

TTM TECHNOLOGIES INC
Form 8-K/A
March 01, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported) February 5, 2013

TTM TECHNOLOGIES, INC.

(Exact Name of Registrant as Specified in Charter)

DELAWARE

(State or other jurisdiction of incorporation)

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0-31285
(Commission File Number)

91-1033443
(IRS Employer Identification Number)

1665 Scenic Ave, Suite 250, Costa Mesa, CA

92626

(Address of Principal Executive Offices) (Zip Code)

(714) 327-3000

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On February 5, 2013, TTM Technologies, Inc. (the Company) filed a Current Report on Form 8-K (the Original Filing) with the Securities and Exchange Commission furnishing a press release that announced the Company's financial results for the fourth quarter and year ended December 31, 2012. This Amendment No. 1 on Form 8-K/A is being filed to amend certain information set forth in the Original Filing.

Subsequent to the issuance of the press release and the Original Filing, the Company was notified by a customer of a warranty claim for defective products. The Company estimates a potential liability of approximately \$650,000 for this claim. The warranty claim resulted in an approximate \$650,000 decrease in the Company's fourth quarter and full year 2012 net sales reflected in the Original Filing. Net sales are \$381.7 million for the quarter ended December 31, 2012 (compared to \$382.4 million as previously reported) and \$1,348.7 million for the year ended December 31, 2012 (compared to \$1,349.3 million as previously reported).

In addition, the Company increased the valuation allowance on the deferred tax assets of one of its China-based subsidiaries by approximately \$1.6 million. The increase in the valuation allowance on the deferred tax assets and the tax impact of the warranty claim resulted in a net increase of \$1.3 million in the Company's tax provision for the fourth quarter and year ended December 31, 2012.

The net impact of the above adjustments is a decrease in net income attributable to stockholders for the quarter ended December 31, 2012 to \$13.7 million, or \$0.17 per diluted share (compared to \$15.7 million, or \$0.19 per diluted share, as previously reported), and an increase in the net loss attributable to stockholders for the year ended December 31, 2012 to \$174.6 million, or \$2.13 per share (compared to \$172.6 million, or \$2.11 per share, as previously reported).

On a non-GAAP basis, the net impact of the above adjustments is a decrease to net income attributable to stockholders for the quarter ended December 31, 2012 to \$18.6 million, or \$0.23 per diluted share (compared to \$21.5 million, or \$0.26 per diluted share, as previously reported), and a decrease in net income attributable to stockholders for the year ended December 31, 2012 to \$69.1 million, or \$0.84 per diluted share (compared to \$72.0 million, or \$0.87 per diluted share, as previously reported).

Previously reported results for the first three quarters of 2012 are not affected by the adjustments. The financial statements included below in this report reflect the adjustments noted above. The Company's Form 10-K for the year ended December 31, 2012, filed with the Securities and Exchange Commission on March 1, 2013, reflects this corrected information.

About Our Non-GAAP Financial Measures

This report contains information about the Company's non-GAAP net income attributable to stockholders and non-GAAP earnings per share attributable to stockholders, which are non-GAAP financial measures. Management believes that both measures—which add back amortization of intangibles, stock-based compensation expense, non-cash interest expense on debt, asset impairments, restructuring and other charges as well as the associated tax impact of these charges—provide additional useful information to investors regarding the Company's ongoing financial condition and results of operations.

A material limitation associated with the use of the above non-GAAP financial measures is that they have no standardized measurement prescribed by GAAP and may not be comparable to similar non-GAAP financial measures used by other companies. The Company compensates for these limitations by providing full disclosure of each non-GAAP financial measure and reconciliation to the most directly comparable GAAP financial measure. However, the non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP.

TTM TECHNOLOGIES, INC.

