total other assets	313,194	319,098
TOTAL See condensed notes to consolidated financial statements.	\$744,120	\$728,283 (Continued)

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MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS JUNE 30, 2014 AND DECEMBER 31, 2013 (In thousands)

	June 30, 2014	December 31, 2013
LIABILITIES AND STOCKHOLDERS' EQUITY	(unaudited)	
CURRENT LIABILITIES:		
Trade payables	\$28,180	\$26,511
Accrued expenses	31,141	27,702
Current portion of long-term debt	10,000	10,000
Advances from employees	660	292
Income taxes payable	1,161	1,089
Total current liabilities	71,142	65,594
LONG-TERM DEBT	238,375	238,854
DEFERRED INCOME TAX LIABILITIES	2,533	2,548
LIABILITIES RELATED TO UNRECOGNIZED TAX BENEFITS	1,767	