

Sensata Technologies Holding N.V.

Form 10-Q

July 26, 2010

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**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 June 30, 2010

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 001-34652

**SENSATA TECHNOLOGIES HOLDING N.V.**

(Exact Name of Registrant as Specified in Its Charter)

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**THE NETHERLANDS**  
(State or other jurisdiction of

**98-0641254**  
(I.R.S. Employer

incorporation or organization)

Identification No.)

**Kolthofsingel 8, 7602 EM Almelo**

**The Netherlands**

**31-546-879-555**

(Address of Principal Executive Offices, including Zip Code)

(Registrant's Telephone Number, Including Area 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 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, or a non-accelerated filer. 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

The number of shares outstanding of each of the issuer's classes of common stock, as of July 20, 2010 was 171,079,824.

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**Table of Contents****PART I FINANCIAL INFORMATION****Item 1. Financial Statements.****SENSATA TECHNOLOGIES HOLDING N.V.****Condensed Consolidated Balance Sheets**

(Thousands of U.S. dollars, except share and per share amounts)

*(unaudited)*

	June 30, 2010	December 31, 2009
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 311,247	\$ 148,468
Accounts receivable, net of allowances of \$9,849 and \$12,739 as of June 30, 2010 and December 31, 2009, respectively	213,836	180,839
Inventories	141,627	125,375
Deferred income tax assets	12,332	12,419
Prepaid expenses and other current assets	20,239	19,627
Assets held for sale	238	238
<b>Total current assets</b>	<b>699,519</b>	<b>486,966</b>
Property, plant and equipment at cost	415,739	400,461
Accumulated depreciation	(199,555)	(180,523)
Property, plant and equipment, net	216,184	219,938
Goodwill	1,528,954	1,530,570
Other intangible assets, net	794,805	865,531
Deferred income tax assets	5,502	5,543
Deferred financing costs	29,929	41,147
Other assets	19,929	17,175
<b>Total assets</b>	<b>\$ 3,294,822</b>	<b>\$ 3,166,870</b>
<b>Liabilities and shareholders equity</b>		
Current liabilities:		
Current portion of long-term debt, capital lease and other financing obligations	\$ 17,621	\$ 17,139
Accounts payable	134,522	122,834
Income taxes payable	9,051	8,384
Accrued expenses and other current liabilities	86,193	91,741
Accrued profit sharing	326	600
Deferred income tax liabilities	638	823
<b>Total current liabilities</b>	<b>248,351</b>	<b>241,521</b>
Deferred income tax liabilities	184,437	165,477
Pension and post-retirement benefit obligations	49,077	49,525
Capital lease and other financing obligations, less current portion	39,593	40,001
Long-term debt, less current portion	1,781,424	2,243,686
Other long-term liabilities	29,321	39,502

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Commitments and contingencies

<b>Total liabilities</b>	2,332,203	2,779,712
Shareholders' equity:		
Ordinary shares, 0.01 nominal value per share, 400,000,000 shares authorized; 171,091,797 and 144,068,541 shares issued as of June 30, 2010 and December 31, 2009, respectively	2,192	1,825
Treasury shares, at cost, 11,973 shares as of June 30, 2010 and December 31, 2009	(136)	(136)
Due from parent	(17)	(17)
Additional paid-in capital	1,510,521	1,050,373
Accumulated deficit	(517,859)	(627,688)
Accumulated other comprehensive loss	(32,082)	(37,199)
<b>Total shareholders' equity</b>	962,619	387,158
<b>Total liabilities and shareholders' equity</b>	<b>\$ 3,294,822</b>	<b>\$ 3,166,870</b>

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

**Table of Contents****SENSATA TECHNOLOGIES HOLDING N.V.****Condensed Consolidated Statements of Operations**

(Thousands of U.S. dollars, except share and per share amounts)

*(unaudited)*

	For the three months ended		For the six months ended	
	June 30, 2010	June 30, 2009	June 30, 2010	June 30, 2009
Net revenue	\$ 391,806	\$ 255,371	\$ 768,943	\$ 494,387
Operating costs and expenses:				
Cost of revenue	240,590	168,902	473,373	330,246
Research and development	6,211	3,960	11,141	9,123
Selling, general and administrative	38,740	30,482	116,631	62,111
Amortization of intangible assets and capitalized software	36,078	38,162	72,214	76,966
Impairment of goodwill and intangible assets				19,867
Restructuring	(490)	2,050	209	13,538
Total operating costs and expenses	321,129	243,556	673,568	511,851
<b>Profit / (loss) from operations</b>	70,677	11,815	95,375	(17,464)
Interest expense	(25,406)	(36,349)	(58,922)	(78,833)
Interest income	255	79	394	403
Currency translation gain and other, net	51,796	58,086	98,981	127,228
<b>Income from continuing operations before taxes</b>	97,322	33,631	135,828	31,334
Provision for income taxes	14,803	10,876	25,999	18,517
<b>Income from continuing operations</b>	82,519	22,755	109,829	12,817
Loss from discontinued operations, net of tax of \$0		(134)		(395)
<b>Net income</b>	\$ 82,519	\$ 22,621	\$ 109,829	\$ 12,422
<b>Basic net income per share:</b>				
Continuing operations	\$ 0.48	\$ 0.16	\$ 0.68	\$ 0.09
Discontinued operations		0.00		0.00
Total basic net income per share	\$ 0.48	\$ 0.16	\$ 0.68	\$ 0.09
<b>Diluted net income per share:</b>				
Continuing operations	\$ 0.46	\$ 0.16	\$ 0.66	\$ 0.09
Discontinued operations		0.00		0.00
Total diluted net income per share	\$ 0.46	\$ 0.16	\$ 0.66	\$ 0.09

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

**Table of Contents****SENSATA TECHNOLOGIES HOLDING N.V.****Condensed Consolidated Statements of Cash Flows**

(Thousands of U.S. dollars)

*(unaudited)*

	For the six months ended	
	June 30, 2010	June 30, 2009
<b>Cash flows from operating activities:</b>		
Net income	\$ 109,829	\$ 12,422
Net loss from discontinued operations		(395)
Net income from continuing operations	109,829	12,817
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	20,331	21,961
Amortization of deferred financing costs	4,377	4,592
Currency translation gain on debt	(133,826)	(6,502)
Loss / (gain) on repurchase of outstanding Senior and Senior Subordinated Notes	22,867	(120,123)
Share-based compensation	21,869	694
Amortization of intangible assets and capitalized software	72,214	76,966
(Gain) / loss on disposition of assets	(253)	358
Loss on assets held for sale		1,678
Deferred income taxes	18,903	13,667
Impairment of goodwill and intangible assets		19,867