

Symmetry Medical Inc.
Form 424B4
December 10, 2004
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Prospectus

Filed Pursuant to Rule 424(b)(4)

Registration No. 333-116038

8,000,000 Shares

Common Stock

Symmetry Medical Inc. is offering 8,000,000 shares of common stock. This is our initial public offering, and no public market currently exists for our shares.

Our common stock has been approved for listing, subject to official notice of issuance, on the New York Stock Exchange under the symbol SMA.

Investing in our common stock involves a high degree of risk. See Risk Factors beginning on page 9.

	<u>Per Share</u>	<u>Total</u>
Offering price	\$ 15.00	\$ 120,000,000
Discount and commissions to underwriters	\$ 1.05	\$ 8,400,000
Offering proceeds to Symmetry Medical, before expenses	\$ 13.95	\$ 111,600,000

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

We have granted the underwriters the right to purchase up to 1,200,000 additional shares of common stock to cover any over-allotments. The underwriters can exercise this right at any time within 30 days after the offering. The underwriters expect to deliver the shares of common stock

to investors on or about December 14, 2004.

Banc of America Securities LLC

Credit Suisse First Boston

Piper Jaffray

Wachovia Securities

December 8, 2004

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You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with different information. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information contained in this prospectus is accurate as of the date on the front of this prospectus only. Our business, financial condition, results of operations and prospects may have changed since that date.

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Financial Information

We operate on a 52- or 53- week year ending on the Saturday closest to December 31. Our fiscal years 1999, 2000, 2001, 2002 and 2003 ended on January 1, 2000, December 30, 2000, December 29, 2001, December 28, 2002 and January 3, 2004, respectively. Our fiscal years in 2000, 2001 and 2002 contained 52 weeks and our 1999 and 2003 fiscal years contained 53 weeks. Fiscal years are identified in this prospectus according to the calendar year that they most accurately represent. For example, the fiscal year ended January 3, 2004 is referred to herein as fiscal 2003 or fiscal year 2003. The first quarter of fiscal 2003 ended on March 29, 2003, and contained 13 weeks and the first quarter of fiscal 2004 ended on April 3, 2004 and contained 13 weeks. The second quarter of fiscal 2003 ended on June 28, 2003, and contained 13 weeks and the second quarter of fiscal 2004 ended on July 3, 2004 and contained 13 weeks. The third quarter of fiscal 2003 ended on October 4, 2003, and contained 14 weeks and the third quarter of fiscal 2004 ended on October 2, 2004 and contained 13 weeks.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before investing in our common stock. You should read the entire prospectus carefully, including the section entitled "Risk Factors" and the consolidated financial statements and accompanying notes included elsewhere in this prospectus, before making an investment decision. Unless the context requires otherwise, as used in this prospectus (i) the terms "Symmetry," "Symmetry Medical," "we," "us" and "our" refer to Symmetry Medical Inc., a Delaware corporation, and all of its consolidated subsidiaries and (ii) the term "Mettis" refers to Mettis (UK) Limited, a United Kingdom corporation, and its consolidated subsidiaries, which we acquired on June 11, 2003. Unless the context otherwise requires, all pro forma data presented gives effect to the Mettis acquisition as if it occurred at the beginning of fiscal year 2003. Our statement of operations data for fiscal year 2003 only includes the results of Mettis since its acquisition date.

Our Business

We are the world's largest independent provider of implants and related instruments and cases to orthopedic device manufacturers. We also design, develop and produce these products for companies in other segments of the medical device market, including the dental, osteobiologic and endoscopy sectors, and we provide limited specialized products and services to non-healthcare markets, such as the aerospace market. Through our "Total Solutions" approach, we offer our customers a broad range of products, as well as comprehensive services and production capabilities to help them bring their implant systems to market quickly and efficiently. We believe that our Total Solutions approach will provide us with a competitive advantage in the market place.

We market our Total Solutions approach through our experienced sales force that operates in the United States, Europe and Japan. During fiscal year 2003, we generated pro forma revenues of \$158.4 million, serving approximately 500 customers, including 72 new customers added during the year. Our broad customer base includes every major orthopedic device company, such as Biomet Inc., DePuy Inc. (a subsidiary of Johnson & Johnson), Kyocera Corporation, Medtronic Sofamor Danek, Smith & Nephew plc, Stryker Corporation, Synthes, Inc. (formerly Synthes-Stratec, Inc.) and Zimmer Holdings, Inc. We typically serve several product teams and facilities within each of our largest customers, and during the nine months ended October 2, 2004 and fiscal 2003, no single customer represented more than 22.6% of our revenue.

