

Alkermes plc.
Form 10-Q
October 31, 2013
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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 September 30, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-35299

ALKERMES PUBLIC LIMITED COMPANY

(Exact name of registrant as specified in its charter)

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Ireland

(State or other jurisdiction of incorporation or organization)

98-1007018

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

Connaught House

1 Burlington Road

Dublin 4, Ireland

(Address of principal executive offices)

+ 353-1-772-8000

(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 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
(Do not check if a 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

The number of shares of the issuer's ordinary shares, \$0.01 par value, outstanding as of October 28, 2013, was 136,762,382 shares.

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**ALKERMES PLC AND SUBSIDIARIES
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2013**

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Forward-Looking Statements

This report contains and incorporates by reference forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. In some cases, these statements can be identified by the use of forward-looking terminology such as may, will, could, should, would, expect, anticipate, continue or other similar words. These statements discuss expectations, contain projections of results of operations or of financial condition, or state trends and known uncertainties or other forward-looking information. Forward-looking statements in this Quarterly Report on Form 10-Q (Form 10-Q) include, without limitation, statements regarding:

- our expectations regarding our financial performance, including revenues, expenses, gross margins, liquidity, capital expenditures and income taxes;

- our expectations regarding our products, including the development, regulatory review (including expectations about regulatory approval and regulatory timelines) and therapeutic and commercial scope and potential of such products and the costs and expenses related thereto;

- our expectations regarding the initiation, timing and results of clinical trials of our products;

- our expectations regarding the competitive landscape, and changes therein, related to our products;

- our expectations regarding our collaborations and other significant agreements relating to our products;

- our expectations regarding the impact of new accounting pronouncements;

- our expectations regarding near-term changes in the nature of our market risk exposures or in management's objectives and strategies with respect to managing such exposures; and

- our expectations regarding future capital requirements and capital expenditures and our ability to finance our operations and capital requirements.

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You are cautioned that forward-looking statements are based on current expectations and are inherently uncertain. Actual performance and results of operations may differ materially from those projected or suggested in the forward-looking statements due to various risks and uncertainties, including the risks and uncertainties described or discussed in this Form 10-Q and in our Annual Report on Form 10-K for the year ended March 31, 2013, as amended (Annual Report) (including, without limitation, in Item 1A *Risk Factors* thereof).

The forward-looking statements contained and incorporated herein represent our judgment as of the date of this Form 10-Q, and we caution readers not to place undue reliance on such statements. The information contained in this Form 10-Q is provided by us as of the date of this Form 10-Q and, except as required by law, we do not undertake any obligation to update any forward-looking statements contained in this document as a result of new information, future events or otherwise.

Note Regarding Company

Alkermes plc (as used in this report, together with our subsidiaries, Alkermes , the Company , us , we , or our) is a fully integrated, global biopharmaceutical company that applies its scientific expertise and proprietary technologies to develop innovative medicines that improve patient outcomes. We have a diversified portfolio of more than 20 commercial drug products and a substantial clinical pipeline of product candidates that address central nervous system (CNS) disorders such as addiction, schizophrenia and depression. Headquartered in Dublin, Ireland, we have a research and development (R&D) center in Waltham, Massachusetts; R&D and manufacturing facilities in Athlone, Ireland; and manufacturing facilities in Gainesville, Georgia and Wilmington, Ohio.

We leverage our formulation expertise and proprietary product platforms to develop, both with partners and on our own, innovative and competitively advantaged medications that can enhance patient outcomes in major therapeutic areas. We enter into select collaborations with pharmaceutical and biotechnology companies to develop significant new product candidates, based on existing drugs and incorporating our proprietary product platforms. In addition, we apply our innovative formulation expertise and drug development capabilities to create our own new, proprietary pharmaceutical products.

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Condensed Consolidated Financial Statements:****ALKERMES PLC AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(unaudited)**

	September 30, 2013	March 31, 2013
	(In thousands, except share and per share amounts)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 173,505	\$ 96,961
Investments short-term	165,921	124,391
Receivables	120,448	124,620
Inventory	40,708	43,483
Prepaid expenses and other current assets	22,998	19,133
Total current assets	523,580	408,588
PROPERTY, PLANT AND EQUIPMENT, NET	274,377	288,435
INTANGIBLE ASSETS NET	550,421	575,993
GOODWILL	92,740	92,740
INVESTMENTS LONG-TERM	55,815	82,827
OTHER ASSETS	15,504	21,708
TOTAL ASSETS	\$ 1,512,437	\$ 1,470,291
LIABILITIES AND SHAREHOLDERS EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 64,282	\$ 76,910
Long-term debt current	6,750	6,750
Deferred revenue current	2,685	2,270
Total current liabilities	73,717	85,930
LONG-TERM DEBT	359,122	362,258
OTHER LONG-TERM LIABILITIES	17,486	23,260
DEFERRED TAX LIABILITIES, NET LONG-TERM	36,014	37,603
DEFERRED REVENUE LONG-TERM	9,121	8,866
Total liabilities	495,460	517,917
COMMITMENTS AND CONTINGENCIES (Note 15)		
SHAREHOLDERS EQUITY:		
Preferred stock, par value, \$0.01 per share; 50,000,000 shares authorized; zero issued and outstanding at September 30, 2013 and March 31, 2013, respectively		
Ordinary shares, par value, \$0.01 per share; 450,000,000 shares authorized; 137,242,939 and 134,065,107 shares issued; 136,646,516 and 133,751,610 shares outstanding at September 30, 2013 and March 31, 2013, respectively	1,369	1,338
Treasury stock, at cost (596,423 and 313,497 shares at September 30, 2013 and March 31, 2013, respectively)	(14,404)	(5,380)

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Additional paid-in capital	1,524,783	1,458,857
Accumulated other comprehensive income (loss)	5,580	(2,518)
Accumulated deficit	(500,351)	(499,923)
Total shareholders' equity	1,016,977	952,374
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,512,437	\$ 1,470,291

The accompanying notes are an integral part of these condensed consolidated financial statements.

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ALKERMES PLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2013	2012	2013	2012
	(In thousands, except per share amounts)			
REVENUES:				
Manufacturing and royalty revenues	\$ 118,571	\$ 107,327	\$ 238,359	\$ 245,707
Product sales, net	19,227	15,192	36,606	27,564