MERIT MEDICAL SYSTEMS INC

Form 10-Q

November 09, 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 SEPTEMBER 30, 2016.

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 0-18592

MERIT MEDICAL SYSTEMS, INC.

(Exact name of Registrant as specified in its charter)

Utah 87-0447695

(State or other jurisdiction of incorporation or organization) (I.R.S. Identification No.)

1600 West Merit Parkway, South Jordan, UT, 84095

(Address of Principal Executive Offices, including Zip Code)

(801) 253-1600

(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Sections 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 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 during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes ý 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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer x Accelerated Filer o

Non-Accelerated Filer o 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 ý

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

Common Stock 44,587,038

Title or class

Number of Shares

Outstanding at November 4, 2016

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS SEPTEMBER 30, 2016 AND DECEMBER 31, 2015 (In thousands)

ASSETS	September 30, 2016 (unaudited)	31, 2015
CURRENT ASSETS: Cash and cash equivalents Trade receivables — net of allowance for uncollectible accounts — 2016 — \$1,731 and 2015 Employee receivables Other receivables Inventories Prepaid expenses Prepaid income taxes Deferred income tax assets Income tax refund receivables	\$17,318 579,59,7297 176 3,350 116,908 7,005 3,059 6,408 373	\$4,177 70,292 217 6,799 105,999 5,634 2,955 7,025 905
Total current assets	234,294	204,003
PROPERTY AND EQUIPMENT: Land and land improvements Buildings Manufacturing equipment Furniture and fixtures Leasehold improvements Construction-in-progress Total property and equipment	19,539 139,559 171,308 43,425 29,519 33,073 436,423	19,307 136,595 158,775 39,301 27,561 26,292 407,831
Less accumulated depreciation	(157,797)	(140,053)
Property and equipment — net	278,626	267,778
OTHER ASSETS: Intangible assets: Developed technology — net of accumulated amortization — 2016 — \$48,546 and 2015 — \$0ther — net of accumulated amortization — 2016 — \$28,441 and 2015 — \$26,603 Goodwill Other assets	46,701 213,069 16,296	69,861 39,493 184,472 13,121
Total other assets	415,679	306,947

TOTAL \$928,599 \$778,728

See condensed notes to consolidated financial statements.

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MERIT MEDICAL SYSTEMS, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS SEPTEMBER 30, 2016 AND DECEMBER 31, 2015 (In thousands)

LIABILITIES AND STOCKHOLDERS' EQUITY	September 30, 2016 (unaudited)	31, 2015
CURRENT LIABILITIES: Trade payables Accrued expenses Current portion of long-term debt Advances from employees Income taxes payable	\$ 30,192 44,927 10,000 544 809	\$ 37,977 37,846 10,000 589 1,498
Total current liabilities	86,472	87,910
LONG-TERM DEBT	317,760	197,593
DEFERRED INCOME TAX LIABILITIES	21,886	10,985
LIABILITIES RELATED TO UNRECOGNIZED TAX BENEFITS	402	768
DEFERRED COMPENSATION PAYABLE	9,000	8,500
DEFERRED CREDITS	2,593	2,721