

Edgar Filing: HELIX TECHNOLOGY CORP - Form 10-Q

HELIX TECHNOLOGY CORP
Form 10-Q
October 18, 2002

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

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

For the Quarter Ended September 27, 2002.

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 0-6866

HELIX TECHNOLOGY CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

04-2423640

(State of incorporation)

(IRS Employer Identification No.)

Mansfield Corporate Center
Nine Hampshire Street
Mansfield, Massachusetts

02048-9171

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (508) 337-5500

Indicate by checkmark 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 ninety days.

Yes No

The number of shares outstanding of the registrant's Common Stock, \$1 par value, as of September 27, 2002 was 26,103,204.

Edgar Filing: HELIX TECHNOLOGY CORP - Form 10-Q

HELIX TECHNOLOGY CORPORATION

Form 10-Q

INDEX

	Page

Part I. FINANCIAL INFORMATION	
Item 1. Consolidated Financial Statements	
Consolidated Balance Sheets as of September 27, 2002, and December 31, 2001	3
Consolidated Statements of Operations for the Three and Nine-Month Periods Ended September 27, 2002, and September 28, 2001	4
Consolidated Statements of Cash Flows for the Nine-Month Periods Ended September 27, 2002, and September 28, 2001	5
Notes to Consolidated Financial Statements	6-9
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	10-14
Item 3. Quantitative and Qualitative Disclosures about Market Risk	15
Item 4. Controls and Procedures	15
Part II. OTHER INFORMATION	
Item 1. Legal Proceedings	16
Item 6 (a). Exhibits	16
Item 6 (b). Reports on Form 8-K	16
Signature	17
Certifications	18-19

HELIX TECHNOLOGY CORPORATION

CONSOLIDATED BALANCE SHEETS

	Sept. 27, 2002	Dec. 31, 2001
(in thousands except per share data)	(unaudited)	(audited)

ASSETS

Edgar Filing: HELIX TECHNOLOGY CORP - Form 10-Q

Current:

Cash and cash equivalents	\$ 51,891	\$ 7,789
Investments	15,981	9,271
Receivables - net of allowances	17,845	11,997
Inventories (Note 2)	25,167	27,293
Income tax receivable	6,619	7,344
Deferred income taxes (Note 3)	5,707	5,707
Other current assets	2,860	2,577

Total Current Assets	126,070	71,978

Property, plant and equipment at cost	69,677	65,115
Less: accumulated depreciation	(39,981)	(35,614)

Net property, plant and equipment	29,696	29,501
Other assets	12,148	12,101

TOTAL ASSETS	\$167,914	\$113,580
=====		

LIABILITIES AND STOCKHOLDERS' EQUITY

Current:

Accounts payable	\$ 12,120	\$ 9,105
Payroll and compensation	496	986
Retirement costs	8,289	6,758
Income taxes (Note 3)	3,666	3,064
Other accrued liabilities	994	700

Total Current Liabilities	25,565	20,613

Commitments and contingencies (Note 8)		
Stockholders' Equity:		
Preferred stock, \$1 par value; authorized 2,000,000 shares; issued and outstanding: none	-	-
Common stock, \$1 par value; authorized 60,000,000 shares; issued and outstanding: 26,103,204 in 2002 and 22,611,204 in 2001	26,103	22,611
Capital in excess of par value	76,344	13,878
Treasury stock, \$1 par value (3,840 shares in 2002 and in 2001)	(232)	(232)
Retained earnings	41,818	58,261
Accumulated other comprehensive loss (Note 5)	(1,684)	(1,551)

Total Stockholders' Equity	142,349	92,967

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$167,914	\$113,580
=====		

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

Edgar Filing: HELIX TECHNOLOGY CORP - Form 10-Q

(unaudited)

(in thousands except per share data)	Three Months Ended		Nine Months Ended	
	Sept. 27, 2002	Sept. 28, 2001	Sept. 27, 2002	Sept. 28, 2001
Net sales	\$27,395	\$20,445	\$ 76,790	\$ 95,690
Costs and expenses:				
Cost of sales	19,279	14,444	54,473	61,446
Research and development	3,601	3,731	11,085	12,173
Selling, general and administrative	9,413	7,860	25,986	27,225
Litigation settlement costs (Note 7)	-	-	2,800	-
Restructuring charge	-	1,047	-	1,047
	32,293	27,082	94,344	101,891
Operating loss	(4,898)	(6,637)	(17,554)	(6,201)
Joint venture income	263	473	322	1,991
Interest and other income	270	117	635	748
Loss before taxes	(4,365)	(6,047)	(16,597)	(3,462)
Income tax benefit (Note 3)	(2,166)	(1,965)	(6,141)	(1,125)
Net loss	\$ (2,199)	\$ (4,082)	\$ (10,456)	\$ (2,337)
Net loss per share (Note 4):				
Basic	\$ (0.08)	\$ (0.18)	\$ (0.42)	\$ (0.10)
Diluted	\$ (0.08)	\$ (0.18)	\$ (0.42)	\$ (0.10)
Number of shares used in per share calculations (Note 4):				
Basic	26,099	22,599	25,105	22,551
Diluted	26,099	22,599	25,105	22,551

