

IDEXX LABORATORIES INC /DE  
Form 10-Q  
November 01, 2016

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 30, 2016

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: 000-19271

IDEXX LABORATORIES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction of incorporation  
or organization)

01-0393723  
(IRS Employer Identification No.)

ONE IDEXX DRIVE, WESTBROOK, MAINE 04092  
(Address of principal executive offices) (ZIP Code)

207-556-0300  
(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.

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. The number of shares outstanding of the registrant's Common Stock, \$0.10 par value per share, was 89,658,209 on October 25, 2016.

IDEXX LABORATORIES, INC.

Quarterly Report on Form 10-Q

Table of Contents

Item No.		Page
	<b>PART I—FINANCIAL INFORMATION</b>	
Item 1.	Financial Statements (unaudited)	
	Condensed Consolidated Balance Sheets as of September 30, 2016 and December 31, 2015	3
	Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2016 and 2015	4
	Condensed Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended September 30, 2016 and 2015	5
	Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2016 and 2015	6
	Notes to Condensed Consolidated Financial Statements	7
Item 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	22
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	39
Item 4.	Controls and Procedures	40
	<b>PART II—OTHER INFORMATION</b>	
Item 1.	Legal Proceedings	40
Item 1A.	Risk Factors	40
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	41
Item 6.	Exhibits	42
	Signatures	43
	Exhibit Index	



## PART I— FINANCIAL INFORMATION

## Item 1. Financial Statements.

## IDEXX LABORATORIES, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except per share amounts)

(Unaudited)

	September 30, 2016	December 31, 2015
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 150,072	\$ 128,994
Marketable securities	241,402	213,591
Accounts receivable, net of reserves of \$5,054 in 2016 and \$5,128 in 2015	204,701	188,318
Inventories	168,468	188,833
Deferred income tax assets	-	39,829
Other current assets	63,457	62,069
Total current assets	828,100	821,634
Long-Term Assets:		
Property and equipment, net	349,664	333,026
Goodwill	180,952	178,934
Intangible assets, net	47,566	55,909
Other long-term assets	94,088	85,490
Total long-term assets	672,270	653,359
<b>TOTAL ASSETS</b>	<b>\$ 1,500,370</b>	<b>\$ 1,474,993</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>		
Current Liabilities:		
Accounts payable	\$ 44,127	\$ 52,648
Accrued liabilities	202,074	205,530
Line of credit	488,000	573,000
Current portion of deferred revenue	26,007	25,583
Total current liabilities	760,208	856,761
Long-Term Liabilities:		
Deferred income tax liabilities	20,571	49,389
Long-term debt	599,137	597,085

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Long-term deferred revenue, net of current portion	30,874	27,055
Other long-term liabilities	34,594	28,698
Total long-term liabilities	685,176	702,227
Total liabilities	1,445,384	1,558,988

Commitments and Contingencies (Note 13)

Stockholders' Equity (Deficit):

Common stock, \$0.10 par value: Authorized: 120,000 shares; Issued: 103,120 and 102,237 shares in 2016 and 2015, respectively	10,312	10,258
Additional paid-in capital	994,299	940,534
Deferred stock units: Outstanding: 231 and 240 units in 2016 and 2015, respectively	5,470	5,409
Retained earnings	488,033	318,356
Accumulated other comprehensive loss	(35,081)	(42,265)
Treasury stock, at cost: 13,413 and 12,242 shares in 2016 and 2015, respectively	(1,408,183)	(1,316,417)
Total IDEXX Laboratories, Inc. stockholders' equity (deficit)	54,850	(84,125)
Noncontrolling interest	136	130
Total stockholders' equity (deficit)	54,986	(83,995)
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)</b>	<b>\$ 1,500,370</b>	<b>\$ 1,474,993</b>

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

## IDEXX LABORATORIES, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)

(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenue:				
Product revenue	\$ 266,321	\$ 246,750	\$ 800,273	\$ 730,063
Service revenue	181,987	159,637	532,154	472,144
Total revenue	448,308	406,387	1,332,427	1,202,207
Cost of Revenue:				
Cost of product revenue	103,909	92,185	310,450	266,758
Cost of service revenue	97,669	89,928	287,167	262,874
Total cost of revenue	201,578	182,113	597,617	529,632
Gross profit	246,730	224,274	734,810	672,575
Expenses:				
Sales and marketing	79,972	73,107	236,453	223,460
General and administrative	52,627	46,198	156,239	133,717
Research and development	25,672	24,862	75,704	74,185
Impairment charge				