

WATERS CORP /DE/
Form 8-K
October 25, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)

of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported) October 25, 2016

Waters Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

01-14010
(Commission File Number)

13-3668640
(IRS Employer Identification No.)

34 Maple Street, Milford, Massachusetts
(Address of Principal Executive Offices)

01757
(Zip Code)

(508) 478-2000

(Registrant's Telephone Number, Including Area Code)

N/A

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

On October 25, 2016, Waters Corporation announced its results of operations for the quarter ended October 1, 2016. A copy of the related press release is attached hereto as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference in its entirety.

Item 9.01 Financial Statements and Exhibits

Exhibit 99.1 Waters Corporation press release dated October 25, 2016 for the quarter ended October 1, 2016.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

WATERS CORPORATION

Dated: October 25, 2016

By: /s/ Eugene G. Cassis
Name: Eugene G. Cassis
Title: Senior Vice President and

Chief Financial Officer

MARGIN-RIGHT: 0pt" align="left">Depreciation and amortization 76,556 82,729

Deferred income taxes

97,757 175,675

Deferred rent

1,148 1,378

Stock-based compensation

71,564 66,012

Unrealized (gain) loss on marketable securities

12,094 (9,849)

Changes in operating assets and liabilities:

Accounts receivable

539,045 (82,344)

Other current assets

181,624 247,615

Prepaid and other assets

(15,037) (22,450)

Deferred revenue

466,181 567,131

Accounts payable

14,405 32,127

Accrued expenses

(424,359) (589,175)

Net cash provided by operating activities

1,185,913 807,909

Cash flows from investing activities:

Purchase of property and equipment

(66,128) (50,559)

Net cash used in investing activities

(66,128) (50,559)

Cash flows from financing activities:

Proceeds from exercise of stock options

23,000 15,000

Net cash provided by financing activities

23,000	15,000
Net increase in cash and cash equivalents	
1,142,785	772,350
Cash and cash equivalents at beginning of period	
6,531,204	5,642,568
Cash and cash equivalents at end of period	
\$7,673,989	\$6,414,918

See accompanying condensed notes to financial statements.

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CREDITRISKMONITOR.COM, INC.
 CONDENSED NOTES TO FINANCIAL STATEMENTS
 (Unaudited)

(1) Basis of Presentation

The accompanying unaudited condensed financial statements of CreditRiskMonitor.com, Inc. (the “Company”) have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Certain information and footnote disclosure required by generally accepted accounting principles (“GAAP”) in the United States for complete financial statements have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). In the opinion of management, the accompanying unaudited condensed financial statements reflect all material adjustments, including normal recurring accruals, necessary to present fairly the Company’s financial position, results of operations and cash flows for the periods presented, and have been prepared in a manner consistent with the audited financial statements for the fiscal year ended December 31, 2011.

The results of operations for the three and six months ended June 30, 2012 are not necessarily indicative of the results of a full fiscal year.

The December 31, 2011 balance sheet has been derived from the audited financial statements at that date, but does not include all disclosures required by GAAP. These financial statements should be read in conjunction with the audited financial statements and the footnotes for the fiscal year ended December 31, 2011 included in the Company’s Annual Report on Form 10-K.

Certain prior year amounts have been reclassified to conform to the current year presentation.

(2) Stock-Based Compensation

The Company applies Accounting Standards Codification (“ASC”) 718, “Compensation-Stock Compensation” (“ASC 718”) to account for stock-based compensation.

The following table summarizes the stock-based compensation expense for stock options that was recorded in the Company’s results of operations in accordance with ASC 718 for the three and six months ended June 30:

	3 Months Ended June 30, 2012		6 Months Ended June 30, 2012	
	2012	2011	2012	2011
Data and product costs	\$ 4,285	\$ 4,315	\$ 8,544	\$ 8,170
Selling, general and administrative expenses	31,523	29,275	63,020	57,842
	\$ 35,808	\$ 33,590	\$ 71,564	\$ 66,012

(3) Other Recently Issued Accounting Standards

The Financial Accounting Standards Board and the SEC had issued certain accounting pronouncements as of June 30, 2012 that will become effective in subsequent periods; however, management does not believe that any of those pronouncements would have significantly affected our financial accounting measurements or disclosures had they

been in effect during the interim periods for which financial statements are included in this quarterly report. Management also believes those pronouncements will not have a significant effect on our future financial position or results of operations.

