

VARIAN MEDICAL SYSTEMS INC
Form 10-Q
August 08, 2017

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, 2017

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 1-7598

VARIAN MEDICAL SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Delaware 94-2359345
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)

3100 Hansen Way, 94304-1038
Palo Alto, California (Address of principal executive offices) (Zip Code)
(650) 493-4000
(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, a smaller reporting company, or an 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 (Do not check if a smaller reporting company) 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.

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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 the latest practicable date: 91,800,894 shares of common stock, par value \$1 per share, outstanding as of July 28, 2017.

VARIAN MEDICAL SYSTEMS, INC.
 FORM 10-Q for the Quarter Ended June 30, 2017
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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

VARIAN MEDICAL SYSTEMS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(Unaudited)

	Three Months Ended June 30, 2017	July 1, 2016	Nine Months Ended June 30, July 1, 2017 2016	
(In millions, except per share amounts)				
Revenues:				
Product	\$ 383.4	\$381.3	\$1,113.1	\$1,110.0
Service	279.0	261.6	816.1	763.9
Total revenues	662.4	642.9	1,929.2	1,873.9
Cost of revenues:				
Product	248.4	250.8	727.0	759.9
Service	120.7	108.6	357.9	319.9
Total cost of revenues	369.1	359.4	1,084.9	1,079.8
Gross margin	293.3	283.5	844.3	794.1
Operating expenses:				
Research and development	55.1	51.1	158.3	147.7
Selling, general and administrative	121.9	128.1	415.5	350.8
Impairment charges	—	2.2	38.3	2.2
Total operating expenses	177.0	181.4	612.1	500.7
Operating earnings	116.3	102.1	232.2	293.4
Interest income	2.9	4.5	10.4	12.7
Interest expense	(2.7)	(2.9)	(8.0)	(8.4)
Earnings from continuing operations before taxes	116.5	103.7	234.6	297.7
Taxes on earnings	25.9	21.8	60.2	66.7
Net earnings from continuing operations	90.6	81.9	174.4	231.0
Net earnings (loss) from discontinued operations	—	17.0	(6.8)	53.9
Net earnings	90.6	98.9	167.6	284.9
Less: Net earnings attributable to noncontrolling interests	0.2	0.1	0.7	0.1
Net earnings attributable to Varian	\$ 90.4	\$98.8	\$166.9	\$284.8

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	Denver, CO 80202	<ul style="list-style-type: none"> • Director of Regal Entertainment Group • Executive Vice President and Chief Financial Officer of Forest Oil Corp.
Lee M. Thomas	50 N. Laura Street Jacksonville, FL 32202	<ul style="list-style-type: none"> • Director of Regal Entertainment Group • President and Chief Executive Officer of Rayonier, Inc.
Stephen A. Kaplan	333 Grand Avenue 28th Floor Los Angeles, CA 90071	<ul style="list-style-type: none"> • Director of Regal Entertainment Group • Principal of Oaktree Capital Management, LLC
Jack Tyrrell	1201 16th Avenue South Nashville, TN 37212	<ul style="list-style-type: none"> • Director of Regal Entertainment Group • Managing Partner of Richland Ventures L.P., Richland Ventures II, L.P. and Richland Ventures III, L.P.
Nestor R. Weigand, Jr.	150 N. Market Wichita, KS 67202	<ul style="list-style-type: none"> • Director of Regal Entertainment Group • Chairman and Chief Executive Officer of J.P. Weigand & Sons, Inc.
Charles E. Brymer	437 Madison Avenue 20th Floor New York, NY 10022	<ul style="list-style-type: none"> • Director of Regal Entertainment Group • President and Chief Executive Officer of DDB Worldwide Communications Group, Inc.
Philip F. Anschutz	555 17 th Street, Suite 2400 Denver, CO 80202	<ul style="list-style-type: none"> • Chairman, Chief Executive Officer and Director of Anschutz Company
Cannon Y. Harvey	555 17 th Street, Suite 2400 Denver, CO 80202	<ul style="list-style-type: none"> • President, Chief Operating Officer and Director of Anschutz Company
Craig D. Slater	555 17 th Street, Suite 2400 Denver, CO 80202	<ul style="list-style-type: none"> • Vice President and Director of Anschutz Company
Bruce F. Black	555 17 th Street, Suite 2400 Denver, CO 80202	<ul style="list-style-type: none"> • Executive Vice President and General Counsel of Anschutz Company
Richard M. Jones *	555 17 th Street, Suite 2400	<ul style="list-style-type: none"> • Vice President, Senior General Counsel and Secretary of Anschutz

