

BENCHMARK ELECTRONICS INC  
Form 10-Q  
August 08, 2017

**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 30, 2017**

**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: 1 10560**

**BENCHMARK ELECTRONICS, INC.**

(Exact name of registrant as specified in its charter)

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	<b>Texas</b>	<b>74 2211011</b>
	(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
	<b>4141 N. Scottsdale Road, Ste. 300</b>	<b>85251</b>
	<b>Scottsdale, Arizona</b>	(Zip Code)
	(Address of principal executive offices)	

**(480) 372-4365**

(Registrant's telephone number, including area code)

**3000 Technology Drive, Angleton, Texas 77515**

(Former name, former address and former fiscal year, if changed since last report)

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 <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>
Emerging growth company <input type="checkbox"/>	

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 Rule 12b-2 of the Act). Yes  No

As of August 7, 2017, there were 49,924,169 shares of Common Stock of Benchmark Electronics, Inc., par value \$0.10 per share, outstanding.

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**PART I - FINANCIAL INFORMATION****Item 1. Financial Statements.****BENCHMARK ELECTRONICS, INC. AND SUBSIDIARIES****Condensed Consolidated Balance Sheets**

<b>(in thousands, except par value)</b>	<b>June 30, 2017 (unaudited)</b>	<b>December 31, 2016</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 749,311	\$ 681,433
Accounts receivable, net of allowance for doubtful accounts of \$4,535 and \$2,838, respectively	391,830	440,692
Inventories	416,030	381,334
Prepaid expenses and other assets	39,177	28,057
Income taxes receivable	1,296	146
Total current assets	1,597,644	1,531,662
Property, plant and equipment, net of accumulated depreciation of \$416,263 and \$406,375, respectively	172,080	166,148
Goodwill	191,616	191,616
Deferred income taxes	4,366	6,572
Other, net	98,734	102,670
	\$ 2,064,440	\$ 1,998,668
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Current installments of long-term debt and capital lease obligations	\$ 15,333	\$ 12,396
Accounts payable	343,241	326,249
Income taxes payable	3,864	3,534
Accrued liabilities	83,684	70,202
Total current liabilities	446,122	412,381
Long-term debt and capital lease obligations, less current installments	202,122	211,252
Other long-term liabilities	10,359	9,570
Shareholders' equity:		
Preferred stock, \$0.10 par value; 5,000 shares authorized, none issued	—	—
Common stock, \$0.10 par value; 145,000 shares authorized; issued and outstanding – 49,845 and 49,330, respectively	4,985	4,933
Additional paid-in capital	637,796	626,306
Retained earnings	773,943	748,402
Accumulated other comprehensive loss	(10,887)	(14,176)

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Total shareholders' equity	1,405,837	1,365,465
Commitments and contingencies	\$ 2,064,440	\$ 1,998,668

See accompanying notes to condensed consolidated financial statements.

**BENCHMARK ELECTRONICS, INC. AND SUBSIDIARIES****Condensed Consolidated Statements of Income****(unaudited)**

<b>(in thousands, except per share data)</b>	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Sales	\$ 616,904	\$ 579,342	\$ 1,183,405	\$ 1,128,567
Cost of sales	558,317	526,488	1,075,758	1,025,396
Gross profit	58,587	52,854	107,647	103,171
Selling, general and administrative expenses	32,335	28,540	64,986	56,997
Amortization of intangible assets	2,481	2,972	4,962	5,775
Restructuring charges and other costs	1,544	3,602	3,055	6,391
Income from operations	22,227	17,740	34,644	34,008
Interest expense	(2,312)	(2,299)	(4,537)	(4,633)
Interest income	1,213	329	2,287	593
Other income (expense)	(830)	71	(911)	(152)
Income before income taxes	20,298	15,841	31,483	29,816
Income tax expense	3,122	3,156	4,620	6,079
Net income	\$ 17,176	\$ 12,685	\$ 26,863	\$ 23,737
Earnings per share:				
Basic	\$ 0.35	\$ 0.26	\$ 0.54	\$ 0.48
Diluted	\$ 0.34	\$ 0.26	\$ 0.54	\$ 0.47
Weighted-average number of shares outstanding:				
Basic	49,766	49,323	49,640	49,586
Diluted	50,239	49,667	50,209	50,042

See accompanying notes to condensed consolidated financial statements.

**BENCHMARK ELECTRONICS, INC. AND SUBSIDIARIES****Condensed Consolidated Statements of Comprehensive Income****(unaudited)**

<b>(in thousands)</b>	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Net income	\$ 17,176	\$ 12,685	\$ 26,863	\$ 23,737
Other comprehensive income (loss):				
Foreign currency translation adjustments	2,513	(832)	3,121	516
Unrealized gain on investments, net of tax	12	22	16	16
Unrealized gain (loss) on derivative, net of tax	(200)	(667)	165	(2,899)
Other	-	-	(13)	-
Other comprehensive income (loss)	2,325	(1,477)	3,289	(2,367)
Comprehensive income	\$ 19,501	\$ 11,208	\$ 30,152	\$ 21,370

See accompanying notes to condensed consolidated financial statements.

**BENCHMARK ELECTRONICS, INC. AND SUBSIDIARIES****Condensed Consolidated Statement of Shareholders' Equity****(unaudited)**

<b>(in thousands)</b>	<b>Common Stock Shares Outstanding</b>	<b>Par Value</b>	<b>Additional Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Total Shareholders' Equity</b>
Balances, December 31, 2016	49,330	\$ 4,933	\$ 626,306	\$ 748,402	\$ (14,176)	\$ 1,365,465
Stock-based compensation expense	-	-	4,505	-	-	4,505
Shares repurchased and retired	(61)	(6)	(672)	(1,322)	-	(2,000)
Stock options exercised	411	41	8,053	-	-	8,094
Vesting of restricted stock units	177	18	(18)	-	-	-
Shares withheld for taxes	(12)	(1)	(378)	-	-	(379)
Net income	-	-	-	26,863	-	26,863
Other comprehensive income	-	-	-	-	3,289	3,289
Balances, June 30, 2017	49,845	\$ 4,985	\$ 637,796	\$ 773,943	\$ (10,887)	\$ 1,405,837

See accompanying notes to condensed consolidated financial statements.

**BENCHMARK ELECTRONICS, INC. AND SUBSIDIARIES****Condensed Consolidated Statements of Cash Flows****(unaudited)**

<b>(in thousands)</b>	<b>Six Months Ended June 30,</b>	
	<b>2017</b>	<b>2016</b>
Cash flows from operating activities:		
Net income	\$ 26,863	\$ 23,737
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	18,414	21,160
Amortization	5,903	6,740
Deferred income taxes	2,103	2,649
Gain on the sale of property, plant and equipment	(167)	(136)
Asset impairments	-	121
Stock-based compensation expense	4,505	3,981
Excess tax benefits from stock-based compensation	-	(122)
Changes in operating assets and liabilities, net of effects from		