

IEC ELECTRONICS CORP
Form 10-Q
February 06, 2019
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 December 28, 2018

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 001-34376

IEC ELECTRONICS CORP.
(Exact name of registrant as specified in its charter)

Delaware 13-3458955
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

105 Norton Street, Newark, New York 14513
(Address of Principal Executive Offices) (Zip Code)

315-331-7742
(Registrant's telephone number, including area code)

Not Applicable
(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 every Interactive Data File required to be submitted 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 such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. "

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes " No x

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

Common Stock, \$0.01 par value – 10,259,164 shares as of February 1, 2019

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Part I FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

IEC ELECTRONICS CORP.

CONDENSED CONSOLIDATED BALANCE SHEETS

DECEMBER 28, 2018 and SEPTEMBER 30, 2018

(unaudited; in thousands, except share and per share data)

	December 28, 2018	September 30, 2018
ASSETS		
Current assets:		
Cash	\$ —	\$ —
Accounts receivable, net of allowance	22,716	25,168
Unbilled contract revenue	6,103	—
Inventories	37,214	34,126
Other current assets	1,527	1,747
Total current assets	67,560	61,041
Property, plant and equipment, net	19,966	20,110
Deferred income taxes	8,419	8,855
Other long-term assets	697	442
Total assets	\$ 96,642	\$ 90,448
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 1,841	\$ 1,449
Current portion of capital lease obligation	316	306
Accounts payable	28,611	28,689
Accrued payroll and related expenses	2,223	1,796
Other accrued expenses	527	458
Customer deposits	8,673	7,595
Total current liabilities	42,191	40,293
Long-term debt	18,754	16,002
Long-term capital lease obligation	6,942	7,027
Other long-term liabilities	1,700	1,750
Total liabilities	69,587	65,072
Commitments and contingencies (Note 11)		
STOCKHOLDERS' EQUITY		
Preferred stock, \$0.01 par value:		
500,000 shares authorized; none issued or outstanding	—	—
Common stock, \$0.01 par value:		
Authorized: 50,000,000 shares		
Issued: 11,313,998 and 11,304,393 shares, respectively		
Outstanding: 10,258,510 and 10,248,905 shares, respectively	102	102
Additional paid-in capital	47,492	47,326
Accumulated deficit	(18,950) (20,463)

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Treasury stock, at cost: 1,055,488 shares	(1,589) (1,589)
Total stockholders' equity	27,055	25,376	
Total liabilities and stockholders' equity	\$ 96,642	\$ 90,448	

The accompanying notes are an integral part of these condensed consolidated financial statements.

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IEC ELECTRONICS CORP.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 THREE MONTHS ENDED DECEMBER 28, 2018 and DECEMBER 29, 2017
 (unaudited; in thousands, except share and per share data)

	Three Months Ended	
	December 28, 2018	December 29, 2017
Net sales	\$35,441	\$ 21,156
Cost of sales	30,382	19,638
Gross profit	5,059	1,518
Selling and administrative expenses	3,352	2,788
Operating income/(loss)	1,707	(1,270)
Interest and financing expense	323	234
Income/(loss) before income taxes	1,384	(1,504)
Income tax expense/(benefit)	312	(1,010)
Net income/(loss)	\$1,072	\$ (494)
Net income/(loss) per common share:		
Basic	\$0.10	\$ (0.05)
Diluted	\$0.10	\$ (0.05)
Weighted average number of shares outstanding:		
Basic	10,262,397	10,204,413
Diluted	10,495,420	10,204,413

The accompanying notes are an integral part of these condensed consolidated financial statements.

IEC ELECTRONICS CORP.

CONDENSED CONSOLIDATED STATEMENT of CHANGES in STOCKHOLDERS' EQUITY
THREE MONTHS ENDED DECEMBER 28, 2018 and DECEMBER 29, 2017

(unaudited; in thousands, except share data)

	Number of Shares Outstanding	Common Stock, par \$0.01	Additional Paid-In Capital	Accumulated Deficit	Treasury Stock, at cost	Total Stockholders' Equity
Balances, October 1, 2017	10,197,078	\$ 102	\$ 46,789	\$ (30,873)		