We offer a broad range of products in the following categories:

implants, including forged, cast and machined products for the global orthopedic device market, which represented 36.3% and 27.3% of our revenue in the nine months ended October 2, 2004 and fiscal 2003, respectively;

instruments used in the placement and removal of orthopedic implants and in other surgical procedures, which represented 33.0% and 37.4% of our revenue in the nine months ended October 2, 2004 and fiscal 2003, respectively;

cases, including plastic, metal and hybrid cases used to organize, secure and transport medical devices for orthopedic and other surgical procedures, which represented 23.3% and 29.6 % of our revenue in the nine months ended October 2, 2004 and fiscal 2003, respectively; and

other specialized products and services for non-healthcare markets, primarily the aerospace market, which represented 7.4% and 5.7 % of our revenue in the nine months ended October 2, 2004 and fiscal 2003, respectively.

We believe that we are well positioned to grow our business as a result of the expected expansion of the overall orthopedic device market. In addition, we believe that our Total Solutions approach provides us with significant opportunities to increase our sales by expanding the types of products and services we provide to our existing customers and by adding new customers in other medical device market segments.

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Market Opportunity

The global medical device market was estimated to be approximately \$207 billion in 2003. The orthopedic device segment of the medical device market was estimated to be approximately \$16 billion in 2003, and is expected to grow approximately 12% annually to greater than \$25 billion by 2007.

Orthopedic devices principally consist of reconstructive implants used to replace or repair knees, hips, shoulders and other joints, as well as other orthopedic devices to repair bone fractures and the spine. There were approximately 1.5 million reconstructive orthopedic implant procedures performed globally in 2003, an increase of 13% over the previous year. We expect continued growth in the orthopedic device market to be driven by a number of trends including:

growing elderly population;

aging, affluent and active baby boomers ;

improving technologies that expand the market, including minimally invasive surgery;

successful clinical outcomes increasing patient confidence;

increasing patient awareness through orthopedic device companies' direct marketing programs;

increasing volume of procedures to replace older implants (or revision procedures); and

developing international markets.

Our Total Solutions Approach

We believe that we have created a distinctive competitive position in the orthopedic device market based upon our Total Solutions approach. Our acquisition of Mettis in June 2003 expanded our products and services, enabling us to offer an integrated outsourcing solution. Our Total Solutions approach presents our customers with a broad range of products, as well as comprehensive design, engineering and project management services and state of the art production capabilities to help them bring their implant systems to market quickly and efficiently. We believe that our Total Solutions approach will be an increasing competitive advantage in the future. Our Total Solutions offering is based on:

Comprehensive services. We can support our customers' new product offerings from product concept through market introduction and thereafter, by providing seamless design, engineering, prototyping and manufacturing services.

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Single source for complete systems. We assist customers in developing new implants, and we design and produce instruments for implant-specific surgical procedures. We also provide customized cases that provide a secure, clearly labeled and well organized arrangement of instruments and devices.

Proprietary Symmetry instruments and cases. Our established lines of proprietary products allow our customers to complete their proprietary implant systems and bring them to market sooner.

Precision manufacturing expertise. Our extensive expertise and know-how enable us to produce large volumes of specialized products to our customers precise standards, which we believe makes us a supplier of choice to the largest orthopedic companies. Our core production competencies include net shaped forging, precision casting, thermo forming, precision sheet metal working and machining/finishing.

Quality and regulatory compliance. Our quality systems are based upon and in compliance with ISO requirements and, where applicable, United States Food and Drug Administration, or FDA, regulations. We believe our level of quality and regulatory compliance systems meet our customers expectations.

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Global reach. Our manufacturing capabilities in the United States and Europe allow us to offer single-source products and services to our multinational customers, and the geographic breadth of our experienced sales force effectively brings our Total Solutions approach to customers globally.

We believe that our Total Solutions approach offers a number of benefits to our customers, including:

Shorter time to market. Our design, engineering and prototyping skills, as well as our ability to transition seamlessly from product development to production of implants, instruments and cases, enable our customers to reduce time to market for their new products.

