

THORATEC CORP
Form 10-Q
November 06, 2014

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 September 27, 2014

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: 000-49798

THORATEC CORPORATION

(Exact name of registrant as specified in its charter)

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California
(State or other jurisdiction of incorporation
or organization)

94-2340464
(I.R.S. Employer Identification No.)

6035 Stoneridge Drive, Pleasanton, California
(Address of principal executive offices)

94588
(Zip Code)

(925) 847-8600

(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 x No o

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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

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 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 o No x

As of October 24, 2014, the registrant had 55.0 million shares of common stock outstanding.

THORATEC CORPORATION

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PART I. FINANCIAL INFORMATION

ITEM 1. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

THORATEC CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

(in thousands)

	September 27, 2014	December 28, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 123,684	\$ 139,099
Short-term available-for-sale investments	124,880	166,691
Receivables, net of allowances of \$1,569 in 2014 and \$2,163 in 2013	62,468	71,418
Inventories	71,541	60,293
Deferred tax assets	15,257	15,161
Income tax receivable	15,975	5,733
Prepaid expenses and other assets	9,922	7,272
Total current assets	423,727	465,667
Property, plant and equipment, net	54,943	55,163
Goodwill	231,465	205,764
Purchased intangible assets, net	60,434	36,403
Long-term available-for-sale investments	4,358	4,234
Other long-term assets	25,687	24,476
Total Assets	\$ 800,614	\$ 791,707
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 15,948	\$ 17,599
Accrued compensation	20,491	22,759
Warranty and related accrual	18,952	9,899
Contingent liabilities, current portion	17,040	6,962
Other accrued liabilities	15,722	17,102
Total current liabilities	88,153	74,321
Long-term deferred tax liability	4,054	2,224
Other long-term liabilities	12,006	12,105
Contingent liabilities, non-current portion (Note 2)	44,079	36,384
Total Liabilities	148,292	125,034
Shareholders' equity:		
Common shares: no par, authorized 100,000; issued and outstanding 55,133 in 2014 and 56,904 in 2013		
Additional paid-in-capital	617,968	621,589
Retained earnings	51,432	57,587
Accumulated other comprehensive loss:	(17,078)	(12,503)
Total Shareholders' Equity	652,322	666,673
Total Liabilities and Shareholders' Equity	\$ 800,614	\$ 791,707

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See notes to the unaudited condensed consolidated financial statements.

THORATEC CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

(in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
Product sales	\$ 105,839	\$ 126,444	\$ 349,599	\$ 374,648
Cost of product sales	42,627	40,958	116,960	117,031
Gross profit	63,212	85,486	232,639	257,617
Operating expenses:				
Selling, general and administrative	35,004	37,679	105,982	107,348
Research and development	26,097	25,469	72,484	71,488
Total operating expenses	61,101	63,148	178,466	178,836
Income from operations	2,111	22,338	54,173	78,781
Other income and (expense):				
Interest expense and other	(22)		(24)	(4)
Interest income and other	(1,105)	569		