

CUI Global, Inc.
Form 10-Q
November 09, 2016

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
^x1934

For the quarterly period ended September 30, 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 0-29923

CUI Global, Inc.

(Exact name of registrant as specified in its charter)

Colorado 84-1463284
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

20050 SW 112th Avenue

Tualatin, Oregon 97062

(Address of principal executive offices and zip code)

(503) 612-2300

(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.

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

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There were 20,915,491 shares of the registrant's common stock, par value \$0.001 per share, issued and outstanding as of November 7, 2016.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CUI Global, Inc.

Condensed Consolidated Balance Sheets

(in thousands, except share and per share data)	September 30, 2016 (Unaudited)	December 31, 2015
Assets:		
Current Assets:		
Cash and cash equivalents	\$7,051	\$7,267
Trade accounts receivable, net of allowance of \$129 and \$90, respectively	11,785	14,685
Inventories, net of allowance of \$743 and \$483, respectively	12,276	12,321
Costs in excess of billings	1,877	1,571
Prepaid expenses and other	1,958	2,313
Total current assets	34,947	38,157
Property and equipment, less accumulated depreciation of \$3,539 and \$3,126, respectively	11,112	11,950
Goodwill	20,505	21,527
Other intangible assets, less accumulated amortization of \$9,556 and \$8,999, respectively	17,002	18,746
Investment	—	385
Note receivable, less current portion	342	—
Deposits and other assets	114	83
Total assets	\$84,022	\$90,848
Liabilities and Stockholders' Equity:		
Current Liabilities:		
Accounts payable	\$6,044	\$5,806
Mortgage note payable, current portion	88	85
Capital lease obligation, current portion	31	41
Accrued expenses	4,406	5,222
Billings in excess of costs	2,773	2,190
Unearned revenue	4,361	3,711

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Total current liabilities	17,703	17,055
Long term mortgage note payable, less current portion	3,372	3,439
Long term note payable, related party	5,304	5,304
Capital lease obligation, less current portion	13	29
Derivative liability	678	580
Deferred tax liabilities, net	4,218	4,533
Other long-term liabilities	294	392
Total liabilities	31,582	31,332

Commitments and contingencies

Stockholders' Equity:

Common stock, par value \$0.001; 325,000,000 shares authorized; 20,906,767 shares issued and outstanding at September 30, 2016 and 20,806,219 shares issued and outstanding at December 31, 2015	21	21
Additional paid-in capital	150,116	149,639
Accumulated deficit	(93,360)	(88,704)
Accumulated other comprehensive loss	(4,337)	(1,440)
Total stockholders' equity	52,440	59,516
Total liabilities and stockholders' equity	\$84,022	\$90,848

See accompanying notes to condensed consolidated financial statements

CUI Global, Inc.

Condensed Consolidated Statements of Operations

(Unaudited)

(In thousands, except share and per share amounts)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
Total revenues	\$23,257	\$24,845	\$67,058	\$64,354
Cost of revenues	14,660	15,506	41,269	40,521
Gross profit	8,597	9,339	25,789	23,833
Operating expenses:				
Selling, general and administrative	8,080	7,941	26,328	24,520
Depreciation and amortization	585	632	1,809	2,227
Research and development	512	532	1,544	1,506
Provision for bad debt	—	67	48	204
Other operating expenses	5	—	5	2
Total operating expenses	9,182	9,172	29,734	28,459
Income (loss) from operations	(585)	167	(3,945)	(4,626)
Other income (expense)	6	(305)	(265)	(116)
Interest expense	(119)	(109)	(364)	(318)
Loss before taxes	(698)	(247)	(4,574)	(5,060)
Income tax expense (benefit)	(191)	(188)	82	(421)
Net loss	\$(507)	\$(59)	\$(4,656)	\$(4,639)
Basic and diluted weighted average common and common equivalent shares outstanding	20,906,781	20,802,217	20,891,517	20,787,536
Basic and diluted loss per common share	\$(0.02)	\$(0.00)	(0.22)	\$(0.22)

See accompanying notes to condensed consolidated financial statements

CUI Global, Inc.

Condensed Consolidated Statements of Comprehensive Income and Loss

(Unaudited)

(in thousands)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
Net loss	\$(507)	\$(59)	\$(4,656)	\$(4,639)
Other comprehensive income (loss)				
Foreign currency translation adjustment	(796)	(1,253)	(2,897)	(957)
Comprehensive loss	\$(1,303)	\$(1,312)	\$(7,553)	\$(5,596)

See accompanying notes to condensed consolidated financial statements

CUI Global, Inc.

Condensed Consolidated Statements of Changes in Stockholders' Equity

(Unaudited)

(In thousands, except share amounts)	Common Stock		Additional Paid-in	Accumulated	Accumulated Other Comprehensive	Total Stockholders'
	Shares	Amount	Capital	Deficit	Income (Loss)	Equity
Balance, December 31, 2015	20,806,219	\$ 21	\$ 149,639	\$ (88,704) \$ (1,440) \$ 59,516