

TARO PHARMACEUTICAL INDUSTRIES LTD
Form 6-K
May 27, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE
SECURITIES EXCHANGE ACT OF 1934

For the month of May, 2015

Commission File Number 001-35463

Taro Pharmaceutical Industries Ltd.

(Translation of registrant's name into English)

14 Hakitor Street, Haifa Bay 2624761, Israel
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.
Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): _____

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____.

Taro Pharmaceutical Industries Ltd.
c/o Taro Pharmaceuticals U.S.A., Inc.
Three Skyline Drive
Hawthorne, New York 10532
(NYSE: TARO)

FOR IMMEDIATE RELEASE

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TARO PROVIDES RESULTS FOR YEAR ENDED MARCH 31, 2015

Net Sales Increases 14%, Operating Income and E.P.S. Up 23% and 39%, respectively

Hawthorne, NY, May 26, 2015 - Taro Pharmaceutical Industries Ltd. (NYSE: TARO) (“Taro” or the “Company”) today provided unaudited financial results for the quarter and year ended March 31, 2015.

Quarter ended March 31, 2015 Highlights - compared to March 31, 2014

Net sales of \$244.2 million, increased \$57.0 million, or 30.5%, on flat volumes

Gross profit, as a percentage of net sales, was 81.8%, compared to 75.5% — an increase of \$58.3 million or 41.2%

Research and development expenses increased \$10.7 million to \$23.9 million

Selling, marketing, general and administrative expenses of \$22.2 million, a decrease of \$4.4 million

Operating income increased \$52.0 million to \$153.5 million, or 62.9% of net sales, compared to \$101.5 million, or 54.3% of net sales — representing 51.2% growth

Net income was positively impacted by foreign exchange (FX) income of \$32.5 million, compared to \$3.9 million, the result of favorable currency fluctuations

As a result of increased sales, increased gross margins and cost containment, net income attributable to Taro was \$152.3 million compared to \$89.6 million, resulting in diluted earnings per share of \$3.56 compared to \$2.10, a 70.0% increase

Year ended March 31, 2015 Highlights - compared to March 31, 2014

Net sales of \$862.9 million, increased \$103.7 million, or 13.7%, with a slight decrease in volumes

Gross profit, as a percentage of net sales was 78.4%, compared to 76.4% — an increase of \$96.6 million or 16.7%

Research and development expenses increased \$10.1 million to \$65.5 million

Selling, marketing, general and administrative expenses decreased \$4.1 million to \$87.6 million

Settlements and loss contingencies was a \$4.2 million credit, the net result of settlements which resulted in the reversal of a portion of the associated reserve, compared to a \$2.6 million expense in 2014

Operating income increased \$97.4 million to \$527.6 million, or 61.1% of net sales, from \$430.3 million, or 56.7% of net sales — representing 22.6% growth

Net income was favorably impacted by foreign exchange (FX) income of \$41.6 million, compared to \$7.1 million

Net income attributable to Taro was \$484.3 million compared to \$360.4 million, a \$123.9 million increase, resulting in diluted earnings per share of \$11.31 compared to \$8.14, a 38.9% increase

Cash Flow and Balance Sheet Highlights

Cash provided by operations was \$406.8 million, as compared to \$357.6 million in the previous year

Cash at March 31, 2015 (including marketable securities), increased \$287.8 million to \$920.2 million from March 31, 2014

Total debt decreased \$12.0 million, the result of the Company paying-off its debentures with institutional holders

Mr. Kal Sundaram, Taro's CEO stated, "Overall, we are pleased with the quarter and full-year results, reflecting good performance despite the headwinds we face in the current environment. Our sales and earnings growth is mainly attributable to the prudent life cycle management of our existing product portfolio. We realized a modest benefit in cost of goods due to the strengthening of the U.S. dollar. Volumes of our U.S. generics business have experienced a slight decline during the year. We have also encountered increased competition and increased pricing pressure from customer consolidations." Mr. Sundaram continued, "Our year-over-year increase in R&D demonstrates our commitment to growing our pipeline of quality products; further evidenced by twelve (12) total filings with the FDA this year."

