

BIOMARIN PHARMACEUTICAL INC

Form 10-Q

August 04, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2010

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: 000-26727

BioMarin Pharmaceutical Inc.

(Exact name of registrant as specified in its charter)

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Delaware (State or other jurisdiction of incorporation or organization)	68-0397820 (I.R.S. Employer Identification No.)
105 Digital Drive, Novato, California (Address of principal executive offices)	94949 (Zip Code)
(415) 506-6700	

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 <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

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

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Applicable only to issuers involved in bankruptcy proceedings during the preceding five years:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes " No "

Applicable only to corporate issuers:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 102,058,660 shares of common stock, par value \$0.001, outstanding as of July 23, 2010.

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BIOMARIN PHARMACEUTICAL INC.

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Consolidated Financial Statements****BIOMARIN PHARMACEUTICAL INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(In thousands, except for share and per share data)**

	December 31, 2009 (1)	June 30, 2010 (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 167,171	\$ 115,779
Short-term investments	133,506	221,894
Accounts receivable, net	73,540	77,682
Inventory	78,662	83,778
Other current assets	14,848	22,775
Total current assets	467,727	521,908
Investment in BioMarin/Genzyme LLC	441	351
Long-term investments	169,849	117,734
Property, plant and equipment, net	199,141	212,620
Intangible assets, net	40,977	77,985
Goodwill	23,722	40,360
Other assets	15,306	14,558
Total assets	\$ 917,163	\$ 985,516
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable, accrued liabilities and other current liabilities	\$ 78,068	\$ 83,930
Deferred revenue	86	0
Total current liabilities	78,154	83,930
Convertible debt	497,083	497,083
Other long-term liabilities	19,741	41,541
Total liabilities	594,978	622,554
Stockholders' equity:		
Common stock, \$0.001 par value: 250,000,000 shares authorized at December 31, 2009 and June 30, 2010; 100,961,922 and 102,016,778 shares issued and outstanding at December 31, 2009 and June 30, 2010, respectively	101	102
Additional paid-in capital	899,950	931,361
Company common stock held by Nonqualified Deferred Compensation Plan	(1,715)	(2,315)
Accumulated other comprehensive income	933	10,224
Accumulated deficit	(577,084)	(576,410)

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Total stockholders' equity	322,185	362,962
Total liabilities and stockholders' equity	\$ 917,163	\$ 985,516

- (1) December 31, 2009 balances were derived from the audited consolidated financial statements.
See accompanying notes to unaudited consolidated financial statements.

Table of Contents**BIOMARIN PHARMACEUTICAL INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS****For the Three and Six Months Ended June 30, 2009 and 2010****(In thousands, except for per share data, unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2010	2009	2010
Revenues:				
Net product revenues	\$ 81,472	\$ 90,592	\$ 153,386	\$ 174,665
Collaborative agreement revenues	868	176	1,377	377
Royalty and license revenues	447	1,182	2,004	1,861
Total revenues	82,787	91,950	156,767	176,903
Operating expenses:				
Cost of sales (excludes amortization of developed product technology)	19,848	14,401	34,210	31,813
Research and development	26,324	35,649	60,682	65,746
Selling, general and administrative	30,527	37,277	59,095	71,277
Intangible asset amortization and contingent consideration	1,775	1,580	2,868	2,234
Total operating expenses	78,474	88,907	156,855	171,070
Income (loss) from operations	4,313	3,043	(88)	5,833
Equity in the loss of BioMarin/Genzyme LLC	(546)	(864)	(1,093)	(1,555)
Interest income	886	1,035	3,039	2,225
Interest expense	(4,404)	(2,635)	(8,496)	(5,064)
Impairment loss on equity investments	0	0	(5,848)	0
Net gain from sale of investments	1,585	0	1,585	927
Income (loss) before income taxes	1,834	579	(10,901)	2,366
Provision for income taxes	522	1,056	939	1,692
Net income (loss)	\$ 1,312	\$ (477)	\$ (11,840)	\$ 674
Net income (loss) per share, basic	\$ 0.01	\$ (0.00)	\$ (0.12)	\$ 0.01
Net income (loss) per share, diluted	\$ 0.01	\$ (0.01)	\$ (0.12)	\$ 0.01
Weighted average common shares outstanding, basic	100,065	101,712	99,984	101,431
Weighted average common shares outstanding, diluted	101,217	101,834	100,075	104,347

See accompanying notes to unaudited consolidated financial statements.

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	Six Months Ended June 30,	
	2009	2010
Cash flows from operating activities:		
Net income (loss)	\$ (11,840)	\$ 674
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	11,273	11,987
Amortization of discount (premium) on investments	(341)	2,501
Imputed interest on acquisition obligation	2,859	0
Equity in the loss of BioMarin/Genzyme LLC	1,093	1,555
Stock-based compensation	17,494	18,233
Impairment loss on equity investments	5,848	0
Net gain from sale of investments	(1,585)	(927)
Unrealized foreign exchange (gain) loss on forward contracts	3,323	(1,475)
Changes in the fair value of contingent acquisition consideration payable	0	1,453
Excess tax benefit from stock option exercises	(131)	(13)
Changes in operating assets and liabilities:		
Accounts receivable, net	(18,278)	(4,142)
Inventory	326	(5,116)
Other current assets	31,904	1,287
Other assets	(1,674)	(2,646)
Accounts payable, accrued liabilities and other current liabilities	(2,183)	1,839
Other long-term liabilities	1,122	347
Deferred revenue	622	(86)
Net cash provided by operating activities	39,832	25,471
Cash flows from investing activities:		
Purchase of property, plant and equipment	(40,621)	(29,348)
Maturities and sales of investments	326,703	50,682
Purchase of investments		