

INVACARE CORP
Form 10-Q
May 08, 2014

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, 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 001-15103

INVACARE CORPORATION

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction of
incorporation or organization)

95-2680965
(IRS Employer Identification No.)

One Invacare Way, P.O. Box 4028, Elyria, Ohio
(Address of principal executive offices)
(440) 329-6000
(Registrant's telephone number, including area code)

44036
(Zip Code)

(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 (the "Exchange Act") 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 "small 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

As of May 5, 2014, the registrant had 31,068,802 Common Shares and 1,084,747 Class B Common Shares outstanding.

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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements.

INVACARE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statement of Comprehensive Income (Loss) (unaudited)

	Three Months Ended	
	March 31,	
(In thousands, except per share data)	2014	2013
Net sales	\$309,069	\$331,437
Cost of products sold	223,821	237,853
Gross Profit	85,248	93,584
Selling, general and administrative expenses	98,021	103,235
Charges related to restructuring activities	2,240	2,522
Interest expense	806	1,117
Interest income	(68)	(107)
Loss from Continuing Operations Before Income Taxes	(15,751)	(13,183)
Income tax provision (benefit)	2,225	(7,475)
Net loss from Continuing Operations	(17,976)	(5,708)
Net Earnings from Discontinued Operations (net of tax of \$0 and \$35)	—	1,567
Gain on Sale of Discontinued Operations (net of tax of \$0 and \$20,080)	—	39,322
Total Net Earnings from Discontinued Operations	—	40,889
Net Earnings (Loss)	\$(17,976)	\$35,181
Dividends Declared per Common Share	\$0.0125	\$0.0125
Net Earnings (Loss) per Share—Basic		
Net Loss from Continuing Operations	(0.56)	(0.18)
Net Earnings from Discontinued Operations	—	1.28
Net Earnings (Loss) per Share—Basic	\$(0.56)	\$1.10
Weighted Average Shares Outstanding—Basic	32,013	31,902
Net Earnings (Loss) per Share—Assuming Dilution		
Net Loss from Continuing Operations	(0.56)	(0.18)
Net Earnings from Discontinued Operations	—	1.28
Net Earnings (Loss) per Share—Assuming Dilution	\$(0.56)	\$1.10
Weighted Average Shares Outstanding—Assuming Dilution	32,301	31,934
Net Earnings (Loss)	\$(17,976)	\$35,181
Other comprehensive income (loss):		
Foreign currency translation adjustments	6,648	(1,498)
Defined Benefit Plans:		
Amortization of prior service costs and unrecognized gains	708	300
Amounts arising during the year, primarily due to the addition of new participants	—	(166)
Deferred tax adjustment resulting from defined benefit plan activity	(180)	(48)
Valuation reserve associated with defined benefit plan activity	14	50
Current period unrealized gain (loss) on cash flow hedges	(584)	1,577
Deferred tax benefit (loss) related to unrealized gain (loss) on cash flow hedges	84	(81)
Other Comprehensive Income	6,690	134

Comprehensive Income (Loss)

\$(11,286) \$35,315

See notes to condensed consolidated financial statements.

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Condensed Consolidated Balance Sheets (unaudited)

	March 31, 2014	December 31, 2013
	(In thousands)	
Assets		
Current Assets		
Cash and cash equivalents	\$21,260	\$29,785
Trade receivables, net	186,919	188,622
Installment receivables, net	1,590	1,562
Inventories, net	165,343	155,637
Deferred income taxes	2,714	2,761
Other current assets	39,036	41,172
Total Current Assets	416,862	419,539
Other Assets	46,030	45,936
Other Intangibles	61,064	62,584
Property and Equipment, net	103,745	106,149
Goodwill	468,314	462,226
Total Assets	\$1,096,015	\$1,096,434
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	\$124,442	\$116,704
Accrued expenses	131,345	133,100
Accrued income taxes	12,271	12,259
Short-term debt and current maturities of long-term obligations	1,763	14,102
Total Current Liabilities	269,821	276,165
Long-Term Debt	47,194	31,184
Other Long-Term Obligations	119,089	118,276
Shareholders' Equity		
Preferred Shares (Authorized 300 shares; none outstanding)	—	—
Common Shares (Authorized 100,000 shares; 34,226 and 34,084 issued in 2014 and 2013, respectively)—no par	8,576	8,539
Class B Common Shares (Authorized 12,000 shares; 1,086 and 1,086 issued and outstanding in 2014 and 2013, respectively)—no par	272	272
Additional paid-in-capital		