

PULSE ELECTRONICS CORP  
Form 10-Q  
May 07, 2013

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UNITED STATES

SECURITIES & EXCHANGE COMMISSION

Washington, D.C. 20549

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FORM 10-Q

☒ The Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended March 29, 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 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)

12220 World Trade Drive  
San Diego, CA  
(Address of principal executive offices)

92128  
(Zip Code)

Registrant's telephone number, including  
area code: 858-674-8100

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 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 (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 7, 2013:  
79,473,375

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## PART I FINANCIAL INFORMATION

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## PART I. FINANCIAL INFORMATION

## Item 1: Financial Statements

Pulse Electronics Corporation and Subsidiaries  
Condensed Consolidated Balance Sheets  
(Unaudited)  
In thousands, except per share data

|  | March 29,<br>2013 | December 28,<br>2012 |
|--|-------------------|----------------------|
| Assets   |                   |                      |
| Current assets:  |                   |                      |
| Cash and cash equivalents  | \$ 25,438         | \$ 31,475            |
| Accounts receivable, net   | 61,115            | 62,957               |
| Inventory, net   | 30,150            | 31,434               |
| Prepaid expenses and other current assets  | 18,075            | 21,500               |
| Total current assets   | 134,778           | 147,366              |
| Long-term assets:  |                   |                      |
| Property, plant and equipment  | 94,810            | 94,114               |
| Less accumulated depreciation  | 66,074            | 64,708               |
| Net property, plant and equipment  | 28,736            | 29,406               |
| Deferred income taxes  | 2,443             | 2,443                |
| Intangible assets, net   | 2,950             | 3,067                |
| Other assets   | 11,014            | 6,316                |
|  | \$ 179,921        | \$ 188,598           |
| Liabilities and Shareholders' Deficit  |                   |                      |
| Current liabilities:   |                   |                      |
| Accounts payable   | \$ 61,798         | \$ 65,883            |
| Accrued expenses and other current liabilities   | 34,108            | 44,197               |
| Warrant liability  | --                | 12,175               |
| Total current liabilities  | 95,906            | 122,255              |
| Long-term liabilities:   |                   |                      |
| Long-term debt   | 102,196           | 96,753               |
| Deferred income taxes  | 7,616             | 7,616                |
| Other long-term liabilities  | 9,965             | 11,518               |
| Shareholders' deficit  |                   |                      |
| Pulse Electronics Corporation shareholders' deficit:   |                   |                      |
| Preferred stock, no par value, 1,000 shares and 0 shares authorized, issued and outstanding at March 28, 2013 and December 28, 2012, respectively            | --                | --                   |
| Common stock, \$0.125 par value, 275,000,000 and 175,000,000 shares authorized; 79,473,375 outstanding at March 29, 2013 and December 28, 2012, respectively | 9,934             | 9,934                |
| Additional paid-in-capital   | 247,647           | 226,222              |
| Accumulated deficit  | (319,600 )        | (312,484 )           |

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|   |            |   |            |
|---|------------|---|------------|
| Accumulated other comprehensive income                    | 20,190     |   | 20,703     |
| Total Pulse Electronics Corporation shareholders' deficit | (41,829    | ) | (55,625 )  |
| Non-controlling interest                                  | 6,067      |   | 6,081      |
| Total shareholders' deficit                               | (35,762    | ) | (49,544 )  |
|   | \$ 179,921 |   | \$ 188,598 |

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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Pulse Electronics Corporation and Subsidiaries  
Condensed Consolidated Statements of Operations  
(Unaudited)

In thousands, except per share data

|  | Three Months Ended |                   |
|--|--------------------|-------------------|
|  | March 29,<br>2013  | March 30,<br>2012 |
| Net sales  | \$84,806           | \$94,135          |
| Cost of sales                                    | 64,625             | 75,737            |
| Gross profit                                     | 20,181             | 18,398            |
| Selling, general and administrative expenses     | 19,174             | 18,993            |
| Severance, impairment and other associated costs | 19                 | 1,537             |
| Legal reserve                                    | 38                 | --                |
| Operating profit (loss)                          | 950                | (2,132 )          |
| Other (expense) income:                          |                    |                   |
| Interest expense, net                            | (5,114 )           | (2,593 )          |
| Other (expense) income, net                      | (2,532 )           |                   |