Selected Unaudited Financial Information

(In thousands, except per share data)

| | Fourth Quarter | | Third Quarter | Full Year | |
|---|----------------|------------|---------------|--------------|--------------|
| | 2012 | 2011 | 2012 | 2012 | 2011 |
| CONSOLIDATED STATEMENTS OF OPERATIONS | | | | | |
| Net sales | \$ 381,735 | \$ 361,460 | \$ 339,011 | \$ 1,348,668 | \$ 1,428,639 |
| Cost of goods sold | 320,221 | 290,082 | 286,695 | 1,123,669 | 1,127,326 |
| Gross profit | 61,514 | 71,378 | 52,316 | 224,999 | 301,313 |
| Operating expenses: | | | | | |
| Selling and marketing | 9,592 | 9,867 | 8,735 | 35,957 | 36,891 |
| General and administrative | 28,682 | 24,178 | 23,735 | 98,005 | 92,682 |
| Amortization of definite-lived intangibles | 2,515 | 4,517 | 4,104 | 14,637 | 17,311 |
| Impairment of goodwill and definite-lived intangibles | | 15,184 | 200,335 | 200,335 | 15,184 |
| Impairment of long-lived assets | | | 18,082 | 18,082 | 48,125 |
| Total operating expenses | 40,789 | 53,746 | 254,991 | 367,016 | 210,193 |
| Operating income (loss) | 20,725 | 17,632 | (202,675) | (142,017) | 91,120 |
| Interest expense | (6,558) | (6,795) | (6,429) | (25,784) | (26,504) |
| Loss on extinguishment of debt | | | (5,527) | (5,527) | |
| Other, net | 2,440 | 2,851 | 1,117 | 4,956 | 8,616 |
| Income (loss) before income taxes | 16,607 | 13,688 | (213,514) | (168,372) | 73,232 |
| Income tax (provision) benefit | (4,926) | (1,328) | 850 | (12,728) | (26,005) |
| Net income (loss) | 11,681 | 12,360 | (212,664) | (181,100) | 47,227 |
| Net loss (income) attributable to noncontrolling interest | 2,061 | (1,190) | 4,322 | 6,505 | (5,359) |
| Net income (loss) attributable to stockholders | \$ 13,742 | \$ 11,170 | \$ (208,342) | \$ (174,595) | \$ 41,868 |
| Earnings (loss) per share attributable to stockholders: | | | | | |
| Basic | \$ 0.17 | \$ 0.14 | \$ (2.54) | \$ (2.13) | \$ 0.52 |
| Diluted | \$ 0.17 | \$ 0.14 | \$ (2.54) | \$ (2.13) | \$ 0.51 |
| Weighted average common shares: | | | | | |
| Basic | 81,932 | 81,336 | 81,929 | 81,800 | 81,176 |
| Diluted | 82,613 | 81,988 | 81,929 | 81,800 | 81,944 |

SELECTED BALANCE SHEET DATA

| | December 31, | |
|---|---------------------|---------------------|
| | 2012 | 2011 |
| Cash and cash equivalents | \$ 285,433 | \$ 196,052 |
| Accounts and notes receivable, net | 301,557 | 316,568 |
| Inventories | 146,012 | 129,430 |
| Total current assets | 765,612 | 671,534 |
| Property, plant and equipment, net | 833,678 | 766,800 |
| Other non-current assets | 77,672 | 310,735 |
| Total assets | \$ 1,676,962 | \$ 1,749,069 |
| Short-term debt, including current portion long-term debt | \$ 30,004 | \$ 120,882 |
| Accounts payable | 221,265 | 185,906 |
| Total current liabilities | 369,880 | 437,140 |
| Debt, net of discount | 527,541 | 368,518 |
| Total long-term liabilities | 554,252 | 389,259 |
| Noncontrolling interest | 98,883 | 113,753 |
| Total stockholders' equity | 752,830 | 922,670 |
| Total liabilities and stockholders' equity | \$ 1,676,962 | \$ 1,749,069 |