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(4) Fair Value Measurements

The Company records its financial instruments that are accounted for under ASC 320, “Investments-Debt and Equity Securities” at fair value. The determination of fair value is based upon the fair value framework established by ASC 820, “Fair Value Measurements and Disclosures” (“ASC 820”). ASC 820 provides that a fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. The fair value hierarchy is broken down into three levels based on the source of inputs as follows: (a) Level 1 – valuations based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities; (b) Level 2 – valuations based on quoted prices in markets that are not active, or financial instruments for which all significant inputs are observable; either directly or indirectly; and (c) Level 3 – valuations based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable; thus, reflecting assumptions about the market participants.

The Company’s cash, cash equivalents and marketable securities are stated at fair value. The carrying value of accounts receivable, other current assets, accounts payable and other current liabilities approximates fair market value because of the short maturity of these financial instruments.

The Company’s cash equivalents and marketable securities are generally classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices. Marketable securities include U.S. government bonds.

The table below sets forth the Company’s cash and cash equivalents and marketable securities as of June 30, 2012 and December 31, 2011, respectively, which are measured at fair value on a recurring basis by level within the fair value hierarchy.

	June 30, 2012				December 31, 2011
	Level 1	Level 2	Level 3	Total	Total
Cash and cash equivalents	\$7,673,989	\$-	\$-	\$7,673,989	\$ 6,531,204
Marketable securities	1,740,978	-	-	1,740,978	1,753,072
Total	\$9,414,967	\$-	\$-	\$9,414,967	\$ 8,284,276

The Company did not hold financial assets and liabilities which were recorded at fair value in the Level 2 or 3 categories as of either June 30, 2012 or December 31, 2011.

(5) Net Income per Share

Basic net income per share is based on the weighted average number of common shares outstanding. Diluted net income per share is based on the weighted average number of common shares outstanding and the dilutive effect of outstanding stock options:

	3 Months Ended June 30,		6 Months Ended June 30,	
	2012	2011	2012	2011
Weighted average number of common shares outstanding – basic	7,943,462	7,900,629	7,937,480	7,900,045

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Potential shares exercisable under stock option plans	433,500	612,500	448,500	612,500
LESS: Shares which could be repurchased under treasury stock method	(136,256)	(168,215)	(161,428)	(158,455)
Weighted average number of common shares outstanding – diluted	8,240,706	8,344,914	8,224,552	8,354,090

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Business Environment

The continuing uncertainty in the worldwide financial system has negatively impacted general business conditions. It is possible that a weakening economy could adversely affect our clients' need for credit information, or even their solvency, but we cannot predict whether or to what extent this will occur.

Our strategic priorities and plans for 2012 are to continue to build on the improvement initiatives underway to achieve sustainable, profitable growth. Global market conditions, however, may affect the level and timing of resources deployed in pursuit of these initiatives in 2012.

Financial Condition, Liquidity and Capital Resources

The following table presents selected financial information and statistics as of June 30, 2012 and December 31, 2011 (dollars in thousands):

	June 30, 2012	December 31, 2011
Cash, cash equivalents and marketable securities	\$ 9,415	\$ 8,284
Accounts receivable, net	\$ 1,012	\$ 1,551
Working capital	\$ 2,766	\$ 2,510
Cash ratio	1.19	1.07
Quick ratio	1.31	1.26
Current ratio	1.35	1.32

The Company has invested some of its excess cash in debt instruments of the United States government. All highly liquid investments with an original maturity of three months or less when purchased are considered cash equivalents, while those with maturities in excess of three months when purchased are reflected as marketable securities.

