

RESMED INC
Form 10-Q
January 25, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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

**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: 001-15317

ResMed Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

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98-0152841

(I.R.S. Employer Identification No.)

9001 Spectrum Center Blvd.

San Diego, CA 92123

United States of America

(Address of principal executive offices)

(858) 836-5000

(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. (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

At January 18, 2017, there were 141,656,993 shares of Common Stock (\$0.004 par value) outstanding. This number excludes 41,086,234 shares held by the registrant as treasury shares.

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RESMED INC. AND SUBSIDIARIES

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PART I FINANCIAL INFORMATION

Item 1

Item 1. Financial Statements**RESMED INC. AND SUBSIDIARIES**

Condensed Consolidated Balance Sheets (Unaudited)

(In US\$ thousands, except share and per share data)

	December 31, 2016	June 30, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 788,146	\$ 731,434
Accounts receivable, net of allowance for doubtful accounts of \$11,449 and \$12,555 at December 31, 2016 and June 30, 2016, respectively	383,992	382,086
Inventories (note 3)	253,108	224,456
Prepaid expenses and other current assets	95,028	81,743
Total current assets	1,520,274	1,419,719
Non-current assets:		
Property, plant and equipment, net (note 4)	375,928	384,276
Goodwill (note 6)	1,046,304	1,059,245
Other intangible assets, net (note 7)	275,422	299,808
Deferred income taxes	61,629	55,496
Other assets	43,013	38,161
Total non-current assets	1,802,296	1,836,986
Total assets	\$ 3,322,570	\$ 3,256,705
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	\$ 94,100	\$ 92,571
Accrued expenses	216,225	156,805
Deferred revenue	46,389	50,009
Income taxes payable	25,869	39,166
Short-term debt (note 9)	299,812	299,438
Total current liabilities	682,395	637,989
Non-current liabilities:		
Deferred revenue	46,682	40,281
Deferred income taxes	13,789	9,061
Other long-term liabilities	864	1,211
Long-term debt (note 9)	868,690	873,332
Total non-current liabilities	930,025	923,885
Total liabilities	1,612,420	1,561,874

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Commitments and contingencies (note 13)		
Stockholders' equity: (note 11)		
Preferred stock, \$0.01 par value, 2,000,000 shares authorized; none issued	-	-
Common stock, \$0.004 par value, 350,000,000 shares authorized; 182,697,356 issued and 141,611,122 outstanding at December 31, 2016 and 181,747,157 issued and 140,660,923 outstanding at June 30, 2016	566	563
Additional paid-in capital	1,335,895	1,303,238
Retained earnings	2,220,283	2,160,299
Treasury stock, at cost, 41,086,234 shares at December 31, 2016, and June 30, 2016	(1,546,611)	(1,546,611)
Accumulated other comprehensive loss	(299,983)	(222,658)
Total stockholders' equity	1,710,150	1,694,831
Total liabilities and stockholders' equity	\$ 3,322,570	\$ 3,256,705

See the accompanying notes to the unaudited condensed consolidated financial statements.

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PART I FINANCIAL INFORMATION

Item 1

RESMED INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Income (Unaudited)

(In US\$ thousands, except per share data)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2016	2015	2016	2015
Net revenue	\$ 530,397	\$ 454,540	\$ 995,846	\$ 866,187
Cost of sales (excluding amortization of acquired intangible assets)	221,326	188,031	417,592	361,059
Gross profit	309,071	266,509	578,254	505,128
Operating expenses:				
Selling, general and administrative	139,307	118,219	268,158	229,314
Research and development	38,190	28,970	72,637	56,162
Restructuring expenses (note 16)	4,413	6,914	4,413	6,914
Litigation settlement expenses (note 17)	8,500	-	8,500	-
Acquisition related expenses (note 12)	10,076	-	10,076	-
Amortization of acquired intangible assets	11,690	4,429	23,431	6,736
Total operating expenses	212,176	158,532	387,215	299,126
Income from operations	96,895	107,977	191,039	206,002
Other (loss) income, net:				
Interest (expense) income, net	(2,437)	2,476	(4,929)	5,898
Other, net	1,749	3,242	3,021	1,239
Total other (loss) income, net	(688)	5,718	(1,908)	7,137
Income before income taxes	96,207	113,695	189,131	213,139
Income taxes	19,464	18,119	36,282	34,646
Net income	\$ 76,743	\$ 95,576	\$ 152,849	\$ 178,493
Basic earnings per share	\$ 0.54	\$ 0.68	\$ 1.08	\$ 1.27
Diluted earnings per share (note 2)	\$ 0.54	\$ 0.68	\$ 1.08	\$ 1.26
Dividend declared per share	\$ 0.33	\$ 0.30	\$ 0.66	\$ 0.60
Basic shares outstanding (000 s)	141,310	139,926	141,048	140,118
Diluted shares outstanding (000 s)	142,097	141,423	141,982	141,837

See the accompanying notes to the unaudited condensed consolidated financial statements.

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PART I FINANCIAL INFORMATION

Item 1

RESMED INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income (Unaudited)

(In US\$ thousands)

	Three Months Ended		Six Months Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Net income	\$ 76,743	\$ 95,576	\$ 152,849	\$ 178,493
Other comprehensive income (loss):				
Foreign currency translation (loss) gain adjustments	(107,048)	34,687	(77,325)	(87,421)
Comprehensive income (loss)	\$ (30,305)	\$ 130,263	\$ 75,524	\$ 91,072

See the accompanying notes to the unaudited condensed consolidated financial statements.

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PART I FINANCIAL INFORMATION

Item 1

RESMED INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows (Unaudited)

(In US\$ thousands)

**Six Months
Ended
Decemb**