

ABIOMED INC
Form 10-Q
November 06, 2009
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2009

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 0-20584

ABIOMED, INC.

(Exact name of registrant as specified in its charter)

Edgar Filing: ABIOMED INC - Form 10-Q

DELAWARE
(State or other jurisdiction of

04-2743260
(IRS Employer

incorporation or organization)

Identification No.)

22 CHERRY HILL DRIVE

DANVERS, MASSACHUSETTS 01923

(Address of principal executive offices, including zip code)

(978) 646-1400

(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 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 (§ 229.405 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 ☐ 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 ☒

As of November 4, 2009, there were 37,485,461 shares outstanding of the registrant's Common Stock, \$.01 par value.

Table of Contents

ABIOMED, INC. AND SUBSIDIARIES

TABLE OF CONTENTS

<u>PART I - FINANCIAL INFORMATION:</u>	Page
	3
Item 1. <u>Financial Statements</u>	3
<u>Condensed Consolidated Balance Sheets as of September 30, 2009 (unaudited) and March 31, 2009</u>	3
<u>Condensed Consolidated Statements of Operations for the three and six months ended September 30, 2009 and 2008 (unaudited)</u>	4
<u>Condensed Consolidated Statements of Cash Flows for the six months ended September 30, 2009 and 2008 (unaudited)</u>	5
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	15
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	23
Item 4. <u>Controls and Procedures.</u>	23
<u>PART II - OTHER INFORMATION</u>	23
Item 1. <u>Legal Proceedings</u>	23
Item 1A. <u>Risk Factors</u>	24
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	25
Item 3. <u>Defaults Upon Senior Securities</u>	25
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	25
Item 5. <u>Other Information</u>	25
Item 6. <u>Exhibits</u>	26
<u>SIGNATURES</u>	27

ABIOMED and ABIOCOR are trademarks of ABIOMED, Inc., and are registered in the United States and certain foreign countries. BVS is a trademark of ABIOMED, Inc. and is registered in the United States. AB5000 is a trademark of ABIOMED, Inc. IMPELLA and RECOVER are trademarks of Abiomed Europe GmbH, a subsidiary of ABIOMED, Inc., and are registered in the United States and certain foreign countries.

Table of Contents**PART 1. FINANCIAL INFORMATION****ITEM 1: FINANCIAL STATEMENTS****ABIOMED, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands, except share and per share data)

	September 30, 2009 (unaudited)	March 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,782	\$ 1,785
Short-term marketable securities	49,548	55,394
Accounts receivable, net	13,403	15,724
Inventories	14,111	14,777
Prepaid expenses and other current assets	992	809
Total current assets	80,836	88,489
Property and equipment, net	7,540	7,792
Intangible assets, net	3,996	4,359
Goodwill	40,310	31,295
Long-term marketable securities		3,721
Other assets	302	302
Total assets	\$ 132,984	\$ 135,958
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 5,239	\$ 5,550
Accrued expenses	9,654	10,818
Deferred revenue	1,237	1,211
Total current liabilities	16,130	17,579
Long-term deferred tax liability	2,554	2,086
Other long-term liabilities	410	310
Total liabilities	19,094	19,975
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Class B Preferred Stock, \$.01 par value		
Authorized - 1,000,000 shares; Issued and outstanding - none		
Common stock, \$.01 par value	375	367
Authorized - 100,000,000 shares; Issued - 37,520,065 shares at September 30, 2009 and 36,736,843 shares at March 31, 2009;		
Outstanding - 37,469,111 shares at September 30, 2009 and 36,685,889 shares at March 31, 2009		
Additional paid-in-capital	370,169	362,097
Accumulated deficit	(259,425)	(243,991)

Edgar Filing: ABIOMED INC - Form 10-Q

Treasury stock at cost - 50,954 shares at September 30, 2009 and March 31, 2009	(827)	(827)
Accumulated other comprehensive income (loss)	3,598	(1,663)
Total stockholders' equity	113,890	115,983
Total liabilities and stockholders' equity	\$ 132,984	\$ 135,958

See Accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

Table of Contents**ABIOMED, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)****(in thousands, except per share data)**

	Three Months Ended September 30,		Six Months Ended September 30,	
	2009	2008	2009	2008
Revenue:				
Product	\$ 19,725	\$ 19,777	\$ 39,314	\$ 36,047
Funded research and development	297	222	621	309
Total Revenue	20,022	19,999	39,935	36,356
Costs and expenses:				
Cost of product revenue excluding amortization of intangibles	5,446	4,793	10,518	10,420
Research and development	6,786	6,850	12,769	12,994
Selling, general and administrative	14,816	13,898	30,783	27,412
Amortization of intangible assets	371	411	725	837
	27,419	25,952	54,795	51,663
Loss from operations	(7,397)	(5,953)	(14,860)	(15,307)
Other income and expense:				
Investment income (expense), net	53	(43)	97	201
Other (expense) income, net	(88)	(61)	(203)	80
	(35)	(104)	(106)	281
Loss before provision for income taxes	(7,432)	(6,057)	(14,966)	(15,026)
Provision for income taxes	242	273	468	418
Net loss	\$ (7,674)	\$ (6,330)	\$ (15,434)	\$ (15,444)
Basic and diluted net loss per share	\$ (0.21)	\$ (0.18)	\$ (0.42)	\$ (0.46)
Weighted average shares outstanding	36,924	34,475	36,736	33,393

See Accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

Table of Contents**ABIOMED, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)****(in thousands)**

	Six months ended September 30,	
	2009	2008
Operating activities:		
Net loss	\$ (15,434)	\$ (15,444)
Adjustments required to reconcile net loss to net cash used for operating activities:		
Depreciation and amortization	2,611	2,570
Bad debt expense	52	247
Stock-based compensation	3,698	5,114
Write-down of inventory	1,154	1,217
Loss on disposal of fixed assets	58	93
Deferred tax provision	468	337
Change in unrealized loss on short-term marketable securities	(72)	(183)
Changes in assets and liabilities source (use):		
Accounts receivable	2,508	(1,056)
Inventories	(569)	(4,295)
Prepaid expenses and other current assets	(148)	684
Accounts payable	(170)	(2,640)
Accrued expenses	(1,352)	(1,754)
Deferred revenue	1	(245)
Net cash used for operating activities	(7,195)	(15,355)
Investing activities:		
Purchases of short-term marketable securities	(4,271)	(53,824)
Proceeds from the sale and maturity of short-term marketable securities	14,216	26,868
Contingent milestone payment on acquisition	(1,750)	
Expenditures for property and equipment	(1,417)	(1,410)
Net cash provided by (used for) investing activities	6,778	(28,366)
Financing activities:		
Issuance of common stock		41,970
Proceeds from the exercise of stock options	383	3,564
Payment in lieu of issuance of stock for payroll taxes		(658)
Proceeds from the issuance of stock under the employee stock purchase plan	170	117
Net cash provided by financing activities	553	44,993
Effect of exchange rate changes on cash	861	(398)
Net increase in cash and cash equivalents	997	874
Cash and cash equivalents at beginning of period	1,785	2,042