

BELDEN INC.
Form 10-Q
August 04, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 June 28, 2015

Commission File No. 001-12561

BELDEN INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

1 North Brentwood Boulevard

15th Floor

St. Louis, Missouri 63105

36-3601505
(I.R.S. Employer
Identification No.)

(Address of principal executive offices)

(314) 854-8000

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 Act 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 website, if any, every interactive data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 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 shell company (as defined in Rule 12b-2 of the Exchange Act). 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. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

As of July 31, 2015, the Registrant had 42,670,183 outstanding shares of common stock.

PART I FINANCIAL INFORMATION**Item 1. Financial Statements
BELDEN INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

	June 28, 2015	December 31, 2014
	(Unaudited)	
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 208,419	\$ 741,162
Receivables, net	412,251	379,777
Inventories, net	233,100	228,398
Deferred income taxes	21,188	22,157
Other current assets	72,388	42,656
Total current assets	947,346	1,414,150
Property, plant and equipment, less accumulated depreciation	319,455	316,385
Goodwill	1,418,031	943,374
Intangible assets, less accumulated amortization	713,484	461,292
Deferred income taxes	24,049	40,652
Other long-lived assets	80,278	86,974
	\$ 3,502,643	\$ 3,262,827
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 225,891	\$ 272,439
Accrued liabilities	267,910	250,420
Current maturities of long-term debt	2,500	2,500
Total current liabilities	496,301	525,359
Long-term debt	1,918,695	1,765,422
Postretirement benefits	115,806	122,627
Deferred income taxes	115,060	10,824
Other long-term liabilities	36,275	31,409
Stockholders' equity:		
Preferred stock	-	-
Common stock	503	503
Additional paid-in capital	598,264	595,389
Retained earnings	619,593	621,896
Accumulated other comprehensive loss	(34,147)	(46,031)
Treasury stock	(363,707)	(364,571)

Total stockholders' equity	820,506	807,186
	\$ 3,502,643	\$ 3,262,827

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

BELDEN INC.**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME****(Unaudited)**

	Three Months Ended		Six Months Ended	
	June 28, 2015	June 29, 2014	June 28, 2015	June 29, 2014
	(In thousands, except per share data)			
Revenues	\$ 585,755	\$ 600,891	\$ 1,132,712	\$ 1,088,581
Cost of sales	(351,479)	(396,506)	(690,787)	(708,479)
Gross profit	234,276	204,385	441,925	380,102
Selling, general and administrative expenses	(127,927)	(145,902)	(268,743)	(240,750)
Research and development	(36,632)	(31,618)	(72,831)	(52,189)
Amortization of intangibles	(25,917)	(15,795)	(52,421)	(27,536)
Income from equity method investment	343	1,256	1,111	2,210
Operating income	44,143	12,326	49,041	61,837
Interest expense, net	(24,769)	(18,092)	(48,615)	(36,762)
Income (loss) from continuing operations before taxes	19,374	(5,766)	426	25,075
Income tax benefit	2,303	5,781	1,615	96
Income from continuing operations	21,677	15	2,041	25,171
Loss from disposal of discontinued operations, net of tax	(86)	-	(86)	(562)
Net income	\$ 21,591	\$ 15	\$ 1,955	\$ 24,609
Weighted average number of common shares and equivalents:				
Basic	42,655	43,603	42,596	43,559
Diluted	43,233	44,292	43,224	44,293
Basic income (loss) per share:				
Continuing operations	\$ 0.51	\$ -	\$ 0.05	\$ 0.58
Discontinued operations	-	-	-	(0.01)
Net income	\$ 0.51	\$ -	\$ 0.05	\$ 0.57
Diluted income (loss) per share:				
Continuing operations	\$ 0.50	\$ -	\$ 0.05	\$ 0.57
Discontinued operations	-	-	-	(0.01)

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Net income	\$ 0.50	\$ -	\$ 0.05	\$ 0.56
Comprehensive income	\$ 19,562	\$ 13,894	\$ 13,839	\$ 27,175
Dividends declared per share	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.10

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

BELDEN INC.**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS****(Unaudited)**

