

HEICO CORP  
Form 10-Q  
September 01, 2011

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 July 31, 2011

OR

TRANSACTION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 1-4604

HEICO CORPORATION  
(Exact name of registrant as specified in its charter)

Florida 65-0341002  
(State or other jurisdiction of (I.R.S. Employer Identification No.)  
incorporation or organization)

3000 Taft Street, Hollywood, Florida 33021  
(Address of principal executive offices) (Zip Code)

(954) 987-4000  
(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  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  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  Accelerated filer  Non-accelerated filer  Smaller reporting company

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

The number of shares outstanding of each of the registrant's classes of common stock as of August 25, 2011 is as follows:

Common Stock, \$.01 par value	16,740,363 shares
Class A Common Stock, \$.01 par value	25,016,912 shares

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## HEICO CORPORATION

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PART I. FINANCIAL INFORMATION; Item 1. FINANCIAL STATEMENTS  
HEICO CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS – UNAUDITED

	July 31, 2011	October 31, 2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 27,588,000	\$ 6,543,000
Accounts receivable, net	100,422,000	91,815,000
Inventories, net	155,569,000	138,215,000
Prepaid expenses and other current assets	6,307,000	3,769,000
Deferred income taxes	20,001,000	18,907,000
Total current assets	309,887,000	259,249,000
Property, plant and equipment, net	56,987,000	59,003,000
Goodwill	392,439,000	385,016,000
Intangible assets, net	59,496,000	49,487,000
Other assets	35,933,000	28,888,000
Total assets	\$ 854,742,000	\$ 781,643,000
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Current maturities of long-term debt	\$ 45,000	\$ 148,000
Trade accounts payable	34,788,000	28,604,000
Accrued expenses and other current liabilities	56,003,000	52,101,000
Income taxes payable	3,102,000	979,000
Total current liabilities	93,938,000	81,832,000
Long-term debt, net of current maturities	55,000	14,073,000
Deferred income taxes	46,670,000	45,308,000
Other long-term liabilities	37,864,000	30,556,000
Total liabilities	178,527,000	171,769,000
Commitments and contingencies (Note 13)		
Redeemable noncontrolling interests (Note 10)	53,979,000	55,048,000
Shareholders' equity:		
Preferred Stock, \$.01 par value per share; 10,000,000 shares authorized; 300,000 shares designated as Series B Junior Participating Preferred Stock and 300,000 shares designated as Series C Junior Participating Preferred Stock; none issued	—	—
Common Stock, \$.01 par value per share; 30,000,000 shares authorized; 16,740,363 and 16,407,506 shares issued and outstanding	167,000	131,000
Class A Common Stock, \$.01 par value per share; 30,000,000 shares authorized; 25,010,037 and 24,829,465 shares issued and outstanding	250,000	199,000
Capital in excess of par value	234,078,000	227,993,000
Accumulated other comprehensive income (loss)	1,556,000	(124,000 )
Retained earnings	292,242,000	240,913,000
Total HEICO shareholders' equity	528,293,000	469,112,000
Noncontrolling interests	93,943,000	85,714,000
Total shareholders' equity	622,236,000	554,826,000

Total liabilities and equity	\$854,742,000	\$ 781,643,000
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The accompanying notes are an integral part of these condensed consolidated financial statements.

**HEICO CORPORATION AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS – UNAUDITED**

	Nine months ended July 31,		Three months ended July 31,	
	2011	2010	2011	2010
Net sales	\$555,972,000	\$447,650,000	\$197,267,000	\$158,270,000
<b>Operating costs and expenses:</b>				
Cost of sales	355,850,000	286,351,000	127,442,000	100,717,000
Selling, general and administrative expenses	99,131,000	81,805,000	34,119,000	28,560,000
<b>Total operating costs and expenses</b>	<b>454,981,000</b>	<b>368,156,000</b>	<b>161,561,000</b>	<b>129,277,000</b>
<b>Operating income</b>	<b>100,991,000</b>	<b>79,494,000</b>	<b>35,706,000</b>	<b>28,993,000</b>
Interest expense	(99,000 )	(422,000 )	(7,000 )	(136,000 )
Other income (expense)	149,000	392,000	(57,000 )	(31,000 )
<b>Income before income taxes and noncontrolling interests</b>	<b>101,041,000</b>	<b>79,464,000</b>	<b>35,642,000</b>	<b>28,826,000</b>
Income tax expense	30,000,000	27,000,000	9,250,000	9,300,000
<b>Net income from consolidated operations</b>	<b>71,041,000</b>	<b>52,464,000</b>	<b>26,392,000</b>	<b>19,526,000</b>
<b>Less: Net income attributable to noncontrolling interests</b>	<b>16,735,000</b>	<b>13,168,000</b>	<b>5,990,000</b>	<b>4,596,000</b>
<b>Net income attributable to HEICO</b>	<b>\$54,306,000</b>	<b>\$39,296,000</b>	<b>\$20,402,000</b>	<b>\$14,930,000</b>
<b>Net income per share attributable to HEICO shareholders:</b>				
Basic	\$1.31	\$.96	\$.49	\$.36
Diluted	\$1.28	\$.93	\$.48	\$.35
<b>Weighted average number of common shares outstanding:</b>				
Basic	41,572,003	40,991,421	41,729,088	41,146,913
Diluted	42,479,210	42,191,768	42,569,633	42,246,839
Cash dividends per share	\$.108	\$.086	\$.060	\$.048

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

HEICO CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
AND COMPREHENSIVE INCOME – UNAUDITED

	HEICO Shareholders' Equity							Total Shareholders' Equity
	Redeemable Noncontrolling Interests	Common Stock	Class A Common Stock	Capital in Excess of Par Value	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interests	
Balances as of October 31, 2010	\$55,048,000	\$131,000	\$199,000	\$227,993,000	\$(124,000 )	\$240,913,000	\$85,714,000	\$554,826,000
Comprehensive income:								
Net income	8,507,000	—	—	—	—	54,306,000	8,228,000	62,534,000
Foreign currency translation adjustments	—	—	—	—	1,680,000	—	—	1,680,000
Total comprehensive income	8,507,000	—	—	—	1,680,000	54,306,000	8,228,000	64,214,000
Cash dividends (\$ .108 per share)	—	—	—	—	—	(4,494,000 )	—	(4,494,000 )
Five-for-four common stock split	—	33,000	50,000	(83,000 )	—	(102,000 )	—	&#