As of June 30, 2012, the Company had \$9.41 million in cash, cash equivalents and marketable securities, an increase of approximately \$1.13 million from December 31, 2011. The principal component of this net increase for the last three months was the cash generated by operating activities of approximately \$1.19 million.

Additionally, the main component of current liabilities at June 30, 2012 is deferred revenue of \$6.94 million, which should not require significant future cash outlay other than the cost of preparation and delivery of the applicable commercial credit reports which cost much less than the deferred revenue shown. The deferred revenue is recognized as income over the subscription term, which approximates twelve months. The Company has no bank lines of credit or other currently available credit sources.

The Company believes that its existing balances of cash, cash equivalents, marketable securities and cash generated from operations will be sufficient to satisfy its currently anticipated cash requirements through at least the next 12 months and the foreseeable future. Moreover, the Company has been cash flow positive for the last 7 fiscal years and has no long-term debt. However, the Company's liquidity could be negatively affected if it were to make an acquisition or license products or technologies, which may necessitate the need to raise additional capital through future debt or equity financing. Additional financing may not be available at all or on terms favorable to the Company.

Off-Balance Sheet Arrangements

The Company is not a party to any off-balance sheet arrangements.

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Results of Operations

	3 Months Ended June 30,		2011	
	2012			
	Amount	% of Total Operating Revenues	Amount	% of Total Operating Revenues
Operating revenues	\$ 2,740,227	100.00 %	\$ 2,539,350	100.00 %
Operating expenses:				
Data and product costs	936,411	34.17 %	819,490	32.27 %
Selling, general and administrative expenses	1,566,213	57.16 %	1,411,059	55.57 %
Depreciation and amortization	38,415	1.40 %	41,507	1.63 %
Total operating expenses	2,541,039	92.73 %	2,272,056	89.47 %
Income from operations	199,188	7.27 %	267,294	10.53 %
Other income, net	15,428	0.56 %	33,367	1.31 %
Income before income taxes	214,616	7.83 %	300,661	11.84 %
Provision for income taxes	(97,735)	(3.57 %)	(91,012)	(3.58 %)
Net income	\$ 116,881	4.26 %	\$ 209,649	8.26 %

Operating revenues increased \$200,877, or 8%, for the three months ended June 30, 2012 compared to the second quarter of fiscal 2011. This overall revenue growth resulted from a \$210,353, or 9%, increase in Internet subscription service revenue, attributable to increased sales to new and existing subscribers, partially offset by a \$9,476, or 12%, decrease in the Company's third-party international credit report subscription service, attributable to lower usage by subscribers.

Data and product costs increased \$116,921, or 14%, for the second quarter of 2012 compared to the same period of fiscal 2011. This increase was due primarily to higher salary and related employee benefits, including additional quality control personnel, as well as the higher cost associated with the outsourcing of certain data entry tasks, as more tasks have been outsourced.

Selling, general and administrative expenses increased \$155,154, or 11%, for the second quarter of fiscal 2012 compared to the same period of fiscal 2011. This increase was due to higher salary and related employee benefits, as the result of increased headcount.

Depreciation and amortization decreased \$3,092, or 7%, for the second quarter of fiscal 2012 compared to the same period of fiscal 2011. This decrease was due to a lower depreciable asset base reflecting the continued use of certain items that have been fully depreciated.

Other income, net decreased \$17,939 for second quarter of fiscal 2012 compared to the same period last year. This decrease was due to a smaller mark-to-market adjustment recorded in this year's second quarter.

Provision for income taxes increased \$6,723 for the second quarter of fiscal 2012 compared to the same period of fiscal 2011. This increase was due to higher payments made this year in connection with the filing of the Company's

2011 tax returns versus payments last year in connection with the filing of the Company's 2010 tax returns.