	Six Months Ended	
	June 28, 2015	June 29, 2014
	(In thousands)	
Cash flows from operating activities:		
Net income	\$ 1,955	\$ 24,609
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	75,654	48,433
Share-based compensation	9,891	9,524
Income from equity method investment	(1,111)	(2,210)
Tax benefit related to share-based compensation	(5,288)	(4,894)
Changes in operating assets and liabilities, net of the effects of currency exchange rate changes and acquired businesses:		
Receivables	(6,250)	(33,762)
Inventories	(11,837)	7,605
Accounts payable	(43,689)	(4,584)
Accrued liabilities	(4,363)	(32,271)
Accrued taxes	(10,214)	(13,226)
Other assets	(625)	7,212
Other liabilities	923	4,119
Net cash provided by operating activities	5,046	10,555
Cash flows from investing activities:		
Cash used to acquire businesses, net of cash acquired	(695,345)	(311,467)
Capital expenditures	(27,224)	(20,963)
Payments related to the disposal of a business	-	(956)
Proceeds from disposal of tangible assets	80	13
Net cash used for investing activities	(722,489)	(333,373)
Cash flows from financing activities:		
Borrowings under credit arrangements	200,000	200,000
Tax benefit related to share-based compensation	5,288	4,894
Payments under share repurchase program	-	(31,197)
Payments under borrowing arrangements	(625)	(625)
Debt issuance costs paid	(643)	(5,702)
Cash dividends paid	(4,235)	(4,358)
Proceeds (payments) from exercise of stock options, net of withholding tax payments	(11,439)	(7,741)
Net cash provided by financing activities	188,346	155,271

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Effect of foreign currency exchange rate changes on cash and cash equivalents	(3,646)	(792)
Decrease in cash and cash equivalents	(532,743)	(168,339)
Cash and cash equivalents, beginning of period	741,162	613,304
Cash and cash equivalents, end of period	\$ 208,419	\$ 444,965

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

BELDEN INC.**CONDENSED CONSOLIDATED STOCKHOLDERS EQUITY STATEMENT****SIX MONTHS ENDED JUNE 28, 2015****(Unaudited)**

	Common Stock		Additional Paid-In Capital	Retained Earnings (In thousands)	Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount			Shares	Amount		
Balance at December 31, 2014	50,335	\$ 503	\$ 595,389	\$ 621,896	(7,871)	\$ (364,571)	\$ (46,031)	\$ 807,186
Net income	-	-	-	1,955	-	-	-	1,955
Foreign currency translation, net of \$2.1 million tax	-	-	-	-	-	-	10,193	10,193
Adjustment to pension and postretirement liability, net of \$1.1 million tax	-	-	-	-	-	-	1,691	1,691
Other comprehensive income, net of tax								11,884
Exercise of stock options, net of tax withholding forfeitures	-	-	(5,942)	-	93	(95)	-	(6,037)
Conversion of restricted stock units into common stock, net of tax withholding forfeitures	-	-	(6,362)	-	111	959	-	(5,403)
Share-based compensation	-	-	15,179	-	-	-	-	15,179
	-	-	-	(4,258)	-	-	-	(4,258)

Dividends
(\$0.10 per
share)

Balance at

June 28, 2015	50,335	\$ 503	\$ 598,264	\$ 619,593	(7,667)	\$ (363,707)	\$ (34,147)	\$ 820,506
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The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

BELDEN INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1: Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Condensed Consolidated Financial Statements include Belden Inc. and all of its subsidiaries (the Company, us, we, or our). We eliminate all significant affiliate accounts and transactions in consolidation.

The accompanying Condensed Consolidated Financial Statements presented as of any date other than December 31, 2014:

Are prepared from the books and records without audit, and

Are prepared in accordance with the instructions for Form 10-Q and do not include all of the information required by accounting principles generally accepted in the United States for complete statements, but

Include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial statements.

These Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Supplementary Data contained in our 2014 Annual Report on Form 10-K.

Business Description

We are an innovative signal transmission solutions provider built around five global business platforms – Broadcast Solutions, Enterprise Connectivity Solutions, Industrial Connectivity Solutions, Industrial IT Solutions, and Network Security Solutions. Our comprehensive portfolio of signal transmission solutions provides industry leading secure and reliable transmission of data, sound and video for mission critical applications.

Reporting Periods

Our fiscal year and fiscal fourth quarter both end on December 31. Our fiscal first quarter ends on the Sunday falling closest to 91 days after December 31, which was March 29, 2015, the 88th day of our fiscal year 2015. Our fiscal second and third quarters each have 91 days. The six months ended June 28, 2015 and June 29, 2014 included 179 and 180 days, respectively.

Reclassifications

We have made certain reclassifications to the 2014 Condensed Consolidated Financial Statements with no impact to reported net income in order to conform to the 2015 presentation.

Fair Value Measurement