

ANGIODYNAMICS INC  
Form 10-Q  
October 15, 2014  
Table of Contents

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 August 31, 2014

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 0-50761

AngioDynamics, Inc.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

11-3146460  
(I.R.S. Employer  
Identification No.)

14 Plaza Drive Latham, New York  
(Address of principal executive offices)  
(518) 795-1400

12110  
(Zip Code)

Registrant's telephone number, including area code  
Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Common stock, par value \$.01

Preferred Stock Purchase Rights

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Name of each exchange on which registered  
NASDAQ Global Select Market  
NASDAQ Global Select Market

Table of Contents

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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  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 the number of shares outstanding of each of the Issuer’s classes of common stock, as of the latest practicable date.

Class	Outstanding as of October 1, 2014
Common Stock, par value \$.01	35,652,167

Table of Contents

AngioDynamics, Inc. and Subsidiaries  
 TABLE OF CONTENTS

	Page
<u>Part I: Financial Information</u>	
Item 1. <u>Financial Statements</u>	
<u>Consolidated Statements of Income (unaudited)</u>	3
<u>Consolidated Statements of Comprehensive Income (unaudited)</u>	4
<u>Consolidated Balance Sheets (unaudited)</u>	5
<u>Consolidated Statements of Cash Flows (unaudited)</u>	6
<u>Consolidated Statement of Stockholders' Equity (unaudited)</u>	7
<u>Notes to Consolidated Financial Statements (unaudited)</u>	8
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	25
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	30
Item 4. <u>Controls and Procedures</u>	31
<u>Part II: Other Information</u>	
Item 1. <u>Legal Proceedings</u>	33
Item 1A. <u>Risk Factors</u>	33
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	33
Item 3. <u>Defaults on Senior Securities</u>	33
Item 4. <u>Mine Safety Disclosures</u>	34
Item 5. <u>Other Information</u>	34
Item 6. <u>Exhibits</u>	35

Table of Contents

## PART 1. FINANCIAL INFORMATION

## Item 1. Financial Statements.

AngioDynamics, Inc. and Subsidiaries

## CONSOLIDATED STATEMENTS OF INCOME

(unaudited)

(in thousands of dollars, except per share data)

	Three Months Ended	
	Aug 31, 2014	Aug 31, 2013
Net sales	\$87,331	\$83,644
Cost of sales	41,506	41,064
Gross profit	45,825	42,580
Operating expenses		
Research and development	6,718	6,709
Sales and marketing	20,067	19,963
General and administrative	7,323	6,686
Amortization of intangibles	4,015	4,109
Change in fair value of contingent consideration	801	733
Acquisition, restructuring and other items, net	2,664	2,002
Medical device excise tax	995	976
Total operating expenses	42,583	41,178
Operating income	3,242	1,402
Other (expenses) income		
Interest expense	(799)	(1,246)
Interest income	—	—
Other expense	(1,025)	(719)
Total other expenses, net	(1,824)	(1,965)
Income (loss) before income tax expense (benefit)	1,418	(563)
Income tax expense (benefit)	948	(190)
Net income (loss)	\$470	\$(373)
Income (loss) per share		
Basic	\$0.01	\$(0.01)
Diluted	\$0.01	\$(0.01)
Basic weighted average shares outstanding	35,367	34,950
Diluted weighted average shares outstanding	35,885	34,950

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

Table of Contents

AngioDynamics, Inc. and Subsidiaries

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)

(in thousands of dollars)

	Three Months Ended	
	Aug 31, 2014	Aug 31, 2013
Net Income (Loss)	\$470	\$(373 )
Other comprehensive income (loss), before tax:		
Unrealized gain (loss) on interest rate swap	181	319
Unrealized gain (loss) on marketable securities	(140 )	—
Foreign currency translation gain (loss)	—	70
Other comprehensive income (loss), before tax	41	389
Income tax (expense) benefit related to items of other comprehensive income	(15 )	(118 )
Other comprehensive income (loss), net of tax	26	271
Total comprehensive income (loss), net of tax	\$496	\$(102 )

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

Table of Contents

AngioDynamics, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

(unaudited)

(in thousands of dollars, except share data)

	Aug 31, 2014	May 31, 2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 13,808	\$ 16,105
Marketable securities	1,670	1,809
Accounts receivable, net of allowances of \$1,863 and \$1,736, respectively	56,026	61,968
Inventories	70,421	61,234
Deferred income taxes	3,667	