

PULSE ELECTRONICS CORP
Form 10-Q
May 10, 2011

UNITED STATES
SECURITIES & EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

The Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the three months ended April 1, 2011, 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 No. 1-5375

PULSE ELECTRONICS CORPORATION
(Exact name of registrant as specified in its Charter)

PENNSYLVANIA
(State or other jurisdiction of incorporation or
organization)

23-1292472
(IRS Employer Identification Number)

1210 Northbrook Drive, Suite 470
Trevose, Pennsylvania
(Address of principal executive offices)

19053
(Zip Code)

Registrant's telephone number, including area code:

215-355-2900

Former name of registrant:

Technitrol, Inc.

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 the filing requirements for at least 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 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 or a non-accelerated filer

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(as defined in Rule 12b-2 of the Act).

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 May 10, 2011:
41,599,697

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PART I. FINANCIAL INFORMATION

Item 1: Financial Statements

Pulse Electronics Corporation and Subsidiaries
Consolidated Balance Sheets

In thousands

Assets	April 1, 2011 (unaudited)	December 31, 2010
Current assets:		
Cash and cash equivalents	\$29,201	\$35,905
Accounts receivable, net	54,944	65,532
Inventory	35,448	35,741
Prepaid expenses and other current assets	13,831	14,804
Total current assets	133,424	151,982
Long-term assets:		
Property, plant and equipment	112,332	113,137
Less accumulated depreciation	82,303	82,456
Net property, plant and equipment	30,029	30,681
Deferred income taxes	36,350	33,669
Intangibles assets, net	5,289	5,657
Other assets	2,322	2,610
	\$207,414	\$224,599
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$39,392	\$46,102
Accrued expenses and other current liabilities	52,147	54,602
Total current liabilities	91,539	100,704
Long-term liabilities:		
Long-term debt	32,150	32,150
Convertible senior notes	50,000	50,000
Deferred income taxes	8,890	8,890
Other long-term liabilities	9,917	10,081
Equity:		
Pulse Electronics Corporation shareholders' equity:		
Common stock and additional paid-in capital	218,949	219,393
Retained loss	(237,085)	(232,660)
Accumulated other comprehensive earnings	24,736	23,993
Total Pulse Electronics Corporation shareholders' equity	6,600	10,726
Non-controlling interest	8,318	12,048
Total equity	14,918	22,774
	\$207,414	\$224,599

See accompanying Notes to Unaudited Consolidated Financial Statements.

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Consolidated Statements of Operations

(Unaudited)

In thousands, except per share data

	Three Months Ended	
	April 1, 2011	March 26, 2010
Net sales	\$88,039	\$92,860
Cost of sales	69,615	73,268
Gross profit	18,424	19,592
Selling, general and administrative expenses	21,541	22,698
Severance, impairment and other associated costs	6,756	27,327
Cost related to unsolicited takeover attempt	430	--
Operating loss	(10,303)	(30,433)
Other income (expense):		
Interest expense, net	(1,293)	(1,349)
Other income (expense), net	1,542	(5,904)
Total other income (expense)	249	(7,253)
Loss from continuing operations before income taxes	(10,054)	(37,686)
Income tax benefit	5,065	2,142
Net loss from continuing operations	(4,989)	(35,544)
Net earnings (loss) from discontinued operations	612	(18,076)
Net loss	(4,377)	(53,620)
Less: Net earnings attributable to non-controlling interest	48	307
Net loss attributable to Pulse Electronics Corporation	\$(4,425)	\$(53,927)
Amounts attributable to Pulse Electronics Corporation common shareholders:		
Net loss from continuing operations	\$(5,037)	\$(35,851)
Net earnings (loss) from discontinued operations	612	(18,076)
Net loss attributable to Pulse Electronics Corporation	\$(4,425)	\$(53,927)
Per share data:		
Basic loss per share:		
Net loss from continuing operations	\$(0.12)	\$(0.88)
Net earnings (loss) from discontinued operations	0.01	(0.44)
Net loss attributable to Pulse Electronics Corporation	\$(0.11)	\$(1.32)

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Diluted loss per share:

Net loss from continuing operations	\$ (0.12)	\$ (0.88)
Net earnings (loss) from discontinued operations	0.01	(0.44)
Net loss attributable to Pulse Electronics Corporation	\$ (0.11)	\$ (1.32)

See accompanying Notes to Unaudited Consolidated Financial Statements.

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Consolidated Statements of Cash Flows(Unaudited)
In thousands

	Three Months Ended	
	April 1, 2011	March 26, 2010
Cash flows from operating activities - continuing operations:		
Net loss	\$(4,377)	\$(53,620)
(Earnings) loss from discontinued operations	(612)	18,076
Adjustment to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	2,597	5,313
Goodwill and intangible asset impairment, net of income taxes	--	24,401
Changes in assets and liabilities, net of the effect of divestitures:		
Accounts receivable	10,910	7,519
Inventory	501	174
Prepaid expenses and other current assets	117	581
Accounts payable and accrued expenses	(16,089)	1,412
Severance, impairment and other associated costs, net of cash payments (excluding goodwill and intangible asset impairments)	4,520	385
Other, net	153	353
Net cash (used in) provided by operating activities	(2,280)	4,594
Cash flows from investing activities – continuing operations:		
Cash received from dispositions, net	1,079	1,245
Capital expenditures	(1,924)	(365)
Proceeds from sale of property, plant and equipment	40	--
Foreign currency impact on intercompany lending	880	(5,732)
Net cash provided by (used in) investing activities	75	(4,852)
Cash flows from financing activities – continuing operations:		
Credit facility borrowings	10,000	--
Principal payments on credit facility	(10,000)	(4,350)
Purchases of shares in non-controlling interest	(3,432)	--
Dividends paid	(1,037)	(1,031)
Net cash used in financing activities	(4,469)	(5,381)
Net effect of exchange rate changes on cash from continuing operations:	(30)	(84)
Cash flows of discontinued operations:		
Net cash used in operating activities	--	(4,318)
Net cash used in investing activities	--	(412)
Net effect of exchange rate changes on cash	--	(276)
Net decrease in cash and cash equivalents from discontinued operations	--	(5,006)

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Net decrease in cash and cash equivalents	(6,704)	(10,729)
Cash and cash equivalents at beginning of period	35,905	39,707
Cash and cash equivalents at end of period	\$29,201	\$28,978

See accompanying Notes to Unaudited Consolidated Financial Statements.

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Pulse Electronics Corporation and Subsidiaries
Consolidated Statement of Changes in Equity

Three Months Ended April 1, 2011

(Unaudited)

In thousands, except per share data

Common stock and paid-in capital Shares	Amount	Retained loss	Accumulated other comprehensive income	Non- controlling interest	Total equity	Comprehensive
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