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	6 Months Ended June 30, 2012		2011	
	Amount	% of Total Operating Revenues	Amount	% of Total Operating Revenues
Operating revenues	\$ 5,385,482	100.00 %	\$ 4,979,311	100.00 %
Operating expenses:				
Data and product costs	1,863,156	34.60 %	1,653,417	33.21 %
Selling, general and administrative expenses	3,163,572	58.74 %	2,756,572	55.36 %
Depreciation and amortization	76,556	1.42 %	82,729	1.66 %
Total operating expenses	5,103,284	94.76 %	4,492,718	90.23 %
Income from operations	282,198	5.24 %	486,593	9.77 %
Other income, net	12,616	0.23 %	34,918	0.70 %
Income before income taxes	294,814	5.47 %	521,511	10.47 %
Provision for income taxes	(129,879)	(2.41 %)	(182,451)	(3.66 %)
Net income	\$ 164,935	3.06 %	\$ 339,060	6.81 %

Operating revenues increased \$406,171, or 8%, for the six months ended June 30, 2012 compared to the first half of fiscal 2011. This overall revenue growth resulted from a \$443,269, or 9%, increase in Internet subscription service revenue, attributable to increased sales to new and existing subscribers, partially offset by a \$37,098, or 24%, decrease in the Company's third-party international credit report subscription service, attributable to lower usage by subscribers.

Data and product costs increased \$209,739, or 13%, for the first six months of 2012 compared to the same period of fiscal 2011. This increase was due primarily to higher salary and related employee benefits, including additional quality control personnel, the higher cost associated with the outsourcing of certain data entry tasks as more tasks have been outsourced as well as the higher cost of third-party content due to the purchase of additional data elements.

Selling, general and administrative expenses increased \$407,000, or 15%, for the first six months of fiscal 2012 compared to the same period of fiscal 2011. This increase was primarily due to higher salary and related employee benefits.

Depreciation and amortization decreased \$6,173, or 7%, for the first six months of fiscal 2012 compared to the same period of fiscal 2011. This decrease was due to a lower depreciable asset base reflecting the continued use of certain items that have been fully depreciated.

Other income, net decreased \$22,302 for the first six months of fiscal 2012 compared to the same period last year. This decrease was due to the Company recording a negative mark-to-market adjustment in 2012 versus a positive a mark-to-market adjustment recorded in 2011.

Provision for income taxes decreased \$52,572 for the first six months of fiscal 2012 compared to the same period of fiscal 2011. This decrease was due to the Company having lower pre-tax income because of the reasons enumerated above.

Future Operations

The Company over time intends to expand its operations by expanding the breadth and depth of its product and service offerings and introducing new and complementary products. Gross margins attributable to new business areas may be lower than those associated with the Company's existing business activities.

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As a result of the evolving nature of the markets in which it competes, the Company's ability to accurately forecast its revenues, gross profits and operating expenses as a percentage of net sales is limited. The Company's current and future expense levels are based largely on its investment plans and estimates of future revenues. To a large extent these costs do not vary with revenue. Sales and operating results generally depend on the Company's ability to attract and retain customers and the volume of and timing of customer subscriptions for the Company's services, which are difficult to forecast. The Company may be unable to adjust spending in a timely manner to compensate for any unexpected revenue shortfall. Accordingly, any significant shortfall in revenues in relation to the Company's planned expenditures would have an immediate adverse effect on the Company's business, prospects, financial condition and results of operations. Further, as a strategic response to changes in the competitive environment, the Company may from time to time make certain pricing, service, marketing or acquisition decisions that could have a material adverse effect on its business, prospects, financial condition and results of operations.

