

Edgar Filing: BENCHMARK ELECTRONICS INC - Form 8-K/A

BENCHMARK ELECTRONICS INC
Form 8-K/A
October 11, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

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

Date of Report (Date of earliest event reported): July 29, 2002

BENCHMARK ELECTRONICS, INC.
(Exact name of registrant as specified in its charter)

TEXAS
(State or other jurisdiction
of incorporation)

1-10560
(Commission
File Number)

74-2211011
(I.R.S. Employer
Identification No.)

3000 TECHNOLOGY DRIVE, ANGLETON, TEXAS
(Address of principal executive offices)

77515
(Zip code)

Registrant's telephone number, including area code: (979) 849-6550

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

On August 13, 2002, Benchmark Electronics, Inc. (the "Company" or "Benchmark") filed a current report on Form 8-K to report the acquisition of ACT Thailand Manufacturing (Thailand) Public Company Limited ("ACT Thailand") and ACT Manufacturing Holdings UK Limited ("ACT UK").

Pursuant to Item 7(a)(4) of Form 8-K, the Company indicated that it would file certain financial information under Item 7 of Form 8-K no later than October 11, 2002. This amendment is filed to provide the required financial information and to amend the language of Section (a) of Item 7.

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(a) Financial statements of business acquired.

The required financial information of ACT Thailand has been included hereto in Exhibits 99.1 and 99.2 to the Amended Current Report on Form 8-K/A.

(b) Pro forma financial information.

The required pro forma financial information included in this Amended Current Report on Form 8-K/A, which gives effect to the acquisition of ACT Thailand, is as follows:

PRO FORMA FINANCIAL INFORMATION

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(c) Exhibits.

The following exhibits are filed with this Amended Current Report on Form 8-K/A:

EXHIBIT NUMBER	EXHIBIT DESCRIPTION

23.1	Consent of Experts.
99.1	ACT Manufacturing (Thailand) Public Company Limited audited consolidated financial statements as of and for the year ended November 24, 2001.
99.2	ACT Manufacturing (Thailand) Public Company Limited unaudited condensed consolidated financial statements as of and for the six months ended May 24, 2002.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS:

This filing contains certain forward-looking statements within the scope of the Securities Act of 1933 and the Securities Exchange Act of 1934. The words "expect," "estimate," "anticipate," "predict," and similar expressions, and the negatives of such expressions, are intended to identify forward-looking statements. Although Benchmark believes that these statements are based upon reasonable assumptions, such statements involve risks, uncertainties and assumptions, including but not limited to industry and economic conditions, customer actions and the other factors discussed in Benchmark's Form 10-K for the year ended December 31, 2001 and its other filings with the Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated.

BENCHMARK ELECTRONICS, INC. AND SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED CONDENSED
FINANCIAL INFORMATION

The following unaudited pro forma combined condensed financial statements are not necessarily indicative of the combined results of operations for future periods or the results of operations that would have been realized had the Company and ACT Thailand been combined during the periods specified. The unaudited pro forma combined condensed financial statements and the related notes should be read in conjunction with the historical financial statements of Benchmark and ACT Thailand.

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On July 29, 2002, Benchmark Electronics, Inc. ("Benchmark") completed its previously announced acquisition (the "Acquisition") of all of the issued and outstanding capital stock of ACT Manufacturing Holdings UK Limited and 68,374,718 shares, constituting at least 99.77% of the issued and outstanding capital stock of ACT Manufacturing (Thailand) Public Company Limited. As consideration for the Acquisition, the Company paid \$45.2 million in cash and estimates that direct acquisition costs will be \$1.5 million. Benchmark is accounting for the acquisition utilizing the accounting principles promulgated by SFAS 141 and 142. Therefore, the effects of the acquisition will be reflected on Benchmark's financial statements from and after the acquisition date.

Because ACT UK is not individually significant to Benchmark, their financial statements have not been included herein.

The unaudited pro forma combined condensed balance sheet gives effect to the Acquisition as if it had occurred on June 30, 2002, and combines Benchmark's unaudited historical consolidated balance sheet as of June 30, 2002 with ACT Thailand's unaudited historical U.S. GAAP consolidated balance sheet as June 28, 2002.

The unaudited pro forma combined condensed statement of operations for the year ended December 31, 2001, gives the effect to the Acquisition as if it had occurred on January 1, 2001, and combines Benchmark's historical consolidated statement of operations for the year ended December 31, 2001, with ACT Thailand's historical U.S. GAAP consolidated statement of operations for the year ended November 24, 2001.

The unaudited pro forma combined condensed statement of operations for the six months ended June 30, 2002, gives the effect to the Acquisition as if it had occurred on January 1, 2001, and combines Benchmark's unaudited historical consolidated statement of operations for the six months ended June 30, 2002, with ACT Thailand's historical U.S. GAAP consolidated statement of operations for the six months ended May 24, 2002.