SUPPLEMENTAL DATA

| | Fourth Quarter | | Third Quarter | Full Year | |
|------------------------|----------------|-------|---------------|-----------|-------|
| | 2012 | 2011 | 2012 | 2012 | 2011 |
| Gross margin | 16.1% | 19.7% | 15.4% | 16.7% | 21.1% |
| Adjusted EBITDA margin | 13.0 | 16.6 | 10.8 | 13.0 | 17.5 |
| Operating margin | 5.4 | 4.9 | (59.8) | (10.5) | 6.4 |

End Market Breakdown:

| | Fourth Quarter | | Third Quarter |
|------------------------------------|----------------|------|---------------|
| | 2012 | 2011 | 2012 |
| Aerospace/Defense | 13% | 15% | 16% |
| Cellular Phone | 17 | 14 | 15 |
| Computing/Storage/Peripherals | 23 | 20 | 21 |
| Medical/Industrial/Instrumentation | 7 | 8 | 8 |
| Networking/Communications | 30 | 33 | 29 |
| Other | 10 | 10 | 11 |

Stock-based Compensation:

| | Fourth Quarter | | Third Quarter |
|---|-----------------|-----------------|-----------------|
| | 2012 | 2011 | 2012 |
| Amount included in: | | | |
| Cost of goods sold | \$ 265 | \$ 251 | \$ 253 |
| Selling and marketing | 124 | 106 | 115 |
| General and administrative | 2,432 | 1,786 | 2,089 |
| Total stock-based compensation expense | \$ 2,821 | \$ 2,143 | \$ 2,457 |

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Operating segment Data:

| | Fourth Quarter | | Third |
|--|----------------|------------|-----------------|
| | 2012 | 2011 | Quarter 2012 |
| Net sales: | | | |
| Asia Pacific | \$ 259,378 | \$ 218,448 | \$ 215,746 |
| North America | 123,232 | 144,079 | 123,861 |
| Total sales | 382,610 | 362,527 | 339,607 |
| Inter-segment sales | (875) | (1,067) | (596) |
| Total net sales | \$ 381,735 | \$ 361,460 | \$ 339,011 |
| Operating segment income (loss): | | | |
| Asia Pacific | \$ 17,644 | \$ 20,094 | \$ (206,806) |
| North America | 5,596 | 2,055 | 8,235 |
| Total operating segment income (loss) | 23,240 | 22,149 | (198,571) |
| Amortization of definite-lived intangibles | (2,515) | (4,517) | (4,104) |
| Total operating income (loss) | 20,725 | 17,632 | (202,675) |
| Total other expense | (4,118) | (3,944) | (10,839) |
| Income (loss) before income taxes | \$ 16,607 | \$ 13,688 | \$ (213,514) |

RECONCILIATIONS¹

| | Fourth Quarter | | Third Quarter | Full Year | |
|--|----------------|-----------|---------------|--------------|------------|
| | 2012 | 2011 | 2012 | 2012 | 2011 |
| Adjusted EBITDA reconciliation²: | | | | | |
| Net income (loss) | \$ 11,681 | \$ 12,360 | \$ (212,664) | \$ (181,100) | \$ 47,227 |
| Add back items: | | | | | |
| Income tax provision | 4,926 | 1,328 | (850) | 12,728 | 26,005 |
| Interest expense | 6,558 | 6,795 | 6,429 | 25,784 | 26,504 |
| Amortization of definite-lived intangibles | 2,515 | 4,546 | 4,104 | 14,684 | 17,427 |
| Depreciation expense | 23,962 | 19,946 | 21,046 | 84,286 | 69,698 |
| EBITDA | \$ 49,642 | \$ 44,975 | \$ (181,935) | \$ (43,618) | \$ 186,861 |
| Add back: Asset impairments | | 15,184 | 218,417 | 218,417 | 63,309 |
| Adjusted EBITDA | \$ 49,642 | \$ 60,159 | \$ 36,482 | \$ 174,799 | \$ 250,170 |
| GAAP EPS excluding impairments reconciliation³: | | | | | |
| GAAP net income (loss) attributable to stockholders | \$ 13,742 | \$ 11,170 | \$ (208,342) | \$ (174,595) | \$ 41,868 |
| Add back items: | | | | | |
| Asset impairments | | 15,184 | 218,417 | 218,417 | 63,309 |
| Income tax effects | | (4,058) | (2,574) | (2,574) | (4,764) |
| GAAP net income, excluding impairments, attributable to stockholders | \$ 13,742 | \$ 22,296 | \$ 7,501 | \$ 41,248 | \$ 100,413 |

