

NATUS MEDICAL INC
Form 10-Q
November 08, 2018
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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 September 30, 2018

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: 000-33001

NATUS MEDICAL INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware 77-0154833
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
6701 Koll Center Parkway, Suite 120, Pleasanton, CA 94566
(Address of principal executive offices) (Zip Code)
(925) 223-6700
(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 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 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 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,” “smaller reporting company,” or an “emerging growth” 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

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Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The number of issued and outstanding shares of the registrant's Common Stock, \$0.001 par value, as of October 31, 2018 was 33,781,323.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

NATUS MEDICAL INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

(in thousands, except share and per share amounts)

	September 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$54,440	\$88,950
Accounts receivable, net of allowance for doubtful accounts of \$6,303 in 2018 and \$8,978 in 2017	121,113	126,809
Inventories	80,586	71,529
Prepaid expenses and other current assets	30,843	18,340
Total current assets	286,982	305,628
Property and equipment, net	21,564	22,071
Intangible assets, net	155,623	172,582
Goodwill	162,995	172,998
Deferred income tax	10,135	10,709
Other assets	16,746	25,931
Total assets	\$654,045	\$709,919
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$20,595	\$25,242
Short-term debt	20,000	—
Accrued liabilities	52,015	51,738
Deferred revenue	16,816	15,157
Total current liabilities	109,426	92,137
Long-term liabilities:		
Other liabilities	21,338	21,995
Long-term debt, net	94,426	154,283
Deferred income tax	18,896	19,407
Total liabilities	244,086	287,822
Stockholders' equity:		
Common stock, \$0.001 par value, 120,000,000 shares authorized; shares issued and outstanding 33,755,514 in 2018 and 33,134,101 in 2017	331,607	316,577
Preferred stock, \$0.001 par value; 10,000,000 shares authorized; no shares issued and outstanding in 2018 and 2017	—	—
Retained earnings	113,895	129,115
Accumulated other comprehensive loss	(35,543)	(23,595)
Total stockholders' equity	409,959	422,097
Total liabilities and stockholders' equity	\$654,045	\$709,919

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

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

(in thousands, except per share amounts)

	Three Months		Nine Months	
	Ended		Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Revenue	\$ 130,638	\$ 122,643	\$ 389,900	\$ 369,531
Cost of revenue	51,583	47,112	159,849	158,615
Intangibles amortization	1,930	1,290	6,235	3,789
Gross profit	77,125	74,241	223,816	207,127
Operating expenses:				
Marketing and selling	33,200	32,537	102,474	95,106
Research and development	15,127	11,632	46,186	38,098
General and administrative	15,799	17,329	56,966	57,501
Intangibles amortization	4,477	3,882	13,434	11,841
Restructuring	11,432	321	14,182	914
Total operating expenses				