

ANGIODYNAMICS INC

Form 10-Q

April 11, 2016

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UNITED STATES

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 February 29, 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 0-50761

AngioDynamics, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

11-3146460

(I.R.S. Employer
Identification No.)

14 Plaza Drive Latham, New York
(Address of principal executive offices)
(518) 795-1400

12110
(Zip Code)

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Common stock, par value \$.01

Preferred Stock Purchase Rights

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Name of each exchange on which registered

NASDAQ Global Select Market

NASDAQ Global Select Market

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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 website, 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 definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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 ☒

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

Class	Outstanding as of April 4, 2016
Common Stock, par value \$.01	36,367,049

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PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements.

AngioDynamics, Inc. and Subsidiaries

CONSOLIDATED CONDENSED STATEMENTS OF INCOME (LOSS)

(unaudited)

(in thousands of dollars, except per share data)

	Three Months Ended		Nine Months Ended	
	Feb 29, 2016	Feb 28, 2015	Feb 29, 2016	Feb 28, 2015
Net sales	\$87,384	\$86,597	\$260,321	\$266,077
Cost of sales	43,900	48,746	127,829	134,745
Gross profit	43,484	37,851	132,492	131,332
Operating expenses				
Research and development	5,808	6,855	18,189	19,642
Sales and marketing	20,301	19,355	61,429	60,405
General and administrative	6,784	6,917	22,300	22,213
Amortization of intangibles	4,458	5,106	13,356	13,182
Change in fair value of contingent consideration	(31)	(10,044)	630	(8,626)
Acquisition, restructuring and other items, net	3,042	18,779	9,098	23,745
Medical device excise tax	435	1,034	2,416	3,105
Total operating expenses	40,797	48,002	127,418	133,666
Operating income (loss)	2,687	(10,151)	5,074	(2,334)
Other (expenses) income				
Interest expense	(809)	(859)	(2,607)	(2,451)
Interest income	2	2	4	3
Other expense	(868)	(971)	(2,861)	(2,950)
Total other expenses, net	(1,675)	(1,828)	(5,464)	(5,398)
Income (loss) before income tax expense (benefit)	1,012	(11,979)	(390)	(7,732)
Income tax expense (benefit)	382	(7,717)	99	(5,278)
Net income (loss)	\$630	\$(4,262)	\$(489)	\$Deferred (17,996) (12,210) 31,537 18,375
	1,008	68,325	100,395	24,251
Income from continuing operations before cumulative effect of change in accounting principle	29,264	126,449	171,486	67,659
	19,241	7,058	25,421	5,712

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INCOME FROM
DISCONTINUED
OPERATIONS, net of income
tax expense (benefit) of
\$18,280, \$2,148, \$(7,435) and
\$78, respectively

Income before cumulative
effect of change in accounting
principle

48,505 133,507 196,907 73,371

CUMULATIVE EFFECT OF
CHANGE IN
ACCOUNTING PRINCIPLE,
net of income tax benefit of
zero, zero, \$407 and zero,
respectively

(60,547) (1,014)

NET INCOME (LOSS)

\$ (12,042) \$ 133,507 \$ 195,893 \$ 73,371

VINTAGE PETROLEUM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	For the Nine Months Ended September 30,	For the Years Ended December 31,		
	2002	2001	2000	1999
BASIC INCOME (LOSS) PER SHARE:				
Income from continuing operations before cumulative effect of change in accounting principle	.46	2.01	2.74	1.17
Income from discontinued operations	.31	.11	.41	.10
Income before cumulative effect of change in accounting principle	.77	2.12	3.15	1.27
Cumulative effect of change in accounting principle	(.96)		(.02)	
Net income (loss)	(.19)	2.12	3.13	1.27
DILUTED INCOME (LOSS) PER SHARE:				
Income from continuing operations before cumulative effect of change in accounting principle	.46	1.98	2.68	1.14
Income from discontinued operations	.30	.11	.40	.10
Income before cumulative effect of change in accounting principle	.76	2.09	3.08	1.24
Cumulative effect of change in accounting principle	(.95)		(.02)	
Net income (loss)	(.19)	2.09	3.06	1.24
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
Basic	63,181	63,023	62,644	57,989
Diluted	63,661	64,027	63,963	59,315

See note to financial information.