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FDA Approvals and Filings

During the quarter, the Company filed five Abbreviated New Drug Applications (“ANDAs”) and a New Drug Application (NDA) with the U.S. Food and Drug Administration (“FDA”) – this brings the total number of filings for the fiscal year ended March 31 to twelve (12). With this, ANDAs representing thirty-five products and one NDA await FDA approval.

Earnings Call (8:00 am ET, May 28, 2015)

As previously announced, the Company will host an earnings call at 8:00 am ET on Thursday, May 28, 2015, where senior management will discuss the Company’s performance and answer questions from participants. This call will be accessible through an audio dial-in and a web-cast. Audio conference participants can dial-in on the numbers below:

Participant Toll-Free Dial-In Number: +1 (844) 421-0601 ID: 49865423

Participant International Dial-In Number: +1 (716) 247-5800 ID: 49865423

Web-cast: More details are provided on our website, www.taro.com

To participate in the audio call, please dial the numbers provided above five to ten minutes ahead of the scheduled start time. The operator will provide instructions on asking questions before the call.

The transcript of the event will be available on the Company’s website at www.taro.com. An audio playback will be available for fifteen (15) days following the call.

About Taro

Taro Pharmaceutical Industries Ltd. is a multinational, science-based pharmaceutical company, dedicated to meeting the needs of its customers through the discovery, development, manufacturing and marketing of the highest quality healthcare products. For further information on Taro Pharmaceutical Industries Ltd., please visit the Company’s website at www.taro.com.

SAFE HARBOR STATEMENT

The unaudited consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and, in the opinion of management, reflect all adjustments necessary to present fairly the financial condition and results of operations of the Company. The unaudited consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements included in the Company’s Annual Report on Form 20-F, as filed with the SEC.

Certain statements in this release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements that do not describe historical facts or that refer or relate to events or circumstances the Company “estimates,” “believes,” or “expects” to happen or similar language, and statements with respect to the Company’s financial performance, availability of financial information, and estimates of financial results and information for fiscal year 2015. Although the Company believes the expectations reflected in such forward-looking statements to be based on reasonable assumptions, it can give no assurances that its expectations will be attained. Factors that could cause actual results to differ include general domestic and international economic conditions, industry and market conditions, changes in the Company’s financial position, litigation brought by any party in any court in Israel, the United States, or any country in which Taro

operates, regulatory and legislative actions in the countries in which Taro operates, and other risks detailed from time to time in the Company's SEC reports, including its Annual Reports on Form 20-F. Forward-looking statements are applicable only as of the date on which they are made. The Company undertakes no obligations to update, change or revise any forward-looking statement, whether as a result of new information, additional or subsequent developments or otherwise.

****Financial Tables Follow****

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TARO PHARMACEUTICAL INDUSTRIES LTD.
SUMMARY CONSOLIDATED STATEMENTS OF INCOME
(U.S. dollars in thousands, except share data)

	Quarter Ended March 31,		Year Ended March 31,	
	2015 (unaudited)	2014 (unaudited)	2015 (unaudited)	2014 (audited)
Sales, net	\$244,180	\$187,176	\$862,944	\$759,285
Cost of sales	44,545	45,818	186,359	179,279
Gross Profit	199,635	141,358	676,585	580,006
Operating Expenses (Income):				
Research and development	23,865	13,167	65,510	55,430
Selling, marketing, general and administrative	22,229	26,647	87,644	91,733
Settlements and loss contingencies	-	-	(4,200)	2,590
Operating income	153,541	101,544	527,631	430,253
Financial Income, net:				
Interest and other financial income, net	(3,087)	(1,241)	(9,677)	(5,167)
Foreign exchange income	(32,481)	(3,897)	(41,634)	(7,118)
Other income, net	395	407	2,738	1,369
Income before income taxes	189,504	107,089	581,680	443,907
Tax expense	36,872	17,433	96,059	82,729
Income from continuing operations	152,632	89,656	485,621	361,178
Net loss from discontinued operations	(314)	(97)	(787)	(319)
Net income	152,318	89,559	484,834	360,859
Net income (loss) attributable to non-controlling interest	26	(81)	577	472
Net income attributable to Taro	\$152,292	\$89,640	\$484,257	\$360,387
Net income per ordinary share from continuing operations attributable to Taro:				
Basic	\$3.56	\$2.10	\$11.32	\$8.15
Diluted	\$3.56	\$2.10	\$11.32	\$8.15
Net loss per ordinary share from discontinued operations attributable to Taro:				
Basic	\$(0.00)*	\$(0.00)*	\$(0.01)	\$(0.01)
Diluted	\$(0.00)*	\$(0.00)*	\$(0.01)	\$(0.01)
Net income per ordinary share attributable to Taro:				
Basic	\$3.56	\$2.10	\$11.31	\$8.14
Diluted	\$3.56	\$2.10	\$11.31	\$8.14

