

Edgar Filing: MERIT MEDICAL SYSTEMS INC - Form 10-Q

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

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	Number of Shares Outstanding at August 6, 2014

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 June 30, 2014 and December 31, 2013</u>	<u>1</u>
<u>Consolidated Statements of Income for the three and six months ended June 30, 2014 and 2013</u>	<u>3</u>
<u>Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2014 and 2013</u>	<u>4</u>
<u>Consolidated Statements of Cash Flows for the six months ended June 30, 2014 and 2013</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>16</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>25</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>27</u>

Table of Contents

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)

	June 30, 2014 (unaudited)	December 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$9,401	\$7,459
Trade receivables — net of allowance for uncollectible accounts — 2014 — \$903 and 2013 — \$840	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 2013 — \$17,602	85,763	91,052
Other — net of accumulated amortization — 2014 — \$21,021 and 2013 — \$18,870	27,582	28,935

Edgar Filing: MERIT MEDICAL SYSTEMS INC - Form 10-Q

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

1

Table of Contents

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

	June 30, 2014 (unaudited)	December 31, 2013
LIABILITIES AND STOCKHOLDERS' EQUITY		
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	