

II-VI INC
Form 10-Q
May 09, 2013
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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 1934
For the quarterly period ended March 31, 2013

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: 0-16195

II-VI INCORPORATED

(Exact name of registrant as specified in its charter)

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PENNSYLVANIA
(State or other jurisdiction of
incorporation or organization)

25-1214948
(I.R.S. Employer
Identification No.)

375 Saxonburg Boulevard

Saxonburg, PA
(Address of principal executive offices)

16056
(Zip Code)

Registrant's telephone number, including area code: 724-352-4455

N/A

(Former name, former address and former fiscal year, if changed since last report)

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 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 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:

At May 1, 2013, 62,212,722 shares of Common Stock, no par value, of the registrant were outstanding.

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Item 1. Financial Statements

II-VI Incorporated and Subsidiaries

Condensed Consolidated Balance Sheets (Unaudited)

(\$000)

	March 31, 2013	June 30, 2012
Assets		
Current Assets		
Cash and cash equivalents	\$ 155,594	\$ 134,944
Accounts receivable less allowance for doubtful accounts of \$1,583 at March 31, 2013 and \$1,536 at June 30, 2012	103,640	104,761
Inventories	152,873	137,607
Deferred income taxes	9,652	10,796
Prepaid and refundable income taxes	6,549	8,488
Prepaid and other current assets	12,600	13,777
Total Current Assets	440,908	410,373
Property, plant & equipment, net	173,206	153,918
Goodwill	122,330	80,748
Other intangible assets, net	88,556	44,014
Investment	10,977	10,661
Deferred income taxes	3,507	145
Other assets	9,305	6,627
Total Assets	\$ 848,789	\$ 706,486
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	\$ 25,248	\$ 29,420
Accrued compensation and benefits	25,836	27,234
Accrued income tax payable	5,919	8,761
Deferred income taxes	214	209
Other accrued liabilities	23,840	18,104
Total Current Liabilities	81,057	83,728
Long-term debt	121,183	12,769
Deferred income taxes	4,375	5,883
Other liabilities	14,248	12,720
Total Liabilities	\$ 220,863	\$ 115,100
Shareholders' Equity		
Preferred stock, no par value; authorized 5,000,000 shares; none issued		
Common stock, no par value; authorized 300,000,000 shares; issued 70,103,916 shares at March 31, 2013; 69,626,883 shares at June 30, 2012	191,333	176,295
Accumulated other comprehensive income	12,092	10,238
Retained earnings	479,458	438,671

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	\$ 682,883	\$ 625,204
Treasury stock, at cost, 8,011,707 shares at March 31, 2013 and 6,793,928 shares at June 30, 2012	56,654	35,247
Total II-VI Incorporated Shareholders' Equity	\$ 626,229	\$ 589,957
Noncontrolling Interests	1,697	1,429
Total Shareholders' Equity	\$ 627,926	\$ 591,386
Total Liabilities and Shareholders' Equity	\$ 848,789	\$ 706,486

See notes to condensed consolidated financial statements.

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II-VI Incorporated and Subsidiaries

Condensed Consolidated Statements of Earnings (Unaudited)

(\$000 except per share data)

	Three Months Ended	
	March 31, 2013	2012
Revenues		
Domestic	\$ 65,176	\$ 51,233
International	79,994	81,357
Total Revenues	145,170	132,590
Costs, Expenses and Other Expense (Income)		
Cost of goods sold	94,169	86,589
Internal research and development	5,781	5,698
Selling, general and administrative	27,217	23,329
Interest expense	449	48
Other expense (income), net	(1,401)	(2,311)
Total Costs, Expenses and Other Expense (Income)	126,215	113,353
Earnings Before Income Taxes	18,955	19,237
Income Taxes	2,861	4,967
Net Earnings	16,094	14,270
Less: Net Earnings Attributable to Noncontrolling Interests	225	276
Net Earnings Attributable to II-VI Incorporated	\$ 15,869	\$ 13,994
Net Earnings Attributable to II-VI Incorporated: Basic Earnings Per Share:	\$ 0.26	\$ 0.22
Net Earnings Attributable to II-VI Incorporated: Diluted Earnings Per Share:	\$ 0.25	\$ 0.22

See notes to condensed consolidated financial statements.

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II-VI Incorporated and Subsidiaries

Condensed Consolidated Statements of Earnings (Unaudited)

(\$000 except per share data)

	Nine Months Ended	
	March 31,	
	2013	2012
Revenues		
Domestic	\$ 168,938	\$ 156,958
International	234,413	240,762
Total Revenues	403,351	397,720
Costs, Expenses and Other Expense (Income)		
Cost of goods sold	256,645	253,241
Internal research and development	16,992	15,877
Selling, general and administrative	80,182	74,355
Interest expense	708	184
Other expense (income), net	(6,713)	(5,447)
Total Costs, Expenses and Other Expense (Income)	347,814	338,210
Earnings Before Income Taxes	55,537	59,510
Income Taxes	13,844	13,006
Net Earnings	41,693	46,504
Less: Net Earnings Attributable to Noncontrolling Interests	906	644
Net Earnings Attributable to II-VI Incorporated	\$ 40,787	\$ 45,860
Net Earnings Attributable to II-VI Incorporated: Basic Earnings Per Share:	\$ 0.65	\$ 0.73
Net Earnings Attributable to II-VI Incorporated: Diluted Earnings Per Share:	\$ 0.64	\$ 0.71

See notes to condensed consolidated financial statements.

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II-VI Incorporated and Subsidiaries

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

(\$000)

	Three Months Ended		Nine Months Ended	
	March 31,		March 31,	
	2013	2012	2013	2012
Net earnings	\$ 16,094	\$ 14,270	\$ 41,693	\$ 46,504
Other comprehensive income:				
Foreign currency translation adjustments	(1,622)	157	1,500	754
Comprehensive income	\$ 14,472	\$ 14,427	\$ 43,193	\$ 47,258
Net earnings attributable to noncontrolling interests	\$ 225	\$ 276	\$ 906	\$ 644
Other comprehensive income attributable to noncontrolling interests:				
Foreign currency translation adjustments attributable to noncontrolling interests	(138)		(354)	
Comprehensive income attributable to noncontrolling interests	\$ 87	\$ 276	\$ 552	\$ 644
Comprehensive income attributable to II-VI Incorporated	\$ 14,385	\$ 14,151	\$ 42,641	\$ 46,614

See notes to condensed consolidated financial statements.

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II-VI Incorporated and Subsidiaries

Condensed Consolidated Statements of Cash Flows (Unaudited)

(\$000)

Nine Months Ended

March 31,