

CTS CORP  
Form 10-Q  
April 26, 2018  
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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 March 31, 2018

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: 1-4639

CTS CORPORATION  
(Exact name of registrant as specified in its charter)

Indiana 35-0225010  
(State or other jurisdiction of (IRS Employer  
incorporation or organization) Identification Number)

4925 Indiana Avenue, Lisle, IL 60532  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 630-577-8800

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 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  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 "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 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of April 23, 2018:  
33,018,206.

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## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

## CTS CORPORATION AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS - UNAUDITED

(In thousands of dollars, except per share amounts)

	Three Months Ended	
	March 31,	March 31,
	2018	2017
Net sales	\$113,530	\$100,154
Cost of goods sold	75,097	65,930
Gross Margin	38,433	34,224
Selling, general and administrative expenses	17,372	15,248
Research and development expenses	6,507	6,003
Restructuring charges	1,195	777
Operating earnings	13,359	12,196
Other income (expense):		
Interest expense	(541 )	(684 )
Interest income	482	253
Other income, net	2,004	460
Total other income	1,945	29
Earnings before income taxes	15,304	12,225
Income tax expense	3,756	3,741
Net earnings	\$11,548	\$8,484
Earnings per share:		
Basic	\$0.35	\$0.26
Diluted	\$0.34	\$0.25
Basic weighted – average common shares outstanding:	32,975	32,802
Effect of dilutive securities	540	560
Diluted weighted – average common shares outstanding	33,515	33,362
Cash dividends declared per share	\$0.04	\$0.04

See notes to unaudited condensed consolidated financial statements.

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CTS CORPORATION AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME    UNAUDITED  
 (In thousands of dollars)

	Three Months	
	Ended	
	March	March
	31,	31,
	2018	2017
Net earnings	\$ 11,548	\$ 8,484
Other comprehensive income:		
Changes in fair market value of derivatives, net of tax	807	760
Changes in unrealized pension cost, net of tax	1,107	816
Cumulative translation adjustment, net of tax	243	88
Other comprehensive income	\$ 2,157	\$ 1,664
Comprehensive earnings	\$ 13,705	\$ 10,148

See notes to unaudited condensed consolidated financial statements.

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CTS CORPORATION AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 (In thousands of dollars)

	(Unaudited)	
	March 31,	December
	2018	31, 2017
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 121,383	\$ 113,572
Accounts receivable, net	69,948	70,584
Inventories, net	37,941	36,596
Other current assets	13,266	12,857
Total current assets	242,538	233,609
Property, plant and equipment, net	90,685	88,247
Other Assets		
Prepaid pension asset	58,494	57,050
Goodwill		