Achieving greater profitability depends on the Company's ability to generate and sustain increased revenue levels. The Company believes that its success will depend in large part on its ability to (i) increase its brand awareness, (ii) provide its customers with outstanding value, thus encouraging customer renewals, and (iii) achieve sufficient sales volume to realize economies of scale. Accordingly, the Company intends to continue to increase the size of its sales force and service staff, and to invest in product development, operating infrastructure, marketing and promotion. The Company believes that these expenditures will help it to sustain the revenue growth it has experienced over the last several years. We anticipate that sales and marketing expenses will continue to increase in dollar amount and as a percentage of revenues during the remainder of 2012 and future periods as the Company continues to expand its business on a worldwide basis. Further, the Company expects that product development expenses and data costs will also continue to increase in dollar amount and may increase as a percentage of revenues during the remainder of 2012 and future periods because it expects to employ more development personnel on average compared to prior periods, obtain additional data and build the infrastructure required to support the development of new and improved products and services. However, as these expenditures are largely discretionary in nature, the Company expects that the actual amounts incurred will be in line with its projections of future cash flows in order not to negatively impact its future liquidity and capital needs. There can be no assurance that the Company will be able to achieve these objectives within a meaningful time frame.

The Company expects to experience significant fluctuations in its future quarterly operating results due to a variety of factors, some of which are outside the Company's control. Factors that may adversely affect the Company's quarterly operating results include, among others, (i) the Company's ability to retain existing customers, attract new customers at a steady rate and maintain customer satisfaction, (ii) the Company's ability to maintain gross margins in its existing business and in future product lines and markets, (iii) the development of new services and products by the Company and its competitors, (iv) price competition, (v) the level of use of the Internet and online services and increasing acceptance of the Internet and other online services for the purchase of products such as those offered by the Company, (vi) the Company's ability to upgrade and develop its systems and infrastructure, (vii) the Company's ability to attract new personnel in a timely and effective manner, (viii) the level of traffic on the Company's website, (ix) the Company's ability to manage effectively its development of new business segments and markets, (x) the Company's ability to successfully manage the integration of operations and technology of acquisitions or other business combinations, (xi) technical difficulties, system downtime or Internet brownouts, (xii) the amount and timing of operating costs and capital expenditures relating to expansion of the Company's business, operations and infrastructure, (xiii) governmental regulation and taxation policies, (xiv) disruptions in service by common carriers due to strikes or otherwise, (xv) risks of fire or other casualty, (xvi) litigation costs or other unanticipated expenses, (xvii) interest rate risks and inflationary pressures, and (xviii) general economic conditions and economic conditions specific to the Internet and online commerce.

Due to the foregoing factors, the Company believes that period-to-period comparisons of its revenues and operating results are not necessarily meaningful and should not be relied on as an indication of future performance.

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Forward-Looking Statements

This Quarterly Report on Form 10-Q may contain forward-looking statements, including statements regarding future prospects, industry trends, competitive conditions and litigation issues. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words “believes”, “expects”, “anticipates”, “plans” or words of similar meaning are intended to identify forward-looking statements. This notice is intended to take advantage of the “safe harbor” provided by the Private Securities Litigation Reform Act of 1995 with respect to such forward-looking statements. These forward-looking statements involve a number of risks and uncertainties. Among others, factors that could cause actual results to differ materially from the Company’s beliefs or expectations are those listed under “Results of Operations” and other factors referenced herein or from time to time as “risk factors” or otherwise in the Company’s Registration Statements or Securities and Exchange Commission reports. The Company disclaims any intention or obligation to revise any forward-looking statement, whether as a result of new information, a future event or otherwise.

Item 4. Controls and Procedures

The Company’s management, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on that evaluation, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company’s disclosure controls and procedures are effective.

There have not been any changes in the Company’s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended) during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 6. Exhibits

31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

101 The following financial information from the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, formatted in Extensible Business Reporting Language (XBRL): (i) the Balance Sheets, (ii) the Statements of Income, (iii) the Statements of Cash Flows, and (iv) the Notes to Financial Statements.*

*Users of this data are advised pursuant to Rule 406T of Regulation S-T that this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CREDITRISKMONITOR.COM, INC.
(REGISTRANT)

Date: August 14, 2012

By: /s/

Lawrence Fensterstock
Lawrence Fensterstock
Chief Financial Officer &
Principal Accounting Officer

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