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	Denver, CO 80202	Company
Wayne A. Barnes	555 17 th Street, Suite 2400 Denver, CO 80202	<ul style="list-style-type: none">• Vice President and Chief Financial Officer of Anschutz Company
Thomas G. Kundert	555 17 th Street, Suite 2400 Denver, CO 80202	<ul style="list-style-type: none">• Treasurer and Assistant Secretary of Anschutz Company
Scott T. Carpenter	555 17 th Street, Suite 2400 Denver, CO 80202	<ul style="list-style-type: none">• Vice President of Anschutz Company

* See Item 5(a) in this Schedule 13D for a discussion of Common Stock ownership

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: May 23, 2008

REGAL ENTERTAINMENT GROUP

By: /s/ Peter B. Brandow
Name: Peter B. Brandow
Title: Executive Vice President, General
Counsel and Secretary

Date: May 23, 2008

ANSCHUTZ COMPANY

By: Philip F. Anschutz
Title: Chairman

By: /s/ Robert M. Swysgood
Name: Robert M. Swysgood
Title: Attorney-in-Fact

Date: May 23, 2008

PHILIP F. ANSCHUTZ

By: /s/ Robert M. Swysgood
Name: Robert M. Swysgood
Title: Attorney-in-Fact

EXHIBIT C

to

SCHEDULE 13D

Joint Filing Agreement

The undersigned hereby agree that the statement on Schedule 13D dated May 23, 2008, with respect to the Common Stock of National CineMedia, Inc. is, and any amendments thereto signed by each of the undersigned shall be, filed on behalf of each of us pursuant to and in accordance with the provisions of Rule 13d-1(k)(1) under the Securities Exchange Act of 1934.

This Agreement may be executed in counterparts, each of which shall for all purposes be deemed to be an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have each executed this Joint Filing Agreement as of May 23, 2008.

REGAL ENTERTAINMENT GROUP

By: /s/ Peter B. Brandow
Name: Peter B. Brandow
Title: Executive Vice President,
General Counsel and Secretary

ANSCHUTZ COMPANY

By: Philip F. Anschutz
Name: Philip F. Anschutz
Title: Chairman

By: /s/ Robert M. Swysgood
Name: Robert M. Swysgood
Title: Attorney-in-Fact

PHILIP F. ANSCHUTZ

By: /s/ Robert M. Swysgood
Name: Robert M. Swysgood

EXHIBIT D

to

SCHEDULE 13D

Power of Attorney

I, Philip F. Anschutz, hereby appoint Robert M. Swysgood, my true and lawful attorney-in-fact to:

(1) execute for me and on my behalf, in my capacity as an individual and in my capacity as an officer and/or director of Anschutz Company and The Anschutz Corporation (the Companies), Forms 3, 4, and 5 and Schedules 13D and 13G and any Amendments thereto, in accordance with Sections 13 and 16 of the Securities Exchange Act of 1934 and the rules thereunder;

(2) do and perform any and all acts for me and on my behalf which may be necessary or desirable to complete and execute any such Forms 3, 4, or 5 and Schedules 13D and 13G and any Amendments thereto and timely file such Form, Schedule or Amendment with the United States Securities and Exchange Commission and any stock exchange or similar authority; and

(3) take any other action of any type whatsoever in connection with the foregoing which, in the opinion of the attorney-in-fact, may be of benefit to, in the best interest of, or legally required by me, it being understood that the documents executed by the attorney-in-fact on my behalf pursuant to the Power of Attorney shall be in such form and shall contain such terms and conditions as the attorney-in-fact may approve in his discretion.

I hereby grant to the attorney-in-fact full power and authority to do and perform any and every act and thing whatsoever requisite, necessary, or proper to be done in the exercise of any of the rights and powers herein granted as fully to all intents and purposes as I might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that the attorney-in-fact, or the attorney-in-fact's substitute or substitutes, shall lawfully do or cause to be done by virtue of this Power of Attorney and the rights and powers herein granted. I hereby acknowledge that the foregoing attorney-in-fact, in serving in such capacity at my request, is not assuming, nor are the Companies assuming, any of my responsibilities to comply with Section 13 or 16 of the Securities Exchange Act of 1934.

This Power of Attorney shall remain in full force and effect until I am no longer required to file Forms 3, 4 and 5 and Schedules 13D and 13G and any Amendments thereto, unless I earlier revoke this Power of Attorney in a signed writing delivered to the attorney-in-fact.

IN WITNESS WHEREOF, I hereby cause this Power of Attorney to be executed as of this 21st day of October, 1999.

/s/ Philip F. Anschutz
Philip F. Anschutz