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HELIX TECHNOLOGY CORP
Form 10-Q
April 30, 2002

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934.

For the Quarter Ended March 29, 2002.

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 0-6866

HELIX TECHNOLOGY CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

04-2423640

(State of incorporation)

(IRS Employer Identification No.)

Mansfield Corporate Center
Nine Hampshire Street
Mansfield, Massachusetts

02048-9171

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (508) 337-5500

Indicate by checkmark 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 ninety days.

Yes [X] No []

The number of shares outstanding of the registrant's Common Stock, \$1 par
value, as of March 29, 2002 was 26,093,204.

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HELIX TECHNOLOGY CORPORATION

CONSOLIDATED BALANCE SHEETS

| | March 29, 2002 (unaudited) | December 31, 2001 (audited) |
|--------------------------------------|----------------------------------|-----------------------------------|
| (in thousands except per share data) | | |
| ASSETS | | |
| Current: | | |
| Cash and cash equivalents (Note 6) | \$ 71,968 | \$ 7,789 |
| Investments | 2,848 | 9,271 |
| Receivables - net of allowances | 14,060 | 11,997 |
| Inventories (Note 2) | 27,116 | 27,293 |
| Income tax receivable | 8,431 | 7,344 |

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| | | |
|--|------------|------------|
| Deferred income taxes (Note 3) | 5,707 | 5,707 |
| Other current assets | 1,803 | 2,577 |
| ----- | | |
| Total Current Assets | 131,933 | 71,978 |
| ----- | | |
| Property, plant and equipment at cost | 66,764 | 65,115 |
| Less: accumulated depreciation | (36,797) | (35,614) |
| ----- | | |
| Net property, plant and equipment | 29,967 | 29,501 |
| Other assets | 11,470 | 12,101 |
| ----- | | |
| TOTAL ASSETS | \$ 173,370 | \$113,580 |
| ===== | | |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current: | | |
| Accounts payable | \$ 10,350 | \$ 9,105 |
| Payroll and compensation | 470 | 986 |
| Retirement costs | 7,214 | 6,758 |
| Income taxes (Note 3) | 2,837 | 3,064 |
| Other accrued liabilities | 863 | 700 |
| ----- | | |
| Total Current Liabilities | 21,734 | 20,613 |
| ----- | | |
| Commitments and contingencies (Note 7) | | |
| Stockholders' Equity: | | |
| Preferred stock, \$1 par value; authorized 2,000,000 shares; issued and outstanding: none | - | - |
| Common stock, \$1 par value; authorized 60,000,000 shares; issued and outstanding: 26,093,204 in 2002 and 22,611,204 in 2001 | 26,093 | 22,611 |
| Capital in excess of par value | 76,169 | 13,878 |
| Treasury stock, \$1 par value (3,840 shares in 2002 and 2001) | (232) | (232) |
| Retained earnings | 51,980 | 58,261 |
| Accumulated other comprehensive loss | (2,374) | (1,551) |
| ----- | | |
| Total Stockholders' Equity | 151,636 | 92,967 |
| ----- | | |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 173,370 | \$ 113,580 |
| ===== | | |

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

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(in thousands except per share data) Three Months Ended
March 29, 2002 March 30, 2001

| | | |
|---|------------|----------|
| Net sales | \$20,380 | \$48,641 |
| Costs and expenses: | | |
| Cost of sales | 15,541 | 28,507 |
| Research and development | 3,516 | 4,233 |
| Selling, general and administrative | 8,059 | 9,905 |
| | 27,116 | 42,645 |
| Operating (loss) income | (6,736) | 5,996 |
| Joint venture income | 45 | 965 |
| Interest and other income | 69 | 417 |
| (Loss) income before taxes | (6,622) | 7,378 |
| Income tax (benefit) provision (Note 3) | (2,152) | 2,398 |
| Net (loss) income | \$ (4,470) | \$ 4,980 |
| Net (loss) income per share (Note 4): | | |
| Basic | \$ (0.19) | \$ 0.22 |
| Diluted | \$ (0.19) | \$ 0.22 |
| Number of shares used in per share calculations (Note 4): | | |
| Basic | 23,050 | 22,533 |
| Diluted | 23,050 | 22,649 |

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

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HELIX TECHNOLOGY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(in thousands) Three Months Ended
March 29, 2002 March 30, 2001

Cash flows from operating activities:

