

NOVANTA INC
Form 10-Q
November 01, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 29, 2017

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. 001-35083

Novanta Inc.

(Exact name of registrant as specified in its charter)

New Brunswick, Canada
(State or other jurisdiction of

incorporation or organization)

125 Middlesex Turnpike

Bedford, Massachusetts, USA

(Address of principal executive offices)

98-0110412

(I.R.S. Employer

Identification No.)

01730

(Zip Code)

(781) 266-5700

Edgar Filing: NOVANTA INC - Form 10-Q

(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 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 (Section 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 October 27, 2017, there were 34,592,138 of the Registrant's common shares, no par value, issued and outstanding.

NOVANTA INC.

TABLE OF CONTENTS

Item No.	Page No.
<u>PART I — FINANCIAL INFORMATION</u>	1
ITEM 1. <u>FINANCIAL STATEMENTS</u>	1
<u>CONSOLIDATED BALANCE SHEETS (unaudited)</u>	1
<u>CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)</u>	2
<u>CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (unaudited)</u>	3
<u>CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)</u>	4
<u>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)</u>	5
ITEM 2. <u>MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	27
ITEM 3. <u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	40
ITEM 4. <u>CONTROLS AND PROCEDURES</u>	40
<u>PART II — OTHER INFORMATION</u>	41
ITEM 1. <u>LEGAL PROCEEDINGS</u>	41
ITEM 1A. <u>RISK FACTORS</u>	41
ITEM 2. <u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	41
ITEM 3. <u>DEFAULTS UPON SENIOR SECURITIES</u>	41
ITEM 4. <u>MINE SAFETY DISCLOSURES</u>	41
ITEM 5. <u>OTHER INFORMATION</u>	41
ITEM 6. <u>EXHIBITS</u>	42

SIGNATURES

44

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

NOVANTA INC.

CONSOLIDATED BALANCE SHEETS

(In thousands of U.S. dollars or shares)

(Unaudited)

	September 29, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 92,149	\$ 68,108
Accounts receivable, net of allowance of \$782 and \$565, respectively	83,008	63,769
Inventories	88,861	59,745
Prepaid income taxes and income taxes receivable	8,107	2,058
Prepaid expenses and other current assets	8,253	5,570
Total current assets	280,378	199,250
Property, plant and equipment, net	60,244	35,421
Deferred tax assets	11,772	8,593
Other assets	4,256	12,502
Intangible assets, net	157,938	61,743
Goodwill	207,720	108,128
Total assets	\$ 722,308	\$ 425,637
LIABILITIES, NONCONTROLLING INTEREST AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current portion of long-term debt	\$ 9,115	\$ 7,366
Accounts payable	39,666	32,213
Income taxes payable	6,086	3,969