ADVANCED ENERGY INDUSTRIES INC
Form 10-Q
August 06, 2015
Table Of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.
For the quarterly period ended June 30, 2015

or

o 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: 000-26966
ADVANCED ENERGY INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

Delaware	84-0846841
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1625 Sharp Point Drive, Fort Collins, CO	80525
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code: (970) 221-4670

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

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	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 þ

As of July 31, 2015 there were 41,019,721 shares of the registrant's Common Stock, par value $0.001 per share, outstanding.

ADVANCED ENERGY INDUSTRIES, INC.
FORM 10-Q
TABLE OF CONTENTS

	Page
PART I FINANCIAL STATEMENTS	3
ITEM 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	3
Condensed Consolidated Balance Sheets	3
Condensed Consolidated Statements of Operations	4
Condensed Consolidated Statements of Comprehensive (Loss) Income	5
Condensed Consolidated Statements of Cash Flows	6
Notes to Condensed Consolidated Financial Statements	7
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	24
ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	32
ITEM 4. CONTROLS AND PROCEDURES	33
PART II OTHER INFORMATION	35
ITEM 1. LEGAL PROCEEDINGS	35
ITEM 1A. RISK FACTORS	35
ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	47
ITEM 3. DEFAULTS UPON SENIOR SECURITIES	47
ITEM 4. MINE SAFETY DISCLOSURES	47
ITEM 5. OTHER INFORMATION	47
ITEM 6. EXHIBITS	48
SIGNATURES	49
EX-31.1	
EX-31.2	
EX-32.1	
EX-32.2	

Table Of Contents

PART I FINANCIAL STATEMENTS
ITEM 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
ADVANCED ENERGY INDUSTRIES, INC.
Condensed Consolidated Balance Sheets
(In thousands, except per share amounts)

	June 30, 2015	December 31, 2014
ASSETS	UNAUDITED	
CURRENT ASSETS:		
Cash and cash equivalents	$169,663	$125,285
Marketable securities	13,538	3,083
Accounts receivable, net of allowances of $24,507 and $3,035, respectively	91,432	124,150
Inventories, net of reserves of $44,047 and $41,080, respectively	78,056	95,082
Deferred income tax assets	13,992	14,011
Income taxes receivable	11,822	5,555
Other current assets	11,356	9,588
Total current assets	389,859	376,754
Property and equipment, net	12,250	28,976
OTHER ASSETS:		
Deposits and other	1,620	2,052
Goodwill	43,538	203,329
Other intangible assets, net	38,518	47,074
Deferred income tax assets	26,271	26,384
Total assets	$512,056	$684,569
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$49,451	$53,040
Income taxes payable	7,273	1,495
Accrued payroll and employee benefits	12,504	13,479
Accrued warranty expense	12,510	17,769
Other accrued expenses	22,453	19,970
Customer deposits	4,146	6,817
Deferred income tax liabilities	45,826	—
Total current liabilities	154,163	112,570
LONG-TERM LIABILITIES:		
Deferred income tax liabilities	2,185	1,439
Uncertain tax positions	9,912	6,484
Accrued warranty expense	18,737	18,352
Long term deferred revenue	45,305	47,246
Other long-term liabilities	21,302	23,513
Total liabilities	251,604	209,604
STOCKHOLDERS' EQUITY:		
Preferred stock, $0.001 par value, 1,000 shares authorized, none issued and outstanding	—	—
Common stock, $0.001 par value, 70,000 shares authorized; 41,013 and 40,613 issued and outstanding, respectively	41	41
Additional paid-in capital	242,759	237,752
Retained earnings	15,213	226,396

Accumulated other comprehensive income	2,439	10,776
Total stockholders' equity	260,452	474,965
Total liabilities and stockholders' equity	$512,056	$684,569

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Table Of Contents

ADVANCED ENERGY INDUSTRIES, INC.
Condensed Consolidated Statements of Operations
(In thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
	UNAUDITED		UNAUDITED	
SALES	$136,791	$146,285	$277,909	$287,233
COST OF SALES	96,513			