

StarTek, Inc.
Form 10-Q
November 08, 2016

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 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 1-12793

StarTek, Inc.

(Exact name of registrant as specified in its charter)

Delaware 84-1370538
(State or other jurisdiction of (I.R.S. employer
incorporation or organization) Identification No.)

8200 E. Maplewood Ave., Suite 100
Greenwood Village, Colorado 80111
(Address of principal executive offices) (Zip code)

(303) 262-4500
(Registrant's telephone number, including area code)

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 Website, 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, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

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(Do not check if a smaller reporting company)

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No
As of October 27, 2016, there were 15,746,782 shares of Common Stock outstanding.

STARTEK, INC. AND SUBSIDIARIES
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NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including the following:

- certain statements, including possible or assumed future results of operations, in “Management’s Discussion and Analysis of Financial Condition and Results of Operations”;
- any statements regarding the prospects for our business or any of our services;
- any statements preceded by, followed by or that include the words “may,” “will,” “should,” “seeks,” “believes,” “expects,” “anticipates,” “intends,” “continue,” “estimate,” “plans,” “future,” “targets,” “predicts,” “budgeted,” “projections,” “outlooks,” “scheduled,” or similar expressions; and
- other statements regarding matters that are not historical facts.

Our business and results of operations are subject to risks and uncertainties, many of which are beyond our ability to control or predict. Because of these risks and uncertainties, actual results may differ materially from those expressed or implied by forward-looking statements, and investors are cautioned not to place undue reliance on such statements, which speak only as of the date thereof. Important factors that could cause actual results to differ materially from our expectations and may adversely affect our business and results of operations, include, but are not limited to, those items described herein or set forth in Item 1A. “Risk Factors” appearing in our Annual Report on Form 10-K for the year ended December 31, 2015 and this Quarterly Report on Form 10-Q for the quarter ended September 30, 2016. Unless otherwise noted in this report, any description of “us,” “we,” or “our,” refers to StarTek, Inc. (“STARTEK”) and its subsidiaries.

PART I - FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

STARTEK, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands, except per share data)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenue	\$78,305	\$72,756	\$230,073	\$199,874
Cost of services	67,958	69,597	204,327	185,284
Gross profit	10,347	3,159	25,746	14,590
Selling, general and administrative expenses	8,767	9,335	24,668	25,981
Impairment losses and restructuring charges, net	187	889	356	3,231
Operating profit (loss)	1,393	(7,065)	722	(14,622)
Interest and other (expense), net	(374)	(421)	(1,185)	(758)
Income (loss) before income taxes	1,019	(7,486)	(463)	(15,380)
Income tax expense	163	219	334	569
Net income (loss)	\$856	\$(7,705)	\$(797)	\$(15,949)
Other comprehensive income (loss), net of tax:		1	156	
Foreign currency translation adjustments	45	47	152	58
Change in fair value of derivative instruments	(46)	(682)	240	78
Comprehensive income (loss)	\$855	\$(8,340)	\$(405)	\$(15,813)
Net income (loss) per common share - basic	\$0.05	\$(0.49)	\$(0.05)	\$(1.03)
Weighted average common shares outstanding - basic	15,735	15,569	15,718	15,504
Net income (loss) per common share - diluted	0.05	(0.49)	(0.05)	(1.03)
Weighted average common shares outstanding - diluted	16,250	15,569	15,718	15,504

See Notes to Consolidated Financial Statements.

STARTEK, INC. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

(Unaudited)

	September 30, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 791	\$ 2,626
Trade accounts receivable, net	54,918	57,940
Prepaid expenses	1,730	2,019
Other current assets	885	1,433
Total current assets	\$ 58,324	\$ 64,018
Property, plant and equipment, net	22,187	30,364
Deferred income tax assets	415	479
Intangible assets, net	6,982	7,847