

BioTelemetry, Inc.
Form 10-Q
May 07, 2015
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2015

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 000-55039

BioTelemetry, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

46-2568498

(I.R.S. Employer Identification Number)

**1000 Cedar Hollow Road
Malvern, Pennsylvania**

(Address of Principal Executive Offices)

19355

(Zip Code)

(610) 729-7000

(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 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 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

(Do not check if a 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 May 4, 2015, 27,051,315 shares of the registrant's common stock, \$0.001 par value per share, were outstanding.

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BIOTELEMETRY, INC.

QUARTERLY REPORT ON FORM 10-Q FOR THE PERIOD ENDED MARCH 31, 2015

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Unless the context otherwise indicates or requires, the terms we, our, us, BioTelemetry, and the Company, as used in this Form 10-Q, refer to BioTelemetry, Inc. and its directly and indirectly owned subsidiaries, including its legal subsidiaries, CardioNet, LLC, Braemar Manufacturing, LLC, Cardiocore Lab, LLC, Mednet Healthcare Technologies, Inc., Heartcare Corporation of America, Inc., Universal Medical, Inc., and Universal Medical Laboratory, Inc. as a combined entity, except where otherwise stated or where it is clear that the terms mean only BioTelemetry, Inc. exclusive of its subsidiaries.

FORWARD-LOOKING STATEMENTS

This document includes certain forward-looking statements within the meaning of the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995 regarding, among other things, our growth prospects, the prospects of our products and our confidence in our future. These statements may be identified by words such as expect, anticipate, estimate, intend, plan, believe, promises and other words and terms of similar meaning. Examples of forward-looking statements include statements we make regarding our ability to increase demand for our products and services, to leverage our MCOTM platform to expand into new markets, our market share, our expectations regarding revenue trends in our segments and the achievement of cost efficiencies through process improvement and gross margin improvements. Such forward looking statements are based on current expectations and involve inherent risks and uncertainties, including important factors that could delay, divert, or change any of these expectations, and could cause actual outcomes and results to differ materially from current expectations. These factors include, among other things:

- our ability to successfully integrate newly-acquired businesses, such as Mednet, Biomedical Systems and Radcore, into our business;
- our ability to obtain and maintain adequate protection of our intellectual property;
- the effectiveness of our cost savings initiatives;
- our ability to educate physicians and continue to obtain prescriptions for our products and services;
- changes to insurance coverage and reimbursement levels by Medicare and commercial payors for our products and services;
- our ability to attract and retain talented executive management and sales personnel;
- our ability to identify acquisition candidates, acquire them on attractive terms and integrate their operations into our business;

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- the commercialization of new products;
- our ability to obtain and maintain required regulatory approvals for our products, services and manufacturing facilities;
- changes in governmental regulations and legislation;
- acceptance of our new products and services;
- adverse regulatory action;
- interruptions or delays in the telecommunications systems that we use;
- our ability to successfully resolve outstanding legal proceedings; and
- the other factors that are described in Item 1A. Risk Factors of our latest Annual Report on Form 10-K.

We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise, except as may be required by law.

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****BIOTELEMETRY, INC.****CONSOLIDATED BALANCE SHEETS***(In thousands, except share and per share amounts)*

	(Unaudited) March 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 12,293	\$ 20,007
Accounts receivable, net of allowance for doubtful accounts of \$11,067 and \$10,347, at March 31, 2015 and December 31, 2014, respectively	14,968	15,184
Other receivables, net of allowance for doubtful accounts of \$369 and \$315 at March 31, 2015 and December 31, 2014, respectively	10,188	9,362
Inventory	3,022	2,566
Prepaid expenses and other current assets	1,846	2,352
Total current assets	42,317	49,471
Property and equipment, net	21,413	21,703
Intangible assets, net	22,130	22,720
Goodwill	29,831	29,596
Other assets	1,472	1,288
Total assets	\$ 117,163	\$ 124,778
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 11,997	\$ 13,195
Accrued liabilities	10,308	18,460
Current portion of capital leases	428	480
Current portion of long-term debt	1,250	938
Deferred revenue	3,561	2,248
Total current liabilities	27,544	35,321
Deferred tax liability	1,406	1,258
Long-term portion of capital leases	304	388
Long-term debt	22,807	23,070
Deferred rent	1,051	1,065
Total liabilities	53,112	61,102
Stockholders equity:		
Common stock \$.001 par value as of March 31, 2015 and December 31, 2014; 200,000,000 shares authorized as of March 31, 2015 and December 31, 2014; 27,232,013 and 26,693,248 shares issued and outstanding at March 31, 2015 and December 31, 2014, respectively	27	27

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Paid-in capital	267,691	267,236
Accumulated other comprehensive loss	(11)	
Accumulated deficit	(203,656)	(203,587)
Total stockholders' equity	64,051	63,676
Total liabilities and stockholders' equity	\$ 117,163	\$ 124,778

See accompanying notes.

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BIOTELEMETRY, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(Unaudited)

(In thousands, except share and per share amounts)

	Three Months Ended	
	March 31,	
	2015	2014
Revenues:		
Patient services	\$ 34,981	\$ 29,294
Research services	5,428	4,840
Product	3,026	3,028
Total revenues	43,435	37,162
Cost of revenues:		
Patient services	13,177	11,126
Research services	2,953	2,756
Product		