

BIO-TECHNE Corp
Form 10-Q
November 07, 2018

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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 September 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 0-17272

BIO-TECHNE CORPORATION

(Exact name of registrant as specified in its charter)

Minnesota
(State or other jurisdiction of

41-1427402
(I.R.S. Employer

incorporation or organization)

Identification No.)

614 McKinley Place N.E.

(612) 379-8854

Minneapolis, MN 55413

(Address of principal executive offices) (Zip Code) (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", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer 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 in Exchange Act Rule 12b-2). Yes No

At November 2, 2018, 37,765,765 shares of the Company's Common Stock (par value \$0.01) were outstanding.

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| | <i>Quarter Ended</i> | |
|---|----------------------|-------------|
| | <i>September 30,</i> | |
| | <i>2018</i> | <i>2017</i> |
| Net sales | \$162,970 | \$144,613 |
| Cost of sales | 55,367 | 46,745 |
| Gross margin | 107,603 | 97,868 |
| Operating expenses: | | |
| Selling, general and administrative | 67,051 | 58,289 |
| Research and development | 14,789 | 13,548 |
| Total operating expenses | 81,840 | 71,837 |
| Operating income | 25,763 | 26,031 |
| Other (expense) income | (8,177) | (3,064) |
| Earnings before income taxes | 17,586 | 22,967 |
| Income taxes | 183 | 7,104 |
| Net earnings | \$17,403 | \$15,863 |
| Other comprehensive (loss) income: | | |
| Foreign currency translation adjustments | (1,136) | 6,968 |
| Unrealized gains and losses on available-for-sale investments | - | (7,792) |
| Other comprehensive (loss) income | (1,136) | (824) |
| Comprehensive income | \$16,267 | \$15,039 |
| Earnings per share: | | |
| Basic | \$0.46 | \$0.42 |
| Diluted | \$0.45 | \$0.42 |
| Cash dividends per common share: | \$0.32 | \$0.32 |
| Weighted average common shares outstanding: | | |
| Basic | 37,697 | 37,376 |
| Diluted | 38,813 | 37,705 |

See Notes to Condensed Consolidated Financial Statements.

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| | <i>September 30, 2018 (unaudited)</i> | <i>June 30, 2018</i> |
|---|---|--------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 94,674 | \$ 121,990 |
| Short-term available-for-sale investments | 69,047 | 59,764 |
| Accounts receivable, less allowance for doubtful accounts of \$1,007 and \$839, respectively | 114,753 | 120,296 |
| Inventories | 90,918 | 85,648 |
| Other current assets | 13,720 | 10,668 |
| Total current assets | 383,112 | 398,366 |
| Property and equipment, net | 146,511 | 145,348 |
| Goodwill | 704,790 | 597,890 |
| Intangible assets, net | 632,686 | 446,332 |
| Other assets | 5,099 | 5,266 |
| Total assets | \$ 1,872,198 | \$ 1,593,202 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Trade accounts payable | \$ 18,259 | \$ 18,452 |
| Salaries, wages and related accruals | 15,180 | 23,710 |
| Accrued expenses | 23,509 | 20,361 |
| Contract liabilities | 8,762 | 8,109 |
| Income taxes payable | 5,232 | 8,878 |
| Current portion of long-term debt obligations | 12,500 | - |
| Total current liabilities | 83,442 | 79,510 |
| Deferred income taxes | 113,843 | 86,293 |
| Long-term debt obligations, net of deferred financing costs of \$402 and \$0, respectively | 548,973 | 339,000 |
| Long-term contingent consideration payable | 6,800 | - |
| Other long-term liabilities | 9,671 | 9,338 |
| Shareholders' equity: | | |
| Common stock, par value \$.01 per share; authorized 100,000,000; issued and outstanding 37,802,998 and 37,607,500, respectively | 378 | 376 |
| Additional paid-in capital | 274,584 | 246,568 |
| Retained earnings | | |