

PULSE ELECTRONICS CORP
Form 10-Q
August 05, 2014

UNITED STATES
SECURITIES & EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

The Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended June 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 No. 1-5375

PULSE ELECTRONICS CORPORATION
(Exact name of registrant as specified in its Charter)

PENNSYLVANIA 23-1292472
(State or other jurisdiction of incorporation or organization) (IRS Employer Identification Number)

12220 World Trade Drive
San Diego, CA 92128
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 858-674-8100

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 the 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 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 (as defined in Rule 12b-2 of the Act).

Large accelerated filer Accelerated filer Non-accelerated filer 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 August 5, 2014:
17,569,268

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Pulse Electronics Corporation and Subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited)
In thousands

	June 27, 2014	December 27, 2013
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$24,774	\$26,902
Accounts receivable, net	64,381	62,185
Inventory, net	30,920	36,726
Prepaid expenses and other current assets	17,490	18,966
Total current assets	137,565	144,779
Long-term assets:		
Property, plant and equipment	96,639	96,610
Less accumulated depreciation	70,984	68,655
Net property, plant and equipment	25,655	27,955
Deferred income taxes	4,557	4,557
Intangible assets, net	2,040	2,040
Deferred loan costs and other assets	10,632	9,503
Total assets	\$180,449	\$188,834
<u>Liabilities and Shareholders' Deficit</u>		
Current liabilities:		
Accounts payable	\$69,112	\$70,871
Accrued expenses and other current liabilities	38,089	36,335
Current portion of long-term debt	-	22,315
Total current liabilities	107,201	129,521
Long-term liabilities:		
Long-term debt	116,231	90,030
Deferred income taxes	11,786	11,786
Other long-term liabilities	12,029	11,055
Total liabilities	247,247	242,392
Commitments and contingencies (Note 7)		
Shareholders' deficit		
Pulse Electronics Corporation shareholders' deficit:		
Preferred stock, no par value, 2,000 shares authorized; 0 and 1,000 shares outstanding at June 27, 2014 and December 27, 2013, respectively	-	-
Common stock, \$0.125 par value, 31,000,000 shares authorized; 17,303,839 and 7,955,508 outstanding at June 27, 2014 and December 27, 2013, respectively	2,152	995
Additional paid-in capital	260,832	257,816
Accumulated deficit	(356,472)	(339,618)
Accumulated other comprehensive income	20,514	21,057
Total Pulse Electronics Corporation shareholders' deficit	(72,974)	(59,750)
Non-controlling interest	6,176	6,192

Total shareholders' deficit	(66,798)	(53,558)
	\$180,449	\$188,834

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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Condensed Consolidated Statements of Operations

(Unaudited)

In thousands, except per share data

	Three Months		Six Months Ended	
	Ended June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
Net sales	\$93,567	\$88,258	\$175,219	\$173,064
Cost of sales	73,830	67,508	137,956	132,133
Gross profit	19,737	20,750	37,263	40,931
Selling, general and administrative expenses	17,026	19,008	34,948	38,182
Severance, impairment and other associated costs	976	93	1,937	112
Legal reserve	11	37	22	75
Operating profit	1,724	1,612	356	2,562
Other expense:				
Interest expense, net	(6,361)	(6,774)	(13,479)	(11,888)
Other income (expense), net				