

TransDigm Group INC
Form 10-Q
August 08, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the quarterly period ended June 30, 2018

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 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, 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 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

The number of shares outstanding of TransDigm Group Incorporated's common stock, par value \$.01 per share, was 52,628,694 as of July 31, 2018.

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CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except share amounts)

(Unaudited)

	June 30, 2018	September 30, 2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,853,373	\$ 650,561
Trade accounts receivable - Net	658,168	636,127
Inventories - Net	815,251	730,681
Assets held-for-sale	—	77,500
Prepaid expenses and other	58,610	38,683
Total current assets	3,385,402	2,133,552
PROPERTY, PLANT AND EQUIPMENT - NET	380,475	324,924
GOODWILL	6,209,247	5,745,338
OTHER INTANGIBLE ASSETS - NET	1,715,074	1,717,862
OTHER	114,279	53,985
TOTAL ASSETS	\$ 11,804,477	\$ 9,975,661
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 75,793	\$ 69,454
Short-term borrowings - trade receivable securitization facility	299,956	299,587
Accounts payable	155,937	148,761
Accrued liabilities	285,484	335,888
Liabilities held-for-sale	—	17,304
Total current liabilities	817,170	870,994
LONG-TERM DEBT	12,516,010	11,393,620
DEFERRED INCOME TAXES	357,680	500,949
OTHER NON-CURRENT LIABILITIES	212,097	161,302
Total liabilities	13,902,957	12,926,865
STOCKHOLDERS' DEFICIT:		
Common stock - \$.01 par value; authorized 224,400,000 shares; issued 56,717,525 and 56,093,659 at June 30, 2018 and September 30, 2017, respectively	567	561
Additional paid-in capital	1,171,549	1,095,319
Accumulated deficit	(2,471,575)	(3,187,220)
Accumulated other comprehensive loss	(23,717)	(85,143)
Treasury stock, at cost; 4,161,326 and 4,159,207 shares at June 30, 2018 and September 30, 2017, respectively	(775,304)	(774,721)
Total stockholders' deficit	(2,098,480)	(2,951,204)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$ 11,804,477	\$ 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 AND THIRTY-NINE WEEK PERIODS ENDED
 JUNE 30, 2018 AND JULY 1, 2017

(Amounts in thousands, except per share amounts)

(Unaudited)

	Thirteen Week Periods Ended		Thirty-Nine Week Periods Ended	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
NET SALES	\$ 980,662	\$ 897,655	\$2,761,692	\$2,580,401
COST OF SALES	411,142	377,959	1,181,448	1,127,013
GROSS PROFIT	569,520	519,696	1,580,244	1,453,388
SELLING AND ADMINISTRATIVE EXPENSES	113,019	108,104	327,073	310,677
AMORTIZATION OF INTANGIBLE ASSETS	19,224	23,259	53,793	70,822
INCOME FROM OPERATIONS	437,277	388,333	1,199,378	1,071,889
INTEREST EXPENSE - NET	167,577	152,141	489,776	445,986
REFINANCING COSTS	4,159	345	5,910	35,936
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	265,541	235,847	703,692	589,967
INCOME TAX PROVISION	48,150	66,015	(27,550)) 145,573
INCOME FROM CONTINUING OPERATIONS	217,391	169,832	731,242	444,394
LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX	(145)) (779)) (2,943)) (965)
NET INCOME	\$ 217,246	\$ 169,053	\$728,299	\$443,429
NET INCOME APPLICABLE TO COMMON STOCK	\$ 217,246	\$ 169,053	\$	