

Colfax CORP

Form 10-Q

May 03, 2018

COLFAX CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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 30, 2018

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 - 001-34045

Colfax Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

54-1887631

(I.R.S. Employer
Identification Number)

420 National Business Parkway, 5th Floor Annapolis Junction, Maryland 20701

(Address of principal executive offices)

(Zip Code)

(301) 323-9000

(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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company Emerging growth company

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act "

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 March 30, 2018, there were 123,477,735 shares of the registrant's common stock, par value \$.001 per share, outstanding.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

COLFAX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOMEDollars in thousands, except per share amounts
(Unaudited)

| | Three Months Ended | |
|--|--------------------|-------------------|
| | March 30, 2018 | March 31, 2017 |
| Net sales | \$880,925 | \$733,630 |
| Cost of sales | 610,305 | 493,801 |
| Gross profit | 270,620 | 239,829 |
| Selling, general and administrative expense | 200,519 | 174,833 |
| Restructuring and other related charges | 7,929 | 4,773 |
| Operating income | 62,172 | 60,223 |
| Interest expense | 9,588 | 9,254 |
| Loss on short term investments | 14,719 | — |
| Income from continuing operations before income taxes | 37,865 | 50,969 |
| Provision for income taxes | 5,986 | 12,578 |
| Net income from continuing operations | 31,879 | 38,391 |
| (Loss) income from discontinued operations, net of taxes | (2,837 |) 3,096 |
| Net income | 29,042 | 41,487 |
| Less: income attributable to noncontrolling interest, net of taxes | 4,507 | 2,945 |
| Net income attributable to Colfax Corporation | \$24,535 | \$38,542 |
| Net income (loss) per share - basic and diluted | | |
| Continuing operations | \$0.22 | \$0.29 |
| Discontinued operations | \$(0.02 |) \$0.02 |
| Consolidated operations | \$0.20 | \$0.31 |

See Notes to Condensed Consolidated Financial Statements.

COLFAX CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Dollars in thousands
 (Unaudited)

| | Three Months Ended | |
|---|-----------------------|-------------------|
| | March 30, 2018 | March 31, 2017 |
| Net income | \$29,042 | \$41,487 |
| Other comprehensive income: | | |
| Foreign currency translation, net of tax of \$(843) and \$(2,095) | 81,675 | 60,000 |
| Unrealized loss on hedging activities, net of tax of \$(2,933) and \$236 | (5,134) | (937) |
| Amounts reclassified from Accumulated other comprehensive income: | | |
| Amortization of pension and other post-retirement net actuarial loss, net of tax of \$203 and \$760 | 957 | 1,674 |
| Amortization of pension and other post-retirement prior service cost, net of tax of \$0 and \$24 | 1 | 38 |
| Other comprehensive income | 77,499 | 60,775 |
| Comprehensive income | 106,541 | 102,262 |
| Less: comprehensive income attributable to noncontrolling interest | 10,559 | 6,777 |
| Comprehensive income attributable to Colfax Corporation | \$95,982 | \$95,485 |

See Notes to Condensed Consolidated Financial Statements.

COLFAX CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

Dollars in thousands, except share amounts
(Unaudited)

| | March 30, 2018 | December 31, 2017 |
|--|----------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 268,346 | \$ 262,019 |
| Short term investments | 134,889 | 149,608 |
| Trade receivables, less allowance for doubtful accounts of \$31,767 and \$31,488 | 993,068 | 970,199 |
| Inventories, net | 499,493 | 429,627 |
| Other current assets | 267,431 | 258,379 |
| Total current assets | 2,163,227 | 2,069,832 |
| Property, plant and equipment, net | 546,710 | 552,802 |
| Goodwill | 2,611,999 | 2,538,544 |
| Intangible assets, net | 1,016,368 | 1,017,203 |
| Other assets | 540,910 | 531,316 |
| Total assets | \$ 6,879,214 | \$ 6,709,697 |
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES: | | |
| Current portion of long-term debt | \$ 6,129 | \$ 5,766 |
| Accounts payable | 579,283 | 587,129 |
| Customer advances and billings in excess of costs incurred | 168,745 | 145,853 |
| Accrued liabilities | 341,321 | 358,632 |
| Total current liabilities | 1,095,478 | 1,097,380 |
| Long-term debt, less current portion | 1,122,077 | 1,055,305 |
| Other liabilities | 820,415 | 829,748 |
| Total liabilities | 3,037,970 | 2,982,433 |