

GSI GROUP INC
Form 10-Q
August 06, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

X **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 28, 2013

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. 001-35083

GSI Group Inc.

(Exact name of registrant as specified in its charter)

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New Brunswick, Canada
(State or other jurisdiction of
incorporation or organization)

125 Middlesex Turnpike

Bedford, Massachusetts, USA
(Address of principal executive offices)

98-0110412
(I.R.S. Employer
Identification No.)

01730
(Zip Code)

(781) 266-5700
(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 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 (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 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 (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 by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

As of July 29, 2013, there were 33,950,110 of the Registrant's common shares, no par value, issued and outstanding.

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Table of Contents**PART I - FINANCIAL INFORMATION****Item 1. Financial Statements****GSI GROUP INC.****CONSOLIDATED BALANCE SHEETS****(In thousands of U.S. dollars or shares)****(Unaudited)**

	June 28, 2013	December 31, 2012
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 52,058	\$ 65,788
Accounts receivable, net of allowance of \$839 and \$374, respectively	55,314	42,652
Income taxes receivable	16,539	16,540
Inventories	62,555	52,801
Deferred tax assets	6,881	7,583
Prepaid expenses and other current assets	5,575	5,486
Assets of discontinued operations	1,894	17,618
Total current assets	200,816	208,468
Property, plant and equipment, net	33,959	32,338
Deferred tax assets	2,694	3,884
Other assets	8,515	8,172
Intangible assets, net	70,531	40,020
Goodwill	73,514	44,578
Total assets	\$ 390,029	\$ 337,460
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Current portion of long-term debt	\$ 7,500	\$ 7,500
Accounts payable	25,569	18,824
Income taxes payable	2,919	3,317
Deferred revenue	816	316
Deferred tax liabilities	376	402
Accrued expenses and other current liabilities	22,665	18,962
Liabilities of discontinued operations	2,681	5,605
Total current liabilities	62,526	54,926
Long-term debt	87,750	42,500
Deferred tax liabilities	816	255
Income taxes payable	2,620	1,764
Other liabilities	9,486	9,809
Total liabilities	163,198	109,254

Commitments and Contingencies (Note 14)

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Stockholders' Equity:		
Common shares, no par value; Authorized shares: unlimited; Issued and outstanding: 33,940 and 33,796, respectively	423,856	423,856
Additional paid-in capital	23,892	21,924
Accumulated deficit	(207,011)	(208,222)
Accumulated other comprehensive loss	(14,357)	(9,749)
Total GSI Group Inc. stockholders' equity	226,380	227,809
Noncontrolling interest	451	397
Total stockholders' equity	226,831	228,206
Total liabilities and stockholders' equity	\$ 390,029	\$ 337,460

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

Table of Contents**GSI GROUP INC.****CONSOLIDATED STATEMENTS OF OPERATIONS****(In thousands of U.S. dollars or shares, except per share amounts)****(Unaudited)**

	Three Months Ended		Six Months Ended	
	June 28, 2013	June 29, 2012	June 28, 2013	June 29, 2012
Sales	\$ 85,307	\$ 70,379	\$ 168,421	\$ 135,565
Cost of sales	50,808	39,712	100,759	77,217
Gross profit	34,499	30,667	67,662	58,348
Operating expenses:				
Research and development and engineering	6,782	5,615	13,403	11,388
Selling, general and administrative	20,618	16,841	40,858	33,049
Amortization of purchased intangible assets	1,617	663	3,853	1,325
Restructuring costs and other	1,135	2,451	4,252	4,668
Total operating expenses	30,152	25,570	62,366	50,430
Income from operations	4,347	5,097	5,296	7,918
Interest income (expense), net	(915)	(678)	(1,810)	(1,487)
Foreign exchange transaction gains (losses), net	(425)	620	771	(272)
Other income (expense), net	292	45	661	232
Income from continuing operations before income taxes	3,299	5,084	4,918	6,391
Income tax provision	2,457	617	2,607	847
Income from continuing operations	842	4,467	2,311	5,544
Income (loss) from discontinued operations, net of tax	(1,384)	414	(735)	736
Loss on disposal of discontinued operations, net of tax	(311)		(311)	
Consolidated net income (loss)	(853)	4,881	1,265	6,280
Less: Net (income) attributable to noncontrolling interest	(18)	(8)	(54)	(26)
Net income (loss) attributable to GSI Group Inc.	\$ (871)	\$ 4,873	\$ 1,211	\$ 6,254
Earnings per common share from continuing operations:				
Basic	\$ 0.02	\$ 0.13	\$ 0.07	\$ 0.16
Diluted	\$ 0.02	\$ 0.13	\$ 0.07	\$ 0.16
Earnings (loss) per common share from discontinued operations:				
Basic	\$ (0.05)	\$ 0.01	\$ (0.03)	\$ 0.03
Diluted	\$ (0.05)	\$ 0.01	\$ (0.03)	\$ 0.02
Earnings (loss) per common share attributable to GSI Group Inc.:				
Basic	\$ (0.03)	\$ 0.14	\$ 0.04	\$ 0.19
Diluted	\$ (0.03)	\$ 0.14	\$ 0.04	\$ 0.18
Weighted average common shares outstanding - basic	34,088	33,782	34,036	33,731
Weighted average common shares outstanding - diluted	34,285	33,953	34,279	33,915

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

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GSI GROUP INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands of U.S. do