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

Page 4

HELIX TECHNOLOGY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

Nine Months Ended

Edgar Filing: HELIX TECHNOLOGY CORP - Form 10-Q

(in thousands)	Sept. 27, 2002	Sept. 28, 2001

Cash flows from operating activities:		
Net loss	\$ (10,456)	\$ (2,337)
Adjustments to reconcile net loss to net cash (used by) provided by operating activities:		
Depreciation and amortization	4,699	3,732
Other	(123)	(1,392)
Net change in operating assets and liabilities (A)	1,673	7,619

Net cash (used by) provided by operating activities	(4,207)	7,622

Cash flows used in investing activities:		
Capital expenditures	(4,894)	(13,637)
Purchase of investments	(45,657)	(34,665)
Sale of investments	38,890	37,224

Net cash used in investing activities	(11,661)	(11,078)

Cash flows provided by (used by) financing activities:		
Net proceeds from stock offering	65,246	-
Net cash provided by employee stock plans	711	1,518
Cash dividends paid	(5,987)	(8,114)

Net cash provided by (used by) financing activities	59,970	(6,596)

Increase (decrease) in cash and cash equivalents	44,102	(10,052)
Cash and cash equivalents, at the beginning of the period	7,789	15,435

Cash and cash equivalents, at the end of the period	\$ 51,891	\$ 5,383
=====		
(A) Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable	\$ (5,848)	\$ 24,701
Decrease in inventories	2,126	2,299
Decrease (increase) in income tax receivable	725	(4,608)
Increase in other current assets	(283)	(262)
Increase (decrease) in accounts payable	3,015	(10,993)
Increase (decrease) in other accrued expenses	1,938	(3,518)

Net change in operating assets and liabilities	\$ 1,673	\$ 7,619
=====		

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

Edgar Filing: HELIX TECHNOLOGY CORP - Form 10-Q

The accompanying consolidated financial statements for the periods ended September 27, 2002, and September 28, 2001, contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the financial position as of September 27, 2002, and December 31, 2001, and the results of operations and cash flows for the periods ended September 27, 2002, and September 28, 2001.

The results of operations for the nine-month period ended September 27, 2002, are not necessarily indicative of the results expected for the full year.

The consolidated financial statements included herein have been prepared by the Company, without audit of the three- and nine-month periods ended September 27, 2002, and September 28, 2001, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to present fairly the Company's financial position and results of operations. These consolidated financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's latest Annual Report on Form 10-K.

Note 2 - Inventories

(in thousands)	Sept. 27, 2002	Dec. 31, 2001
Finished goods	\$ 10,071	\$ 8,570
Work in process	11,417	13,067
Materials and parts	3,679	5,656
	-----	-----
	\$ 25,167	\$ 27,293
	=====	=====

Inventories are stated at the lower of cost or market on a first-in, first-out basis.

Note 3 - Income Taxes

The net federal, state and foreign income tax benefit for the three- and nine-month periods ended September 27, 2002, were \$2,166,000 and \$6,141,000, respectively. The effective income tax rates for the three- and nine-month periods ended September 27, 2002, were 50.0% and 37.0%, respectively. The effective tax rate for the three months ended September 27, 2002, includes the cumulative effect of the adjustment from the 32.5% rate utilized during the six months of fiscal 2002 to the estimated annual effective rate of 37.0%, based on current full year operating projections. Tax credits are treated as reductions of income tax provisions in the year in which the credits are realized. The Company does not provide for federal income taxes on the undistributed earnings of its wholly owned foreign subsidiaries, since these earnings are indefinitely reinvested.

The income tax benefit for the three- and nine-month periods ended September 28, 2001, were \$1,965,000 and \$1,125,000, respectively, yielding effective tax rates of 32.5%.

Edgar Filing: HELIX TECHNOLOGY CORP - Form 10-Q

The major components of deferred tax assets are compensation and benefit plans, inventory valuation and depreciation. The Company expects that the future taxable income will be sufficient for the realization of the deferred tax assets. The Company believes that a valuation allowance is not required.

Page 6

HELIX TECHNOLOGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 - Net Loss Per Share

Basic net loss per common share is based on the weighted average number of common shares outstanding during the period. Diluted net loss per common share reflects the potential dilution that could occur if outstanding stock options were exercised.

The following table sets forth the computation of basic and diluted net loss per common share:

(in thousands except per share data)	Three Months Ended		Nine Months Ended	
	Sept. 27, 2002	Sept. 28, 2001	Sept. 27, 2002	Sept. 28, 2001
Net loss	\$(2,199)	\$(4,082)	\$(10,456)	\$ (2,337)
Basic shares	26,099	22,599	25,105	22,551
Add: Common equivalent shares				