

INVACARE CORP
Form 10-Q
November 04, 2016

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 30, 2016

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 001-15103

INVACARE CORPORATION

(Exact name of registrant as specified in its charter)

Ohio 95-2680965
(State or other jurisdiction of (IRS Employer Identification No.)
incorporation or organization)

One Invacare Way, P.O. Box 4028, Elyria, Ohio 44036
(Address of principal executive offices) (Zip Code)
(440) 329-6000
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 (the "Exchange Act") 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 x 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 x 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 "small reporting company" in Rule 12b-2 of the Exchange Act. (Check One): Large accelerated filer " Accelerated filer x Non-accelerated filer " (Do not check if a smaller reporting company) 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 x

As of November 2, 2016, the registrant had 31,725,515 Common Shares and 729,309 Class B Common Shares outstanding.

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Part I. FINANCIAL INFORMATION

Item 1. Financial Statements.

INVACARE CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statement of Comprehensive Income (Loss) (unaudited)

(In thousands, except per share data)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Net sales	\$268,145	\$283,776	\$800,734	\$859,073
Cost of products sold	194,703	206,137	585,837	627,052
Gross Profit	73,442	77,639	214,897	232,021
Selling, general and administrative expenses	77,705	77,463	229,261	240,388
Gain on sale of business	(7,386)	(24)	(7,386)	(24)
Charges related to restructuring activities	508	11	1,299	940
Operating Income (Loss)	2,615	189	(8,277)	(9,283)
Net gain on convertible debt derivatives	(1,192)	—	(2,282)	—
Interest expense	4,481	1,021	11,228	3,160
Interest income	(79)	(42)	(207)	(122)
Loss from Continuing Operations Before Income Taxes	(595)	(790)	(17,016)	(12,321)
Income tax provision	4,425	7,000	8,200	11,200
Net loss from Continuing Operations	\$(5,020)	\$(7,790)	\$(25,216)	\$(23,521)
Gain on Sale of Discontinued Operations (net of tax of \$140 for 2015)	—	—	—	260
Total Net Earnings from Discontinued Operations	—	—	—	260
Net Loss	\$(5,020)	\$(7,790)	\$(25,216)	\$(23,261)
Dividends Declared per Common Share	\$0.0125	\$0.0125	\$0.0375	\$0.0375
Net Earnings (Loss) per Share—Basic				
Net Loss from Continuing Operations	\$(0.15)	\$(0.24)	\$(0.78)	\$(0.73)
Net Earnings from Discontinued Operations	\$—	\$—	\$—	\$0.01
Net Loss per Share—Basic	\$(0.15)	\$(0.24)	\$(0.78)	\$(0.72)
Weighted Average Shares Outstanding—Basic	32,465	32,175	32,484	32,144
Net Earnings (Loss) per Share—Assuming Dilution				
Net Loss from Continuing Operations	\$(0.15)	\$(0.24)	\$(0.78)	\$(0.73)
Net Earnings from Discontinued Operations	\$—	\$—	\$—	\$0.01
Net Loss per Share—Assuming Dilution	\$(0.15)	\$(0.24)	\$(0.78)	\$(0.72)
Weighted Average Shares Outstanding—Assuming Dilution	32,610	32,715	32,589	32,655
Net Loss	\$(5,020)	\$(7,790)	\$(25,216)	\$(23,261)
Other comprehensive income (loss):				
Foreign currency translation adjustments	(3,408)	4,518	17,668	(55,542)
Defined Benefit Plans:				
Amortization of prior service costs and unrecognized gains	(333)	(66)	(529)	747
Amounts arising, primarily due to the addition of new participants	—	—	—	—