

PLEXUS CORP
Form 10-Q
February 03, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

ý Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended December 31, 2016
OR

“ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Commission File Number 001-14423

PLEXUS CORP.
(Exact name of registrant as specified in charter)

Wisconsin 39-1344447
(State of Incorporation) (IRS Employer Identification No.)
One Plexus Way
Neenah, Wisconsin 54957
(Address of principal executive offices)(Zip Code)
Telephone Number (920) 969-6000
(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 ý 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 ý 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 ý Accelerated filer “ Non-accelerated filer “ Smaller reporting company “
(Do not check if a 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 ý

As of January 31, 2017, there were 33,691,275 shares of Common Stock of the Company outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PLEXUS CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands, except per share data)

Unaudited

	Three Months Ended	
	December 31,	January 2,
	2016	2016
Net sales	\$635,019	\$616,664
Cost of sales	570,663	566,605
Gross profit	64,356	50,059
Selling and administrative expenses	30,453	27,028
Restructuring and other charges	—	1,507
Operating income	33,903	21,524
Other income (expense):		
Interest expense	(3,274)	(3,534)
Interest income	1,071	932
Miscellaneous	(674)	(1,620)
Income before income taxes	31,026	17,302
Income tax expense	2,847	2,854
Net income	\$28,179	\$14,448
Earnings per share:		
Basic	\$0.84	\$0.43
Diluted	\$0.82	\$0.42
Weighted average shares outstanding:		
Basic	33,534	33,396
Diluted	34,544	34,062
Comprehensive income:		
Net income	\$28,179	\$14,448
Other comprehensive income (loss):		
Derivative instrument fair value adjustments	(5,403)	5,744
Foreign currency translation adjustments	(11,359)	(6,606)
Other comprehensive loss	(16,762)	(862)
Total comprehensive income	\$11,417	\$13,586

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

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PLEXUS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)

Unaudited

	December 31, 2016	October 1, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 496,505	\$432,964
Restricted cash	1,342	—
Accounts receivable, net of allowances of \$2,517 and \$2,368, respectively	343,661	416,888
Inventories	564,813	564,131
Prepaid expenses and other	24,066	19,364
Total current assets	1,430,387	1,433,347
Property, plant and equipment, net	284,968	291,225
Deferred income taxes	4,709	4,834
Other	36,115	36,413
Total non-current assets	325,792	332,472
Total assets	\$ 1,756,179	\$ 1,765,819
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt and capital lease obligations	\$ 78,879	\$78,507
Accounts payable	375,601	397,200
Customer deposits	83,491	84,637
Accrued salaries and wages	40,666	41,806
Other accrued liabilities	50,256	48,286
Total current liabilities	628,893	650,436
Long-term debt, capital lease obligations and other financing, net of current portion	184,136	184,002
Other liabilities	15,608	14,584
Total non-current liabilities	199,744	198,586
Total liabilities	828,637	849,022
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, \$.01 par value, 5,000 shares authorized, none issued or outstanding	—	—
Common stock, \$.01 par value, 200,000 shares authorized, 51,516 and 51,272 shares issued, respectively, and 33,556 and 33,457 shares outstanding, respectively	515	513
Additional paid-in capital	537,034	530,647
Common stock held in treasury, at cost, 17,960 and 17,815 shares, respectively	(547,029)	(539,968)
Retained earnings	965,323	937,144
Accumulated other comprehensive loss	(28,301)	(11,539)
Total shareholders' equity	927,542	916,797
Total liabilities and shareholders' equity	\$ 1,756,179	\$ 1,765,819

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

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PLEXUS CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
Unaudited

	Three Months Ended December 31, January 2, 2016 2016	
Cash flows from operating activities:		
Net income	\$28,179	\$ 14,448