

COGNEX CORP
Form 10-Q
April 29, 2013
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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, 2013

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 001-34218

COGNEX CORPORATION

(Exact name of registrant as specified in its charter)

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Massachusetts
(State or other jurisdiction of
incorporation or organization)

04-2713778
(I.R.S. Employer
Identification No.)

One Vision Drive

Natick, Massachusetts 01760-2059

(508) 650-3000

(Address, including zip code, and telephone number, including area code, of principal executive offices)

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 ☐

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 March 31, 2013, there were 43,451,932 shares of Common Stock, \$.002 par value per share, of the registrant outstanding.

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(In thousands, except per share amounts)

	Quarter Ended	
	March 31,	April 1,
	2013	2012
	(unaudited)	
Revenue		
Product	\$ 74,672	\$ 71,407
Service	6,220	6,302
	80,892	77,709
Cost of revenue		
Product	16,464	15,556
Service	2,959	3,502
	19,423	19,058
Gross margin		
Product	58,208	55,851
Service	3,261	2,800
	61,469	58,651
Research, development, and engineering expenses	11,321	10,361
Selling, general, and administrative expenses	32,167	30,549
Operating income	17,981	17,741
Foreign currency gain (loss)	63	(638)
Investment income	392	972
Other income	117	3
Income before income tax expense	18,553	18,078
Income tax expense	2,970	3,796
Net income	\$ 15,583	\$ 14,282
Earnings per weighted-average common and common-equivalent share:		
Basic	\$ 0.36	\$ 0.34
Diluted	\$ 0.35	\$ 0.33
Weighted-average common and common-equivalent shares outstanding:		
Basic	43,261	42,570
Diluted	44,130	43,590
Cash dividends per common share	\$ 0.00	\$ 0.10

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The accompanying notes are an integral part of these consolidated financial statements.

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COGNEX CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

	Quarter Ended	
	March 31,	April 1,
	2013	2012
	(unaudited)	
Net income	\$ 15,583	\$ 14,282
Other comprehensive income, net of tax:		
Net unrealized gain on available-for-sale investments, net of tax of \$42 and \$291 in 2013 and 2012, respectively	173	1,314
Foreign currency translation adjustments, net of tax of (\$227) and \$206 in 2013 and 2012, respectively	(2,494)	5,326
Other comprehensive income (loss)	(2,321)	6,640
Comprehensive income	\$ 13,262	\$ 20,922

The accompanying notes are an integral part of these consolidated financial statements.

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COGNEX CORPORATION
CONSOLIDATED BALANCE SHEETS

(In thousands)

	March 31, 2013 (unaudited)	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 42,757	\$ 45,160
Short-term investments	125,411	105,105
Accounts receivable, less reserves of \$1,100 and \$1,131 in 2013 and 2012, respectively	42,780	42,387
Inventories	26,057	26,182
Deferred income taxes	6,325	6,369
Prepaid expenses and other current assets	13,769	14,394
Total current assets	257,099	239,597
Long-term investments	245,484	238,255
Property, plant, and equipment, net	34,647	34,820
Deferred income taxes	17,268	15,647
Intangible assets, net	13,809	14,770
Goodwill	81,689	81,689
Other assets	2,532	2,827
	\$ 652,528	\$ 627,605
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 6,815	\$ 6,815
Accrued expenses	24,258	29,590
Accrued income taxes	2,220	1,009
Deferred revenue and customer deposits	13,819	12,690
Total current liabilities	47,112	50,104
Reserve for income taxes	5,955	5,216
Commitments and contingencies (Note 8)		
Shareholders' equity:		
Common stock, \$.002 par value		
Authorized: 140,000 shares, issued: 43,452 and 43,055 shares in 2013 and 2012, respectively	87	86
Additional paid-in capital	179,192	165,248
Retained earnings	452,049	436,466
Accumulated other comprehensive loss, net of tax	(31,867)	(29,515)
Total shareholders' equity	599,461	572,285
	\$ 652,528	\$ 627,605

The accompanying notes are an integral part of these consolidated financial statements.

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(In thousands)

	Common Stock Shares	Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders Equity
Balance as of December 31, 2012	43,055	\$ 86	\$ 165,248	\$ 436,466	\$ (29,515)	\$ 572,285
Issuance of common stock under stock option plans	397	1	9,167			9,168
Stock-based compensation expense			3,298			3,298
Excess tax benefit from stock option exercises			1,376			1,376
Tax benefit for research and development credits as a result of stock option accounting			103			103
Net income				15,583		15,583
Net unrealized gain on available-for-sale investments, net of tax of \$42					173	173
Reclassification of net realized gain on the sale of available-for-sale investments					(31)	(31)
Foreign currency translation adjustment, net of tax of \$227					(2,494)	(2,494)
Balance as of March 31, 2013 (unaudited)						