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| | | |
|---|------------|-----------|
| Net (loss) income | \$ (4,470) | \$ 4,980 |
| Adjustments to reconcile net (loss) income to net cash (used) provided by operating activities: | | |
| Depreciation and amortization | 1,439 | 1,174 |
| Other | (156) | (1,069) |
| Net change in operating assets and liabilities (A) | (1,078) | 2,865 |
| ----- | | |
| Net cash (used) provided by operating activities | (4,265) | 7,950 |
| ----- | | |
| Cash flows from investing activities: | | |
| Capital expenditures | (1,905) | (6,278) |
| Purchase of investments | (6,689) | (10,487) |
| Sale of investments | 13,076 | 10,315 |
| ----- | | |
| Net cash provided (used) by investing activities | 4,482 | (6,450) |
| ----- | | |
| Cash flows from financing activities: | | |
| Net proceeds from stock offering | 65,246 | 0 |
| Net cash provided by employee stock plans | 527 | 0 |
| Cash dividends paid | (1,811) | (2,704) |
| ----- | | |
| Net cash provided (used) by financing activities | 63,962 | (2,704) |
| ----- | | |
| Increase (decrease) in cash and cash equivalents | 64,179 | (1,204) |
| Cash and cash equivalents, at the beginning of the period | 7,789 | 15,435 |
| ----- | | |
| Cash and cash equivalents, at the end of the period | \$ 71,968 | \$ 14,231 |
| ===== | | |
| (A) Change in operating assets and liabilities: | | |
| (Increase)/decrease in receivables | \$ (2,063) | \$ 10,793 |
| Decrease/(increase) in inventories | 177 | (608) |
| (Increase) in income tax receivable | (1,087) | 0 |
| Decrease/(increase) in other current assets | 774 | (167) |
| Increase/(decrease) in accounts payable | 1,245 | (7,254) |
| (Decrease)/increase in other accrued expenses | (124) | 101 |
| ----- | | |
| Net change in operating assets and liabilities | \$ (1,078) | \$ 2,865 |
| ===== | | |

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

HELIX TECHNOLOGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Basis of Presentation

The accompanying consolidated financial statements for the three-month

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periods ended March 29, 2002, and March 30, 2001, contain all adjustments (consisting only of normal recurring adjustments) necessary to present fairly the financial position as of March 29, 2002, and December 31, 2001, and the results of operations and cash flows for the three-month periods ended March 29, 2002, and March 30, 2001.

The results of operations for the three-month period ended March 29, 2002, are not necessarily indicative of the results expected for the full year.

The consolidated financial statements included herein have been prepared by the Company, without audit of the three-month periods ended March 29, 2002, and March 30, 2001, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to present fairly the Company's financial position and results of operations. These consolidated financial statements should be read in conjunction with the financial statements and the notes thereto included in the Company's latest Annual Report on Form 10-K.

Note 2 - Inventories

| (in thousands) | March 29, 2002 | December 31, 2001 |
|---------------------|----------------|-------------------|
| Finished goods | \$ 9,201 | \$ 8,570 |
| Work in process | 12,447 | 13,067 |
| Materials and parts | 5,468 | 5,656 |
| | ----- | ----- |
| | \$27,116 | \$27,293 |
| | ===== | ===== |

Inventories are stated at the lower of cost or market on a first-in, first-out basis.

Note 3 - Income Taxes

The net federal, state and foreign income tax benefit was \$2,152,000 for the three-month period ended March 29, 2002. For the three-month period ended March 30, 2001, the Company had a net federal, state and foreign income tax provision of \$2,398,000. Tax credits are treated as reductions of income tax provisions in the year in which the credits are realized. The Company does not provide for federal income taxes on the undistributed earnings of its wholly owned foreign subsidiaries, since these earnings are indefinitely reinvested.

The effective income tax rate for both the three-month periods ended March 29, 2002, and March 30, 2001, was 32.5%.

The major components of deferred tax assets are compensation and benefit plans, inventory valuation and depreciation, respectively. Based on past experience, the Company expects that the future taxable income will be sufficient for the realization of the deferred tax assets. The Company believes that a valuation allowance is not required.

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HELIX TECHNOLOGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4 - Net Income Per Share

Basic net income per common share is based on the weighted average number of common shares outstanding during the period. Diluted net income per common share reflects the potential dilution that could occur if outstanding stock options were exercised.

The following table sets forth the computation of basic and diluted net income per common share:

| (in thousands except per share data) | Three Months Ended | |
|--------------------------------------|--------------------|----------------|
| | March 29, 2002 | March 30, 2001 |
| Net (loss) income | \$ (4,470) | \$ 4,980 |
| | ===== | ===== |
| Basic shares | 23,050 | 22,533 |
| Add: Common equivalent shares | | |