VINTAGE PETROLEUM, INC. AND SUBSIDIARIES

NOTE TO FINANCIAL INFORMATION

For the Nine Months Ended September 30, 2002 and the Years Ended December 31, 2001, 2000 and 1999
(Unaudited)

1. DISCONTINUED OPERATIONS

On July 30, 2002, Vintage Petroleum, Inc. (the Company) completed the sale of its operations in Trinidad. The Company received \$40 million in cash and recorded a gain of approximately \$31.9 million (\$14.9 million after income taxes), subject to post-closing adjustments.

On December 16, 2002, the Company reported it had signed an agreement to sell its interests in Ecuador to a major independent oil and gas company for \$141.7 million, subject to certain adjustments. In the agreement, Vintage commits to sell for cash all of the stock of its indirect wholly-owned subsidiary, Vintage Oil Ecuador, S.A. The transaction is scheduled to close January 31, 2003, subject to normal conditions precedent to closing.

In accordance with the rules established by SFAS No. 144, the Company's Trinidad operations, along with the gain on the sale, and the Company's Ecuador operations are accounted for as discontinued operations in the accompanying consolidated financial information.

Following is summarized financial information for the Company's Trinidad operations (in thousands):

	Nine Months Ended September 30,	Years Ended December 31,		
	2002	2001	2000	1999
Loss from discontinued operations	\$ (711)	\$ (980)	\$ (104)	\$
Deferred tax expense (benefit)	(253)	(343)		
Net operating loss from discontinued operations	(458)	(637)	(104)	
Gain on sale of Trinidad operations, net of \$16,939 income tax expense	14,943			
Income (loss) from discontinued operations, net of tax	\$ 14,485	\$ (637)	\$ (104)	\$
	September 30, 2002	December 31, 2001	December 31, 2000	
Current assets	\$	\$ 1,274	\$ 389	
Property, plant and equipment, net		7,898	2,321	
Assets of discontinued operations	\$	\$ 9,172	\$ 2,710	
Current liabilities	\$	\$ 972	\$ 20	
Liabilities of discontinued operations	\$	\$ 972	\$ 20	

VINTAGE PETROLEUM, INC. AND SUBSIDIARIES

NOTE TO FINANCIAL INFORMATION

For the Nine Months Ended September 30, 2002 and the Years Ended December 31, 2001, 2000 and 1999

Following is summarized financial information for the Company's Ecuador operations (in thousands):

	Nine Months Ended September 30,	Years Ended December 31,		
	2002	2001	2000	1999
Income from discontinued operations	\$ 6,350	\$ 10,186	\$ 18,497	\$ 5,790
Current tax expense				78
Deferred tax expense (benefit)	1,595	2,491	(7,435)	
Income from discontinued operations, net of tax	\$ 4,755	\$ 7,695	\$ 25,932	\$ 5,712
	September 30, 2002	December 31, 2001	December 31, 2000	
Current assets	\$ 17,486	\$ 12,650	\$ 23,941	
Property, plant and equipment, net	54,293	49,814	41,745	
Other assets	3,454	3,761	2,558	
Deferred income taxes	9,520	11,114	13,605	
Assets of discontinued operations	\$ 84,753	\$ 77,339	\$ 81,849	
Current liabilities	\$ 8,712	\$ 6,162	\$ 5,956	
Liabilities of discontinued operations	\$ 8,712	\$ 6,162	\$ 5,956	

In accordance with Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the assets of the Company's Trinidad and Ecuador operations were reclassified as Assets of discontinued operations and the liabilities were reclassified as Liabilities of discontinued operations in the accompanying consolidated balance sheets as of September 30, 2002, December 31, 2001 and December 31, 2000.

Item 7. Financial Statements and Exhibits

(c) Exhibits

99. Press release dated December 16, 2002, issued by the Company.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VINTAGE PETROLEUM, INC.

By:

/s/ Michael F. Meimerstorf

Michael F. Meimerstorf
Vice President and Controller

Date: January 21, 2003

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
99.	Press release dated December 16, 2002, issued by the Company.

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