

HARMAN INTERNATIONAL INDUSTRIES INC /DE/
Form 10-Q
May 08, 2009

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 March 31, 2009

Commission File Number: 1-9764

Harman International Industries, Incorporated
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

11-2534306
(I.R.S. Employer Identification No.)

400 Atlantic Street, Suite 1500
Stamford, CT
(Address of principal executive offices)

06901
(Zip code)

(203) 328-3500
(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 (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). o
Yes T No

As of April 30, 2009, 58,659,278 shares of the registrant's common stock, par value \$.01, were outstanding.

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References to “Harman International,” the “Company,” “we,” “us,” and “our” in this Form 10-Q refer to Harman International Industries, Incorporated and its subsidiaries unless the context requires otherwise.

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Forward-Looking Statements

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). You should not place undue reliance on these statements. Forward-looking statements include information concerning possible or assumed future results of operations, capital expenditures, the outcome of pending legal proceedings and claims, goals and objectives for future operations, including descriptions of our business strategies and purchase commitments from customers. These statements are typically identified by words such as “believe,” “anticipate,” “expect,” “plan,” “intend,” “estimate,” “should,” “will” and similar expressions. We base these statements on particular assumptions that we have made in light of our industry experience, as well as our perception of historical trends, current conditions, expected future developments and other factors that we believe are appropriate under the circumstances. As you read and consider the information in this report, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties and assumptions. In light of these risks and uncertainties, we cannot assure you that the results and events contemplated by the forward-looking statements contained in, or incorporated by reference into, this report will in fact transpire.

You should carefully consider the risks described below and the other information in this report. Our operating results may fluctuate significantly and may not meet our expectations or those of securities analysts or investors. The price of our stock would likely decline if this occurs. Factors that may cause fluctuations in our operating results include, but are not limited to, the following:

- our ability to successfully implement our strategic initiatives, including our STEP Change cost reduction initiatives, and to achieve the intended benefits and anticipated savings of those initiatives;
- automobile industry sales and production rates and the willingness of automobile purchasers to pay for the option of a premium audio system and/or a multi-function infotainment system;
- our ability to maintain sufficient liquidity in light of recently announced extended production shutdowns by Chrysler LLC (Chrysler);
 - the impact on our business of the Chrysler bankruptcy filing on April 30, 2009;
 - changes in consumer confidence and spending and worsening economic conditions worldwide;
 - the bankruptcy or financial deterioration of one or more of our customers or suppliers;
- the loss of one or more significant customers, including our automotive manufacturer customers, or the loss of a significant platform with an automotive customer;
- changes in interest rates and the availability of financing affecting corporate and consumer spending, including the effects of continued volatility and further deterioration in the financial and credit markets;
- fluctuations in currency exchange rates, including the increase of the U.S. dollar compared to the Euro, and other risks inherent in international trade and business transactions;
 - warranty obligations for defects in our products;
- our ability to satisfy contract performance criteria, including our ability to meet technical specifications and due dates on our new automotive platforms;

- our ability to design, engineer and manufacture our products profitably under our long-term supply arrangements with automakers;

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Forward-Looking Statements (continued)

- competition in the automotive, consumer or professional markets in which we operate, including pricing pressure in the market for personal navigation devices (“PNDs”);
- our ability to achieve cost reductions and other benefits in connection with the restructuring of our manufacturing, engineering and administrative organizations;
 - model-year changeovers in the automotive industry;
 - our ability to enforce or defend our ownership and use of intellectual property;
- our ability to maintain a competitive technological advantage within the systems, services and products we provide into the market place;
- our ability to effectively integrate acquisitions made by our Company or manage restructuring and cost migration initiatives;
 - our ability to comply with the financial or other covenants in our credit agreements;
 - limitations on our ability to borrow funds under our existing credit facilities;
- the valuation of certain assets, including goodwill, investments and deferred tax assets, considering recent market conditions;
 - strikes, work stoppages and labor negotiations at our facilities, or at a facility of one of our significant customers; or work stoppages at a common carrier or a major shipping location;
 - commodity price fluctuations;
- the outcome of pending or future litigation and other claims, including, but not limited to the current stockholder and ERISA lawsuits or any claims or litigation arising out of our business, labor disputes at our facilities and those of our customers or common carriers;
 - changes in general economic conditions; and
 - world political stability.

Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results and results of operations, and could cause actual results to differ materially from those expressed in the forward-looking statements. As a result, the foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this and other reports we file with the Securities and Exchange Commission, including the information in Item 1A, “Risk Factors” of Part I to our Annual Report on Form 10-K for the fiscal year ended June 30, 2008, Item 1A, “Risk Factors” of Part II of the Quarterly Report on Form 10-Q for the quarters ended September 30, 2008 and December 31, 2008 and Item 1A of Part II of this report. We undertake no obligation to publicly update or revise any forward-looking statement.

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PART I

FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

Condensed Consolidated Balance Sheets
 Harman International Industries, Incorporated and Subsidiaries
 (\$000s omitted except share and per share amounts)

	March 31, 2009 (Unaudited)	June 30, 2008
Assets		
Current assets		
Cash and cash equivalents	\$ 334,321	223,109
Receivables (less allowance for doubtful accounts of \$16,536 at March 31, 2009 and \$7,082 at June 30, 2008)	383,887	574,195
Inventories, net	384,090	390,638
Other current assets	234,741	251,139
Total current assets	1,337,039	1,439,081
Property, plant and equipment, net	515,099	640,042
Goodwill	79,790	