

TransDigm Group INC
Form 10-Q
February 07, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

ý Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the quarterly period ended December 30, 2017.

¨ 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 001-32833

TransDigm Group Incorporated

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

41-2101738

(I.R.S. Employer Identification No.)

1301 East 9th Street, Suite 3000, Cleveland, Ohio 44114

(Address of principal executive offices) (Zip Code)

(216) 706-2960

(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 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 ý 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 ý NO ¨

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, non-accelerated filer, smaller reporting company or emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

LARGE ACCELERATED FILER ý ACCELERATED FILER ¨
NON-ACCELERATED FILER ¨ SMALLER REPORTING COMPANY ¨
EMERGING GROWTH COMPANY ¨

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or .. revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ¨ NO ý

The number of shares outstanding of TransDigm Group Incorporated's common stock, par value \$.01 per share, was 52,196,309 as of January 29, 2018.

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CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except share amounts)

(Unaudited)

	December 30, 2017	September 30, 2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$857,862	\$650,561
Trade accounts receivable - Net	556,743	636,127
Inventories - Net	743,868	730,681
Assets held-for-sale	76,282	77,500
Prepaid expenses and other	36,578	38,683
Total current assets	2,271,333	2,133,552
PROPERTY, PLANT AND EQUIPMENT - NET	327,253	324,924
GOODWILL	5,751,093	5,745,338
OTHER INTANGIBLE ASSETS - NET	1,697,432	1,717,862
OTHER	65,016	53,985
TOTAL ASSETS	\$10,112,127	\$9,975,661
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$69,214	\$69,454
Short-term borrowings - trade receivable securitization facility	299,710	299,587
Accounts payable	145,045	148,761
Accrued liabilities	296,013	335,888
Liabilities held-for-sale	13,439	17,304
Total current liabilities	823,421	870,994
LONG-TERM DEBT	11,378,320	11,393,620
DEFERRED INCOME TAXES	339,439	500,949
OTHER NON-CURRENT LIABILITIES	170,660	161,302
Total liabilities	12,711,840	12,926,865
STOCKHOLDERS' DEFICIT:		
Common stock - \$.01 par value; authorized 224,400,000 shares; issued 56,282,741 and 56,093,659 at December 30, 2017 and September 30, 2017, respectively	563	561
Additional paid-in capital	1,113,142	1,095,319
Accumulated deficit	(2,876,954)	(3,187,220)
Accumulated other comprehensive loss	(61,743)	(85,143)
Treasury stock, at cost; 4,159,207 shares at December 30, 2017 and September 30, 2017	(774,721)	(774,721)
Total stockholders' deficit	(2,599,713)	(2,951,204)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$10,112,127	\$9,975,661
See notes to condensed consolidated financial statements.		

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TRANSDIGM GROUP INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE THIRTEEN WEEK PERIODS ENDED
DECEMBER 30, 2017 AND DECEMBER 31, 2016
(Amounts in thousands, except per share amounts)
(Unaudited)

	Thirteen Week Periods Ended	
	December 30, 2017	December 31, 2016
NET SALES	\$ 847,960	\$ 814,018
COST OF SALES	371,310	369,763
GROSS PROFIT	476,650	444,255
SELLING AND ADMINISTRATIVE EXPENSES	106,528	101,715
AMORTIZATION OF INTANGIBLE ASSETS	17,112	25,531
INCOME FROM OPERATIONS	353,010	317,009
INTEREST EXPENSE - NET	160,933	146,004
REFINANCING COSTS	1,113	32,084
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	190,964	138,921
INCOME TAX PROVISION	(121,047)	20,050
INCOME FROM CONTINUING OPERATIONS	\$ 312,011	\$ 118,871
INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX	2,764	—
NET INCOME	\$ 314,775	\$ 118,871
NET INCOME APPLICABLE TO COMMON STOCK	\$ 258,627	\$ 22,900
Net earnings per share:		
Net earnings per share from continuing operations--basic and diluted	\$ 4.60	\$ 0.41
Net earnings per share from discontinued operations--basic and diluted	0.05	—
Net earnings per share	\$ 4.65	\$ 0.41
Cash dividends paid per common share	\$ —	\$ 24.00

Weighted-average shares
outstanding:

Basic and diluted	55,600	56,524
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See notes to condensed consolidated financial statements.

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TRANSDIGM GROUP INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRTEEN WEEK PERIODS ENDED
DECEMBER 30, 2017 AND DECEMBER 31, 2016

(Amounts in thousands)

(Unaudited)

	Thirteen Week Periods Ended December	December 30, 2017	December 31, 2016
Net income	\$314,775	\$	