Reduced total product acquisition costs. Our comprehensive services, including design, engineering, prototyping, project management, production and inventory control, allow our customers to reduce their procurement costs and inventory levels, resulting in lower product acquisition costs.

Increased focus on marketing and research and development efforts. Our extensive production capabilities and comprehensive services offer a one-stop outsourcing solution and allow our customers to focus their resources on their design, development and marketing efforts.

Rationalized and reliable supply chain. Our scale, scope of products and services and Total Solutions approach allow large orthopedic companies to reduce the number of their independent suppliers and streamline their operations.

Enhanced product consistency on a global basis. Our extensive production platform, Total Solutions approach and international presence allow us to meet global demand for orthopedic devices, which is expected to increase.

Our Strategy

Our goal is to increase our share of the orthopedic device market and to leverage our strengths to expand in other medical device market segments. The key elements of our business strategy are to:

Develop strategic relationships with our customers through access to key decision makers. Our scale, scope of products and services and Total Solutions approach position us as an important partner to our customers. This position gives us access to key decision makers, with whom we intend to continue to build strategic relationships.

Capitalize on our Total Solutions approach. We believe that our Total Solutions approach shortens product development cycles, reduces design and manufacturing costs and simplifies purchasing and logistics, and we intend to aggressively market these benefits to our customers.

Increase sales to existing customers by cross selling products and services. Our cases are currently sold in nearly every segment of the medical device market. We believe that our diverse customer base offers us a natural entry point to new orthopedic and non-orthopedic customers for our implants and instruments.

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Leverage manufacturing skills. We intend to leverage our investments in sophisticated equipment and manufacturing know-how to expand our existing customer relationships and to obtain new customers.

Increase new product development. Our Design and Development Center provides expertise and coordination for our design, engineering and prototyping services. We intend to use the dedicated expertise of our Design and Development Center to generate additional development projects with our customers and to expand our line of innovative and independently developed instruments and cases.

Collaborate with emerging companies. We believe that new and innovative medical device companies are creating a meaningful market presence and that our Total Solutions approach positions us to help these companies, many of which may have limited resources.

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History

We were established in 1976 as a supplier of instruments to orthopedic device manufacturers. During the 1990 s, we made several acquisitions, which expanded our customer base, enhanced our instrument product offerings and extended our product line to include cases designed for various medical devices and their related instruments. In October 2000, investment funds affiliated with Olympus Partners acquired control of our company through a recapitalization. In this transaction, the Olympus funds invested a total of \$40.5 million in cash to acquire securities representing approximately 94% of our then outstanding voting stock. At that time, all of our stockholders entered into a stockholders agreement that provided for, among other things, customary tag-along, drag-along, preemptive and registration rights. On June 11, 2003, we acquired Mettis, a leading manufacturer of forged, cast and machined implants for the global orthopedic device market. This acquisition significantly expanded our product offerings and increased our European presence, allowing us to develop and manufacture a broad range of implants, instruments and cases for orthopedic device manufacturers on a global basis. In connection with the Mettis acquisition, the Olympus funds collectively invested an additional \$63.0 million in equity and loaned us \$8.0 million through the purchase of senior subordinated notes and stock purchase warrants. See Certain Relationships and Related Transactions.

Olympus Partners

Olympus Partners is a private asset management firm headquartered in Stamford, Connecticut, with assets under management of approximately \$1.7 billion. Through its affiliated entity, OGP III, LLC, Olympus Partners is the general partner of Olympus Growth Fund III, L.P., a \$505 million private equity fund dedicated to leveraged buyouts, recapitalizations and growth capital investments in middle-market companies throughout the United States and Western Europe. Since 1989, Olympus Partners has invested in more than 50 portfolio companies. Olympus Co-Investment Growth Fund III, L.P. and Olympus Executive Fund, L.P., funds affiliated with Olympus Partners, are also investors in our company both directly and indirectly through Olympus/Symmetry Holdings LLC, an affiliate of Olympus Partners that directly holds common stock and preferred stock of our company. For ease of reference, we sometimes refer to Olympus Growth Fund III, L.P., Olympus Co-Investment Growth Fund III, L.P., Olympus Executive Fund, L.P. and Olympus/Symmetry Holdings LLC in this prospectus as the Olympus funds. Prior to this offering, the Olympus funds beneficially owned an aggregate of approximately 82.1% of our common stock. See Principal Stockholders.