Weighted-average number of shares used to compute
net income per share:

Basic	42,833,533	42,830,989	42,833,533	44,276,003
Diluted	42,833,533	42,832,772	42,833,750	44,279,124

* Amount is less than \$0.01.

May not foot due to rounding.

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TARO PHARMACEUTICAL INDUSTRIES LTD.
SUMMARY CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands)

	March 31, 2015 (unaudited)	March 31, 2014 (audited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$481,641	\$209,967
Short-term bank deposits	434,899	418,946
Restricted short-term bank deposits	199	227
Marketable securities	3,458	3,255
Accounts receivable and other:		
Trade, net	222,427	138,772
Other receivables and prepaid expenses	250,911	162,392
Inventories	120,272	117,639
Long-term assets held for sale, net	-	73
TOTAL CURRENT ASSETS	1,513,807	1,051,271
Long-term receivables and other assets	46,330	52,894
Property, plant and equipment, net	153,045	151,416
Other assets	24,563	28,795
TOTAL ASSETS	\$1,737,745	\$1,284,376
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$912	\$11,974
Trade payables and other current liabilities	309,093	241,330
TOTAL CURRENT LIABILITIES	310,005	253,304
Long-term debt, net of current maturities	4,976	5,888
Deferred taxes and other long-term liabilities	5,381	4,591
TOTAL LIABILITIES	320,362	263,783
Taro shareholders' equity	1,411,719	1,015,507
Non-controlling interest	5,664	5,086
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$1,737,745	\$1,284,376

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TARO PHARMACEUTICAL INDUSTRIES LTD.
SUMMARY CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. dollars in thousands)

	Year Ended March 31,	
	2015	2014
	(unaudited)	(audited)
Operating Activities:		
Net income	\$484,834	\$360,859
Adjustments required to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15,798	16,567
Impairment of long-lived assets	90	47
(Loss) gain on sale of long-lived assets and marketable securities, net	(209)	21
(Decrease) increase in long-term debt due to currency fluctuations	(1,030)	1,137
Increase in trade receivables, net	(85,277)	(19,755)
Change in derivative instruments, net	5,483	4,181
Increase in other receivables, prepaid expenses and other assets	(56,261)	(43,106)
Increase in inventories, net	(7,027)	(10,697)
Effect of exchange differences on inter-company balances	(18,166)	(11,670)
Increase in trade and other payables and liabilities	68,553	60,060
Net cash provided by operating activities	406,788	357,644
Investing Activities:		
Purchase of property, plant & equipment	(19,997)	(21,249)
Proceeds from (investment in) property, plant & equipment and intangible assets	59	(4,547)
Investment in other assets	(31,050)	-
Proceeds from (investment in) long-term security deposits and other assets	2,112	(33,956)
Investment in short-term bank deposits	(43,344)	(120,648)
Proceeds from restricted bank deposits	28	7,203
Proceeds from (investment in) marketable securities	111	(100)
Net cash used in investing activities	(92,081)	(173,297)
Financing Activities:		
Purchase of treasury shares	-	(192,999)
Excess tax benefits from share-based payment arrangements	-	149
Proceeds from issuance of shares, net	26	1,262
Repayments of long-term debt	(10,944)	(11,874)
Net cash used in financing activities	(10,918)	(203,462)
Effect of exchange rate changes	(32,115)	(8,202)
Net increase (decrease) in cash	271,674	(27,317)
Cash at beginning of period	209,967	237,284
Cash at end of period	\$481,641	\$209,967

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 26, 2015

TARO PHARMACEUTICAL INDUSTRIES LTD.

By: /s/ Subramanian Kalyanasundaram

Name: Subramanian
Kalyanasundaram
Title: Chief Executive Officer
and Director