

UNIVERSAL ELECTRONICS INC
Form 10-Q
November 07, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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 September 30, 2014
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: 0-21044

UNIVERSAL ELECTRONICS INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware 33-0204817
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

201 E. Sandpointe Avenue, 8th Floor 92707
Santa Ana, California (Zip Code)
(Address of Principal Executive Offices)
Registrant's telephone number, including area code: (714) 918-9500

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, 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, any 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 Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 15,796,158 shares of Common Stock, par value \$0.01 per share, of the registrant were outstanding on November 4, 2014.

UNIVERSAL ELECTRONICS INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. Consolidated Financial Statements (Unaudited)

UNIVERSAL ELECTRONICS INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share-related data)

(Unaudited)

	September 30, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$98,964	\$76,174
Accounts receivable, net	105,920	95,408
Inventories, net	92,341	96,309
Prepaid expenses and other current assets	4,548	4,395
Income tax receivable	16	13
Deferred income taxes	6,158	6,167
Total current assets	307,947	278,466
Property, plant, and equipment, net	76,682	75,570
Goodwill	30,794	31,000
Intangible assets, net	25,164	26,963
Deferred income taxes	5,567	6,455
Other assets	5,442	5,279
Total assets	\$451,596	\$423,733
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$69,885	\$58,498
Line of credit	—	—
Accrued compensation	38,002	38,317
Accrued sales discounts, rebates and royalties	7,495	8,539
Accrued income taxes	1,922	3,032
Deferred income taxes	151	303
Other accrued expenses	12,466	11,229
Total current liabilities	129,921	119,918
Long-term liabilities:		
Deferred income taxes	10,084	9,887
Income tax payable	606	606
Other long-term liabilities	1,971	2,052
Total liabilities	142,582	132,463
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 5,000,000 shares authorized; none issued or outstanding	—	—
Common stock, \$0.01 par value, 50,000,000 shares authorized; 22,788,604 and 22,344,121 shares issued on September 30, 2014 and December 31, 2013, respectively	228	223
Paid-in capital	213,373	199,513
Accumulated other comprehensive income (loss)	(1,797) 2,982
Retained earnings	217,164	193,532
	428,968	396,250

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Less cost of common stock in treasury, 6,992,446 and 6,639,497 shares on September 30, 2014 and December 31, 2013, respectively	(119,954) (104,980)
Total stockholders' equity	309,014	291,270	
Total liabilities and stockholders' equity	\$451,596	\$423,733	

See Note 4 for further information concerning our purchases from a related party vendor.

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

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CONSOLIDATED INCOME STATEMENTS

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended September		Nine Months Ended September	
	30,		30,	
	2014	2013	2014	2013
Net sales	\$ 147,780	\$ 142,389	\$ 423,940	\$ 393,220
Cost of sales	102,665	101,940	298,721	282,386
Gross profit	45,115	40,449	125,219	110,834
Research and development expenses	4,210	4,182	12,606	12,463
Selling, general and administrative expenses	27,120	25,796	81,164	74,029
Operating income	13,785	10,471	31,449	24,342
Interest income (expense), net	66	47	(21) 60
Other income (expense), net	(655) (717) (1,338) (2,897
Income before provision for income taxes	13,196	9,801	30,090	21,505
Provision for income taxes	2,325	1,178	6,458	4,095
Net income	\$ 10,871	\$ 8,623	\$ 23,632	\$ 17,410
Earnings per share:				
Basic	\$ 0.69	\$ 0.56	\$ 1.50	\$ 1.15
Diluted	\$ 0.68			