

ABIOMED INC
Form 10-Q
February 03, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the transition period from _____ to _____

Commission file number 001-09585

ABIOMED, INC.

(Exact name of registrant as specified in its charter)

DELAWARE 04-2743260
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification No.)

22 CHERRY HILL DRIVE

DANVERS, MASSACHUSETTS 01923

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(Address of principal executive offices, including zip code)

(978) 646-1400

(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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 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. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) 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

As of January 30, 2017, 43,539,340 shares of the registrant's common stock, \$.01 par value, were outstanding.

ABIOMED, INC. AND SUBSIDIARIES

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NOTE REGARDING COMPANY REFERENCES

Throughout this report on Form 10-Q (the “Report”), “Abiomed, Inc.,” the “Company,” “we,” “us” and “our” refer to ABIOMED, Inc. and its consolidated subsidiaries.

NOTE REGARDING TRADEMARKS

ABIOMED, IMPELLA, IMPELLA 2.5, IMPELLA 5.0, IMPELLA LD, IMPELLA CP and IMPELLA RP are trademarks of ABIOMED, Inc., and are registered in the U.S. and certain foreign countries. AB5000 and cVAD REGISTRY are trademarks of ABIOMED, Inc. RECOVER is a trademark of Abiomed Europe GmbH, a subsidiary of ABIOMED, Inc., and is registered in certain foreign countries.

PART 1. FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS
ABIOMED, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands, except share data)

	December 31, 2016	March 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$61,069	\$48,231
Short-term marketable securities	179,640	163,822
Accounts receivable, net	50,178	42,821
Inventories	32,053	26,740
Prepaid expenses and other current assets	10,479	6,778
Total current assets	333,419	288,392
Long-term marketable securities	18,240	1,000
Property and equipment, net	60,909	23,184
Goodwill	30,562	33,003
In-process research and development	14,257	15,396
Long-term deferred tax assets, net	39,007	58,534
Other assets	4,570	4,422
Total assets	\$ 500,964	\$ 423,931
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 14,558	\$ 9,381
Accrued expenses	34,539	28,382
Deferred revenue	9,004	8,778
Current portion of capital lease obligation	770	—
Total current liabilities	58,871	46,541
Other long-term liabilities	17	220
Contingent consideration	8,175	7,563
Long-term deferred tax liabilities	771	832
Capital lease obligation, net of current portion	15,750	—
Total liabilities	83,584	55,156
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Class B Preferred Stock, \$.01 par value	—	—
Authorized - 1,000,000 shares; Issued and outstanding - none		
Common stock, \$.01 par value	435	426

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Authorized - 100,000,000 shares; Issued - 45,081,996 shares at December 31, 2016 and 43,973,119 shares at March 31, 2016

Outstanding - 43,507,808 shares at December 31, 2016 and 42,596,228 shares at March 31, 2016

Additional paid in capital	546,796	508,624
Accumulated deficit	(61,858)	(99,075)
Treasury stock at cost - 1,574,188 shares at December 31, 2016 and 1,376,891 shares at March 31, 2016	(46,556)	(26,660)
Accumulated other comprehensive loss	(21,437)	(14,540)
Total stockholders' equity	417,380	368,775
Total liabilities and stockholders' equity	\$ 500,964	\$ 423,931

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited)

ABIOMED, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(in thousands, except per share data)

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2016	2015	2016	2015
Revenue:				
Product revenue	\$ 114,624	\$ 85,789	\$ 320,541	\$ 235,569
Funded research and development	50	6	83	17
	114,674	85,795	320,624	235,586
Costs and expenses:				
Cost of product revenue	18,987	12,744	51,366	35,756
Research and development	16,349	13,755	50,061	35,534
Selling, general and administrative	53,935	41,853	158,053	119,005
	89,271	68,352	259,480	190,295
Income from operations	25,403	17,443	61,144	45,291
Other income (expense):				
Investment income, net	457	84	1,068	209
Other (expense) income, net	(34)	(29)	(225)	111
	423	55	843	320
Income before income taxes	25,826	17,498	61,987	45,611
Income tax provision	10,394	6,943	24,770	18,462
Net income	\$ 15,432	\$ 10,555	\$ 37,217	\$ 27,149
Basic net income per share	\$ 0.36	\$ 0.25	\$ 0.86	\$ 0.64
Basic weighted average shares outstanding	43,431	42,427	43,125	42,118
Diluted net income per share	\$ 0.34	\$ 0.23	\$ 0.83	\$ 0.61
Diluted weighted average shares outstanding	44,770	44,949	44,597	44,805

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited)

ABIOMED, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(in thousands)

	For the Three Months Ended December 31,		For the Nine Months Ended December 31,	
	2016	2015	2016	2015
Net income	\$15,432	\$10,555	\$37,217	\$27,149
Other comprehensive loss:				
Foreign currency translation losses	(5,873)	(2,520)	(6,760)	(212)
Net unrealized losses on marketable securities	(269)	(32)	(137)	(16)
Other comprehensive loss	(6,142)	(2,552)	(6,897)	(228)
Comprehensive income	\$9,290	\$8,003	\$30,320	\$26,921

The accompanying notes are an integral part of the condensed consolidated financial statements (unaudited)

ABIOMED, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(in thousands)

	For the Nine Months Ended December 31,	
	2016	2015
Operating activities:		
Net income	\$ 37,217	\$ 27,149
Adjustments required to reconcile net income to net cash provided by		
operating activities:		
Depreciation expense	4,488	2,214
Bad debt expense	(12)	78