| | | | | | |
|--|-----------|-----------|--------------|--------------|------------|
| GAAP earnings per diluted share, excluding impairments, attributable to stockholders | \$ 0.17 | \$ 0.27 | \$ 0.09 | \$ 0.50 | \$ 1.23 |
| Non-GAAP EPS reconciliation ⁴ : | | | | | |
| GAAP net income (loss) attributable to stockholders | \$ 13,742 | \$ 11,170 | \$ (208,342) | \$ (174,595) | \$ 41,868 |
| Add back items: | | | | | |
| Amortization of definite-lived intangibles | 2,515 | 4,546 | 4,104 | 14,684 | 17,427 |
| Stock-based compensation | 2,821 | 2,143 | 2,457 | 10,266 | 8,075 |
| Non-cash interest expense | 2,016 | 1,947 | 1,977 | 7,893 | 8,163 |
| Impairments, restructuring and other charges | | 15,184 | 223,944 | 223,944 | 63,309 |
| Income tax effects | (2,447) | (5,666) | (6,045) | (13,069) | (12,379) |
| Non-GAAP net income attributable to stockholders | \$ 18,647 | \$ 29,324 | \$ 18,095 | \$ 69,123 | \$ 126,463 |
| Non-GAAP earnings per diluted share attributable to stockholders | \$ 0.23 | \$ 0.36 | \$ 0.22 | \$ 0.84 | \$ 1.54 |

- ¹ This information provides a reconciliation of EBITDA, adjusted EBITDA, GAAP net income (excluding impairments) attributable to stockholders, GAAP EPS (excluding impairments) attributable to stockholders, non-GAAP net income attributable to stockholders and non-GAAP EPS attributable to stockholders to the financial information in our consolidated statements of operations.
- ² Adjusted EBITDA is defined as earnings before interest expense, income taxes, depreciation, amortization and asset impairments. We present adjusted EBITDA to enhance the understanding of our operating results, and it is a key measure we use to evaluate our operations. In addition, we provide our adjusted EBITDA because we believe that investors and securities analysts will find adjusted EBITDA to be a useful measure for evaluating our operating performance and comparing our operating performance with that of similar companies that have different capital structures and for evaluating our ability to meet our future debt service, capital expenditures, and working capital requirements. However, adjusted EBITDA should not be considered as an alternative to cash flows from operating activities as a measure of liquidity or as an alternative to net income as a measure of operating results in accordance with accounting principles generally accepted in the United States of America.
- ³ This information provides GAAP net income attributable to stockholders and GAAP EPS attributable to stockholders excluding asset impairments and related income tax effects.
- ⁴ This information provides non-GAAP net income attributable to stockholders and non-GAAP EPS attributable to stockholders, which are non-GAAP financial measures. Management believes that both measures which add back amortization of intangibles, stock-based compensation expense, non-cash interest expense on debt (before consideration of capitalized interest), asset impairments, restructuring and other charges as well as the associated tax impact of these charges provide additional useful information to investors regarding the Company's ongoing financial condition and results of operations.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: March 1, 2013

TTM TECHNOLOGIES, INC.

By: /s/ Steven W. Richards
Steven W. Richards
Chief Financial Officer