

ARROW ELECTRONICS INC
Form 10-Q
May 03, 2016

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 April 2, 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 1-4482

ARROW ELECTRONICS, INC.
(Exact name of registrant as specified in its charter)

New York	11-1806155
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

9201 East Dry Creek Road, Centennial, Colorado	80112
(Address of principal executive offices)	(Zip Code)

(303) 824-4000
(Registrant's telephone number, including area code)

No Changes
(Former name, former address and former fiscal year, if changed since last report)

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).

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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).

Yes ☐ No ☒

There were 91,636,374 shares of Common Stock outstanding as of April 28, 2016.

ARROW ELECTRONICS, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ARROW ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands except per share data)
(Unaudited)

	Quarter Ended	
	April 2, 2016	March 28, 2015
Sales	\$5,474,177	\$5,002,385
Costs and expenses:		
Cost of sales	4,725,279	4,317,063
Selling, general, and administrative expenses	505,813	454,530
Depreciation and amortization	40,933	37,162
Restructuring, integration, and other charges	20,788	16,196
	5,292,813	4,824,951
Operating income	181,364	177,434
Equity in earnings of affiliated companies	1,856	1,313
Interest and other financing expense, net	35,575	30,854
Other expense, net	—	935
Income before income taxes	147,645	146,958
Provision for income taxes	41,053	40,867
Consolidated net income	106,592	106,091
Noncontrolling interests	357	33
Net income attributable to shareholders	\$106,235	\$106,058
Net income per share:		
Basic	\$1.16	\$1.11
Diluted	\$1.14	\$1.09
Weighted-average shares outstanding:		
Basic	91,514	95,920
Diluted	92,787	97,125

See accompanying notes.

ARROW ELECTRONICS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	Quarter Ended	
	April 2, 2016	March 28, 2015
Consolidated net income	\$106,592	\$106,091
Other comprehensive income:		
Foreign currency translation adjustment	73,179	(198,387)
Unrealized gain (loss) on investment securities, net	(1,651)	124
Unrealized gain on interest rate swaps designated as cash flow hedges, net	91	923
Employee benefit plan items, net	920	842
Other comprehensive income (loss)	72,539	(196,498)
Comprehensive income (loss)	179,131	(90,407)
Less: Comprehensive income attributable to noncontrolling interests	2,365	33
Comprehensive income (loss) attributable to shareholders	\$176,766	\$(90,440)

See accompanying notes.

ARROW ELECTRONICS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands except par value)

	April 2, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 394,655	\$ 273,090
Accounts receivable, net	5,256,022	6,161,418
Inventories	2,441,798	2,466,490
Other current assets	335,095	285,473
Total current assets	8,427,570	9,186,471
Property, plant, and equipment, at cost:		
Land	23,630	23,547
Buildings and improvements	167,558	162,011
Machinery and equipment	1,296,817	1,250,115
	1,488,005	1,435,673
Less: Accumulated depreciation and amortization	(762,685)	(735,495)
Property, plant, and equipment, net	725,320	700,178
Investments in affiliated companies	74,553	73,376
Intangible assets, net	383,503	