

RESMED INC
Form 10-Q
January 31, 2013
Table of Contents

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, 2012

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)

Edgar Filing: RESMED INC - Form 10-Q

Delaware
(State or other jurisdiction of
incorporation or organization)

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 23, 2013, there were 143,493,670 shares of Common Stock (\$0.004 par value) outstanding. This number excludes 28,947,612 shares held by the registrant as treasury shares.

Table of Contents

RESMED INC. AND SUBSIDIARIES

INDEX

Part I	<u>Financial Information</u>	3
Item 1	<u>Financial Statements</u>	3
	<u>Condensed Consolidated Balance Sheets (Unaudited) as of December 31, 2012 and June 30, 2012</u>	3
	<u>Condensed Consolidated Statements of Income (Unaudited) for the Three and Six Months Ended December 31, 2012 and 2011</u>	4
	<u>Condensed Consolidated Statement of Comprehensive Income (Unaudited) for the Three and Six Months Ended December 31, 2012 and 2011</u>	5
	<u>Condensed Consolidated Statements of Cash Flows (Unaudited) for the Six Months Ended December 31, 2012 and 2011</u>	6
	<u>Notes to the Condensed Consolidated Financial Statements (Unaudited)</u>	7
Item 2	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	19
Item 3	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	29
Item 4	<u>Controls and Procedures</u>	31
Part II	<u>Other Information</u>	32
Item 1	<u>Legal Proceedings</u>	32
Item 1A	<u>Risk Factors</u>	32
Item 2	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	32
Item 3	<u>Defaults Upon Senior Securities</u>	32
Item 4	<u>Mine Safety Disclosures</u>	32
Item 5	<u>Other Information</u>	32
Item 6	<u>Exhibits</u>	33
	<u>Signatures</u>	34

Table of Contents

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, 2012	June 30, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 958,280	\$ 809,541
Accounts receivable, net of allowance for doubtful accounts of \$8,617 and \$7,313 at December 31, 2012 and June 30, 2012, respectively	281,439	283,160
Inventories (note 4)	194,804	174,351
Deferred income taxes	21,872	19,590
Income taxes receivable	3,163	2,282
Prepaid expenses and other current assets	70,293	72,227
Total current assets	1,529,851	1,361,151
Non-current assets:		
Property, plant and equipment, net	439,575	434,363
Goodwill and other intangible assets, net (note 6)	337,582	311,036
Deferred income taxes	19,405	23,500
Other assets	3,962	7,819
Total non-current assets	800,524	776,718
Total assets	\$ 2,330,375	\$ 2,137,869
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	52,119	55,006
Accrued expenses	135,372	127,381
Deferred revenue	43,784	41,563
Income taxes payable	18,955	27,777
Deferred income taxes	784	1,073
Current portion of long-term debt (note 7)	54	52
Total current liabilities	251,068	252,852
Non-current liabilities:		
Deferred income taxes	9,373	8,843
Deferred revenue	14,055	14,384
Long-term debt (note 7)	300,798	250,783
Income taxes payable	3,569	3,380
Total non-current liabilities	327,795	277,390
Total liabilities	578,863	530,242
Commitments and contingencies (notes 12)		
Stockholders' equity: (note 10)		

Edgar Filing: RESMED INC - Form 10-Q

Preferred stock, \$0.01 par value, 2,000,000 shares authorized; none issued		
Common stock, \$0.004 par value, 350,000,000 shares authorized; 172,331,815 issued and 143,384,203 outstanding at December 31, 2012 and 169,752,781 issued and 142,021,032 outstanding at June 30, 2012	574	568
Additional paid-in capital	960,109	899,717
Retained earnings	1,467,230	1,366,712
Treasury stock, at cost, 28,947,612 shares at December 31, 2012, and 27,731,749 shares at June 30, 2012	(943,877)	(895,826)
Accumulated other comprehensive income	267,476	236,456
Total stockholders' equity	1,751,512	1,607,627
Total liabilities and stockholders' equity	\$ 2,330,375	\$ 2,137,869

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

Table of Contents

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,	
	2012	2011	2012	2011
Net revenue	\$ 376,537	\$ 332,738	\$ 716,269	\$ 647,513
Cost of sales	143,825	134,023	274,909	263,743
Gross profit	232,712	198,715	441,360	383,770
Operating expenses:				
Selling, general and administrative	107,815	100,552	206,118	194,755
Research and development	30,326	27,218	57,546	53,424
Amortization of acquired intangible assets	2,501	3,691	5,138	7,462
Total operating expenses	140,642	131,461	268,802	255,641
Income from operations	92,070	67,254	172,558	128,129
Other income, net:				
Interest income, net	8,498	7,181	16,970	14,103
Other, net	(2,168)	8,496	(227)	7,196
Total other income, net	6,330	15,677	16,743	21,299
Income before income taxes	98,400	82,931	189,301	149,428
Income taxes	20,458	20,059	40,094	36,038
Net income	\$ 77,942	\$ 62,872	\$ 149,207	\$ 113,390
Basic earnings per share	\$ 0.54	\$ 0.43	\$ 1.04	\$ 0.76
Diluted earnings per share (note 3)	\$ 0.53	\$ 0.42	\$ 1.02	\$ 0.75
Dividend declared per share (note 10)	\$ 0.17	\$	\$ 0.34	\$
Basic shares outstanding (000 s)	143,214	146,369	142,931	148,368
Diluted shares outstanding (000 s)	146,689	149,515	146,382	151,835

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

Table of Contents

PART I FINANCIAL INFORMATION

Item 1

RESMED INC. AND SUBSIDIARIES

Condensed Consolidated Statement of Comprehensive Income (Unaudited)

(In US\$ thousands)

	Three Months Ended December 31, 2012		Six Months Ended December 31, 2011	
	2012	2011	2012	2011
Net income	\$ 77,942	\$ 62,872	\$ 149,207	\$ 113,390
Other comprehensive income (loss):				
Foreign currency translation gain (loss) adjustments	12,163	40,666	31,020	(83,555)
Total comprehensive income	\$ 90,105	\$ 103,538	\$ 180,227	\$ 29,835

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

Table of Contents

PART I FINANCIAL INFORMATION

Item 1

RESMED INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows (Unaudited)

(In US\$ thousands)

	Six Months Ended December 31,	
	2012	2011
Cash flows from operating activities:		
Net income	\$ 149,207	\$ 113,390
Adjustment to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	37,947	43,404
Stock-based compensation costs		