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BENCHMARK ELECTRONICS, INC. UNAUDITED PRO FORMA COMBINED CONDENSED BALANCE SHEET (IN THOUSANDS)

	BENCHMARK HISTORICAL AS OF JUNE 30, 2002	ACT THAILAND HISTORICAL AS OF JUNE 28, 2002	PRO FORMA ADJUSTMENTS
ASSETS			
Cash and cash equivalents	\$ 225,976	\$ 14,620	\$ (38,200) (a)
Accounts receivable, net	191,585	22,213	--
Inventories, net	195,682	29,696	636 (b)
Prepaid expense and other current assets	29,849	2,690	--

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Total current assets	643,092	69,219	(37,564)
Net property, plant and equipment	80,733	17,674	--
Goodwill, net	119,506	86,001	(77,356) (c)
Other assets, net	15,031	28	--
	-----	-----	-----
Total assets	\$ 858,362	\$ 172,922	\$ (114,920)
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current installments of long-term debt	\$ 23,415	\$ 4,994	\$ --
Notes payable	--	15,677	--
Accounts payable	188,988	17,806	--
Accrued expenses and other	37,836	4,449	1,268 (d)
	-----	-----	-----
Total current liabilities	250,239	42,926	1,268
Long-term debt	112,714	13,808	--
Other long-term liabilities	18,702	--	--
Shareholders' Equity:			
Common stock	2,419	15,679	(15,679) (e)
Additional paid-in capital	432,412	85,783	(85,783) (e)
Retained earnings	57,969	14,776	(14,776) (e)
Accumulated other comprehensive loss	(15,973)	(50)	50 (e)
Treasury shares	(120)	--	--
	-----	-----	-----
Total shareholders' equity	476,707	116,188	(116,188)
	-----	-----	-----
Total liabilities and shareholders' equity	\$ 858,362	\$ 172,922	\$ (114,920)
	=====	=====	=====

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BENCHMARK ELECTRONICS, INC.
 UNAUDITED PRO FORMA COMBINED CONDENSED
 STATEMENT OF OPERATIONS
 (IN THOUSANDS)

	BENCHMARK HISTORICAL YEAR ENDED DECEMBER 31, 2001	ACT THAILAND HISTORICAL YEAR ENDED NOVEMBER 24, 2001	PRO FORMA ADJUSTMENTS
	-----	-----	-----
Sales	\$ 1,276,950	\$ 207,380	--
Cost of goods sold	1,183,440	183,588	--

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Gross profit	93,510	23,792	--
Selling, general and administrative	54,383	6,731	--
Restructuring charges	7,569	--	--
Asset write-offs	61,720	--	--
Amortization of goodwill	12,219	9,904	(9,904) (f
Income (loss) from operations	(42,381)	7,157	9,904
Interest expense	(16,998)	(2,669)	--
Other income	1,086	3,505	--
Income (loss) before income taxes	(58,293)	7,993	9,904
Income tax benefit (expense)	3,981	(449)	--
Net income (loss)	\$ (54,312)	\$ 7,544	\$ 9,904
Net loss per share:			
Basic	\$ (2.77)		
Diluted	\$ (2.77)		
Shares used to compute net loss per share:			
Basic	19,625		
Diluted	19,625		

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BENCHMARK ELECTRONICS, INC.
 UNAUDITED PRO FORMA COMBINED CONDENSED
 STATEMENT OF OPERATIONS
 (IN THOUSANDS)

	BENCHMARK HISTORICAL SIX MONTHS ENDED JUNE 30, 2002	ACT THAILAND HISTORICAL SIX MONTHS ENDED MAY 24, 2002	PRO FORMA ADJUSTMENTS
Sales	\$ 733,563	\$ 90,347	--
Cost of goods sold	677,886	83,531	--

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	-----	-----	-----
Gross profit	55,677	6,816	--
Selling, general and administrative	30,298	2,960	--
Asset write-offs	1,608	--	--
	-----	-----	-----
Income from operations	23,771	3,856	--
Interest expense	(5,691)	(852)	--
Other income	3,179	194	--
	-----	-----	-----
Income before income taxes	21,259	3,198	--
Income tax benefit (expense)	(7,653)	8	(670) (g)
	-----	-----	-----
Net income	\$ 13,606	\$ 3,206	\$ (670)
	=====	=====	=====
Net income per share:			
Basic	\$ 0.63		
Diluted	\$ 0.60		
	=====		
Shares used to compute net income per share:			
Basic	21,719		
Diluted	22,585		
	=====		

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BENCHMARK ELECTRONICS, INC.

NOTES TO UNAUDITED PRO FORMA
COMBINED CONDENSED FINANCIAL STATEMENTS

The pro forma information related to the Acquisition has been prepared in accordance with Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations," and SFAS 142, "Goodwill and Other Intangible Assets," which were adopted by Benchmark effective January 1, 2002.

The Acquisition will be accounted for as a purchase. Accordingly, the cash paid for the acquisition and the direct acquisition costs incurred are recorded as the purchase price. The purchase price will be allocated to individual assets acquired and liabilities assumed based on their respective fair values. The excess purchase price over the fair value of the net assets are allocated to goodwill.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition. The Company is in the process of obtaining third-party valuations of certain assets; thus, the allocation of the purchase price is subject to refinement.

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Calculation of purchase price:	
Cash	\$ 38,200
Acquisition costs	1,268

Total purchase price	\$ 39,468
	=====
Preliminary allocation of purchase price:	
Current assets	\$ 69,855
Property, plant and equipment	17,674
Other assets	28
Goodwill	8,645

Total assets acquired	\$ 96,202

Current liabilities	42,926
Long-term debt	13,808

Total liabilities assumed	56,734

Net assets acquired	\$ 39,468
	=====

The following adjustments have been reflected in the Pro Forma Adjustments column of the audited pro forma combined condensed balance sheet and statement of operations:

- (a) Represents the cash consideration paid for ACT Thailand.
- (b) Represents adjustment to record inventory at "fair value."
- (c) Represents the allocation of the excess of total consideration over the net assets acquired to goodwill.
- (d) Represents the accrual of direct acquisition costs.
- (e) Represents the elimination of ACT Thailand's historical equity.
- (f) Represents the elimination of ACT Thailand's historical goodwill amortization expense.
- (g) Benchmark's estimated tax rate is 34%, after giving effect to the Acquisition.

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S I G N A T U R E

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

Benchmark Electronics, Inc.

Dated: October 11, 2002

By: /s/ Donald E. Nigbor

Donald E. Nigbor
Chief Executive Officer

