

NUTRI SYSTEM INC /DE/
Form 10-Q
November 01, 2017

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, 2017

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 0-28551

Nutrisystem, Inc.

(Exact name of Registrant as specified in its charter)

Delaware 23-3012204
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

Fort Washington Executive Center
600 Office Center Drive
Fort Washington, Pennsylvania 19034
(Address of principal executive offices) (Zip code)

(215) 706-5300

(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	

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 by 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 October 24, 2017:

Common Stock, \$.001 par value 30,039,432 shares

NUTRISYSTEM, INC. AND SUBSIDIARIES

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NUTRISYSTEM, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Unaudited, in thousands, except par value amounts)

	September 30, 2017	December 31, 2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 47,648	\$ 9,623
Short term investments	41,968	23,873
Receivables	18,898	17,560
Inventories	23,834	38,504
Prepaid income taxes	1,826	0
Other current assets	7,075	10,084
Total current assets	141,249	99,644
FIXED ASSETS, net	31,339	32,643
INTANGIBLE ASSETS, net	13,334	14,084
DEFERRED INCOME TAXES	7,932	6,940
OTHER ASSETS	993	929
Total assets	\$ 194,847	\$ 154,240
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 33,682	\$ 33,106
Accrued payroll and related benefits	9,978	10,351
Income taxes payable	0	228
Deferred revenue	9,373	7,482
Other accrued expenses and current liabilities	6,300	6,672
Total current liabilities	59,333	57,839
NON-CURRENT LIABILITIES	1,865	1,877
Total liabilities	61,198	59,716
COMMITMENTS AND CONTINGENCIES (Note 7)		
STOCKHOLDERS' EQUITY:		
Preferred stock, \$.001 par value (5,000 shares authorized, no shares issued and outstanding)	0	0
Common stock, \$.001 par value (100,000 shares authorized; shares issued – 30,591 at September 30, 2017 and 30,203 at December 31, 2016)	30	30
Additional paid-in capital	66,100	54,057
Treasury stock, at cost, 551 shares at September 30, 2017 and 517 shares at December 31, 2016	(9,925)	(8,329)
Retained earnings	77,473	48,799
Accumulated other comprehensive loss	(29)	(33)
Total stockholders' equity	133,649	94,524
Total liabilities and stockholders' equity	\$ 194,847	\$ 154,240

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

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NUTRISYSTEM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, in thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
REVENUE	\$158,149	\$124,571	\$565,720	\$436,504
COSTS AND EXPENSES:				
Cost of revenue	72,357	57,694	259,684	205,394
Marketing	42,067	33,499	168,585	128,441
General and administrative	18,626	16,707	59,620	51,744
Depreciation and amortization	3,755	4,332	11,321	10,160
Total costs and expenses	136,805	112,232	499,210	395,739
Operating income	21,344	12,339	66,510	40,765
INTEREST (INCOME) EXPENSE, net	(48)	(11)	(74)	23
Income before income tax expense	21,392	12,350	66,584	40,742
INCOME TAX EXPENSE	6,365	4,401	19,638	14,123
Net income	\$15,027	\$7,949	\$46,946	\$26,619
BASIC INCOME PER COMMON SHARE	\$0.50	\$0.27	\$1.57	\$0.90
DILUTED INCOME PER COMMON SHARE	\$0.49	\$0.27	\$1.54	\$0.90
WEIGHTED AVERAGE SHARES OUTSTANDING:				
Basic	29,799	29,320	29,685	29,162
Diluted	30,299	29,613	30,164	29,465
DIVIDENDS DECLARED PER COMMON SHARE	\$0.175	\$0.175	\$0.525	\$0.525

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

NUTRISYSTEM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited, in thousands)

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Net income	\$15,027	\$7,949	\$46,946	\$26,619
OTHER COMPREHENSIVE INCOME:				
Short term investments:				
Unrealized (loss) gain, net of income tax (benefit) expense				
of (\$6), (\$20), \$1 and \$28, respectively	(10)	(35)	4	52
Comprehensive income	\$15,017	\$7,914	\$46,950	\$26,671

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

NUTRISYSTEM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(Unaudited, in thousands)

	Common Shares	Common Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss	Total
BALANCE, January 1, 2017	30,203	\$ 30	\$ 54,057	\$(8,329)	\$ 48,799	\$ (33)	\$ 94,524
Net income							