Risks Affecting Us

Our business is subject to numerous risks, as discussed more fully in the section entitled Risk Factors immediately following this prospectus summary. We depend on a limited number of customers, and if we lost a significant customer we could lose a material portion of our revenue. In addition, we operate in an industry that presents potential regulatory and product liability risks.

Corporate and Other Information

Our principal executive offices are located at 220 West Market Street, Warsaw, Indiana 46580, and our telephone number is (574) 268-2252. Our website is located at www.symmetrymedical.com. The information contained in, or that can be accessed through, our website is not part of this prospectus.

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Symmetry Medical Inc.[®] and PolyVac[®], among others, are registered trademarks of Symmetry Medical Inc. We have trademark rights in these marks in the United States and other countries. We have an application for trademark registration pending with respect to Total Solutions. This prospectus also refers to brand names, trademarks, service marks, and trade names of other companies and organizations, and these brand names, trademarks, service marks, and trade names are the property of their respective holders.

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Market, Ranking and Other Data

The data included in this prospectus regarding markets and ranking, including the size of certain markets and our position within these markets, are based on independent industry publications, security analyst research reports or other published industry sources and estimates based on our management's knowledge and experience in the markets in which we operate. Our management's estimates have been based on information obtained from our customers, distributors, suppliers, trade and business organizations and other contacts in the markets in which we operate. We believe these estimates to be accurate as of the date of this prospectus. However, this information may prove to be inaccurate because of the method by which some of the data were obtained or because this information cannot always be verified with complete certainty due to the limits on availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in a survey of market size. Except as noted below, none of these publications, reports or other published industry sources were commissioned by us or prepared at our request and we have not sought or obtained the consent from any of these sources to include such market data in this prospectus.

Our belief that we are the world's largest independent developer of implants and related instruments and cases to orthopedic device manufacturers is supported by a report prepared in August 2004 by Knowledge Enterprises, Inc. at our request. Knowledge Enterprises is a strategic services firm focused on the global orthopedic market and has consented to our use of this report. This report identifies the key orthopedic suppliers and the total estimated 2003 orthopedic sales for such suppliers.

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The Offering

Common stock offered by Symmetry 8,000,000 shares

Common stock outstanding after this offering 31,853,432 shares

Use of proceeds We intend to use approximately \$36.4 million of the net proceeds from this offering to repay all of our existing subordinated indebtedness, of which \$8.0 million is held by the Olympus funds, and approximately \$45.8 million to repay a portion of our existing senior indebtedness. We also intend to use approximately \$22.9 million of the net proceeds to repurchase a portion of our outstanding preferred stock and preferred stock warrants, approximately 93% of which are held by our affiliates. In the aggregate, we expect that our affiliates will receive approximately \$29.3 million of the net proceeds from this offering, including \$0.1 million that will be paid to some of our directors and senior officers. See Use of Proceeds and Certain Relationships and Related Transactions.

Proposed NYSE symbol SMA

The number of shares of our common stock to be outstanding immediately after this offering excludes:

836,868 shares of our common stock issuable upon the exercise of outstanding warrants at a weighted average exercise price of \$0.01 per share;

830,955 shares of our common stock issuable upon the exercise of outstanding stock options at a weighted average exercise price of \$3.05 per share;

2,293,526 shares of our common stock reserved for future issuance under our stock option and stock purchase plans; and

124,486 shares of our common stock to be issued upon the conversion of our preferred stock and warrants to purchase shares of our preferred stock that reflect accrued and unpaid dividends thereon from October 2, 2004 to the date of repurchase.

Except as otherwise indicated, all of the information presented in this prospectus assumes the following:

the repurchase of 18,361 shares of our outstanding preferred stock and warrants to purchase 639 shares of our preferred stock, approximately 93% of which are held by our affiliates, including 15,531 shares and warrants held by the Olympus funds, in connection with this offering;

the conversion of the 83,229 shares of our outstanding preferred stock and warrants to purchase 2,892 shares of our preferred stock not repurchased into 7,894,507 shares of our common stock and warrants to purchase 251,491 shares of our common stock prior to the completion of the offering;

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the effectiveness of a 7.241-for-1 stock split of our common stock, which will occur prior to the offering;

the initial public offering price of \$15.00 per share;

the effectiveness of our restated certificate of incorporation and restated by-laws, which will become effective prior to the completion of the offering; and

no exercise of the underwriters' over-allotment option.

Unless otherwise indicated, all of our calculations involving the repurchase or conversion of shares of our outstanding preferred stock and warrants to purchase shares of our preferred stock in connection with this offering are based on the amount of accrued and unpaid dividends thereon through October 2, 2004. The actual number of shares of our preferred stock and warrants to purchase shares of our preferred stock to be repurchased and the number of shares of our common stock and warrants to purchase shares of our common stock issued upon the conversion of the remaining shares of our preferred stock and warrants to purchase shares of our preferred stock will differ based on the amount of accrued and unpaid dividends through the closing date.

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The following tables summarize our consolidated financial data for the periods presented. We have derived the summary consolidated financial data as of and for fiscal years 2001, 2002 and 2003 from our audited consolidated financial statements included elsewhere in this prospectus. Our consolidated financial statements as of and for fiscal years 2002 and 2003 have been audited by Ernst & Young LLP, and our consolidated financial statements as of and for fiscal year 2001 have been audited by Arthur Andersen LLP. For more information, see Experts. The financial data as of October 2, 2004 and for the nine months ended October 4, 2003 and October 2, 2004, are derived from our unaudited consolidated financial statements, which in the opinion of management, contain all adjustments necessary for a fair presentation of the consolidated financial data. Operating results for these periods are not necessarily indicative of the results of operations for a full year.

The summary pro forma as adjusted consolidated statement of operations data for the fiscal year 2003 and nine months ended October 4, 2003 give effect to the Mettis acquisition, the sale of 8,000,000 shares of our common stock and the application of the net proceeds therefrom as described under Use of Proceeds, the conversion of all of our remaining shares of preferred stock into common stock and the refinancing of our remaining senior indebtedness under a new senior credit facility as if such transactions occurred on December 29, 2002. The summary pro forma as adjusted consolidated statements of operations data for the nine months ended October 2, 2004 give effect to the same transactions, other than the Mettis acquisition, which is already reflected in such financial data.

You should read the following information together with the information under Selected Consolidated Financial Data, Unaudited Pro Forma Consolidated Statement of Operations, Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes included elsewhere in this prospectus.

	(unaudited)							
	Fiscal Year				Nine Months Ended			
	2001	2002	2003(1)	Pro Forma As Adjusted 2003	October 4, 2003	Pro Forma As Adjusted October 4, 2003	October 2, 2004	Pro Forma As Adjusted October 2, 2004
(dollars in thousands, except share and per share data)								
Consolidated Statement								
of Operations Data:								
Revenue	\$ 66,495	\$ 65,395	\$ 122,029	\$ 158,355	\$ 84,736	\$ 121,062	\$ 153,053	\$ 153,053
Cost of revenue	48,205	47,859	86,124	112,389	59,011	85,276	108,363	108,363
Gross profit	18,290	17,536	35,905	45,966	25,725	35,786	44,690	44,690
Selling, general and administrative expenses	10,494	9,440	17,115	23,508	11,893	18,286	16,975	16,975
Operating income	7,796	8,096	18,790	22,458	13,832	17,500	27,715	27,715
Interest expense	5,070	4,968	10,172	5,102	6,607	4,116	10,852	4,244
Loss on debt extinguishment(2)			1,436	1,436	1,436	1,436		
Interest rate swap valuation(3)	847	979	(1,358)	(1,272)	(857)	(771)	(809)	(809)
Other expense (income)	290	(42)	(374)	(411)	(171)	(208)	(230)	(230)
	1,589	2,191	8,914	17,603	6,817	12,927	17,902	24,510

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Income (loss) before income taxes and cumulative effect of accounting change								
Income tax expense	1,400	841	3,009	5,949	2,302	4,371	6,108	8,361
Net income (loss) before cumulative effect of accounting change								
Cumulative effect of accounting change(4)	189	1,350	5,905	11,654	4,515	8,556	11,794	16,149
Net income (loss)								
	(104)	204	5,905	11,654	4,515	8,556	11,794	16,149

Financial data continues on the next page

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Fiscal Year	(unaudited)
<hr/>	Nine M