

Edgar Filing: IONICS INC - Form 8-K

IONICS INC  
Form 8-K  
March 16, 2004

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 8-K

Current Report

Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) March 16, 2004

IONICS, INCORPORATED  
(Exact name of registrant as specified in its charter)

Massachusetts (State of incorporation)	1-7211 (Commission File No.)	04-20 (IRS Employer Id
65 Grove Street, Watertown, MA (Address of principal executive offices)	02472 (Zip Code)	(617) 9 (Registrant's t including

Item 7. Financial Statements and Exhibits  
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Exhibit Number -----	Description -----
99	Press Release dated March 16, 2004, reporting the financial results of Ionics, Incorporated for the quarter and year ended December 31, 2003.

Item. 12. Results of Operations and Financial Condition  
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On March 16, 2004, Ionics, Incorporated issued a press release reporting its financial results for the quarter and year-ended December 31, 2003. A copy of the Press Release is attached hereto as

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Exhibit 99 and is hereby incorporated by reference.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned duly authorized.

IONICS, INCORPORATED

March 16, 2004

By: /s/Stephen Korn

Name: Stephen Korn

Title: Vice President and General Counsel

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99	Press release dated March 16, 2004, reporting the financial results of Ionics, Incorporated for the quarter and year ended December 31, 2003.	4

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## EXHIBIT 99

### IONICS REPORTS 2003 RESULTS FOR THE FOURTH QUARTER AND THE YEAR

WATERTOWN, MA, March 16, 2004 . . . Ionics, Incorporated (NYSE-ION) today reported financial results for the quarter and for the year ended December 31, 2003. For the quarter, revenues of \$89.0 million were up from \$84.1 million for the fourth quarter of 2002. The net loss for the quarter was \$18.4 million, compared to net income of \$1.7 million for the fourth quarter of 2002, and the loss per share was \$1.03 for the quarter, compared to earnings per share of \$0.10 for the fourth quarter of 2002.

Revenues for the year were \$347.4 million compared to \$318.9 million in 2002. The net loss for the year was \$44.8 million, or \$2.53 per share, compared to net income of \$4.8 million, or \$0.27 per share, in 2002. Ending backlog on December 31, 2003 was \$330.0 million, compared to \$377.2 million at the end of 2002.

The results for the quarter included \$2.1 million of restructuring and impairment of long-lived asset charges, primarily related to the Company's ongoing restructuring program, as well as a \$5.4 million pension curtailment charge related to the decision to cease the accrual of future benefits under the Company's defined benefit plan. Other charges in the quarter include \$1.8

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million in inventory and other charges primarily related to the restructuring program, \$1.4 million in process reengineering expense related to the Company's implementation of new software, \$1.8 million in bad debt expense, and a \$4.2 million equity loss related to the Company's Toray Membrane America, Inc. ("TMA") affiliate (of which the Company holds a 43% equity interest). The TMA equity loss was primarily related to an asset impairment charge recorded by TMA in the quarter.

Due to the decision to divest the Company's Elite Consumer Products business, which was sold on January 31, 2004, the results for that business have been reflected as discontinued operations. Also included in discontinued operations are the results for the European POU business, which the Company plans to divest. Discontinued operations amounted to a tax-effected loss of \$3.6 million for the quarter.

Ionics will host a conference call today, Tuesday, March 16, 2004 at 2:00PM, EST to discuss its fourth quarter and year-end financial results. This conference call will be accessible on the Company's website at <http://www.shareholder.com/ion/medialist.cfm>. A recorded replay of the conference call will also be accessible on our website for a one-week period. In addition, this press release will also be accessible on our website promptly following its issuance.

About Ionics, Inc.

Ionics is a global leader in water purification and wastewater treatment. The Company has over 50 years of experience in the design, installation, operation and maintenance of water and wastewater treatment systems and is a leading provider of emergency and long-term water treatment services. More membrane-based desalination systems have been designed and built by Ionics than any other supplier worldwide. Ionics is also a leader in supplying zero-liquid-discharge systems, in providing ultrapure water systems for the power and microelectronics industries, and in the measurement and analysis of water impurities. The Company also supplies Point-of-Use and Point-of-Entry water treatment systems for commercial and residential applications. For more information, visit [www.ionics.com](http://www.ionics.com).

Safe-harbor statement under the Private Securities Litigation Reform Act of 1995: Forward-looking statements in this news release involve risk and uncertainty. The statements contained in this release which are not historical facts are forward-looking statements. These forward-looking statements are based on management's current views and assumptions and are neither promises nor guarantees but are subject to risks, uncertainties and other factors that could cause actual results to differ materially from management's current expectations as described in such forward-looking statements, including overall economic and business conditions; competitive factors, such as acceptance of new products, pricing pressures and competition from competitors larger than the Company; risks of nonpayment of accounts receivable, including those from affiliated companies; risks associated with foreign operations; risks associated with the Company's recently announced restructuring program; technological and product development risks; availability of manufacturing capacity; and other factors described in the Company's filings with the Securities and Exchange Commission,

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including its annual report on Form 10-K for the year ended December 31, 2003. You should not place undue reliance on the forward-looking statements in this press release, and the Company disavows any obligation to update or supplement those statements in the event of any changes in the facts, circumstances, or expectations that underlie those statements.

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IONICS REPORTS 2003 RESULTS FOR THE FOURTH QUARTER AND THE YEAR

CONSOLIDATED STATEMENTS OF OPERATIONS  
(Amounts in thousands, except per share amounts)

	Three months ended December 31,		Years ended December 31,	
	2003	2002	2003	2002
Revenues:				
Equipment Business Group	\$ 34,657	\$ 41,948	\$ 144,043	\$ 144,043
Ultrapure Water Group	27,074	27,053	102,600	102,600
Consumer Water Group	5,346	4,523	21,216	21,216
Instrument Business Group	8,136	7,397	29,807	29,807
Affiliated companies	13,823	3,146	49,741	49,741
	89,036	84,067	347,407	347,407
Costs and expenses:				
Cost of sales of Equipment Business Group	26,792	30,583	113,779	113,779

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Cost of sales of Ultrapure Water Group	21,732	20,774	80,159
Cost of sales of Consumer Water Group	2,102	1,849	9,878
Cost of sales of Instrument Business Group	3,167	3,399	12,317
Cost of sales to affiliated companies	12,681	2,671	43,639
Research and development	1,934	1,630	7,449
Selling, general and administrative	32,477	28,710	99,754
Restructuring and impairment of long-lived assets	2,084	-	7,053
Impairment of goodwill	-	-	12,731
	<u>102,969</u>	<u>89,616</u>	<u>386,759</u>
(Loss) income from continuing operations	(13,933)	(5,549)	(39,352)
Interest income, net	730	845	2,183
Equity (loss) income	<u>(4,364)</u>	<u>1,047</u>	<u>(7,164)</u>
(Loss) income from continuing operations before gain on sale, income tax and minority interest expense	(17,567)	(3,657)	(44,333)
Gain on sale of Aqua Cool	-	8,160	457
Income tax benefit (expense)	<u>3,097</u>	<u>(2,381)</u>	<u>11,533</u>
(Loss) income from continuing operations before minority interest expense	(14,470)	2,122	(32,343)
Minority interest expense	<u>291</u>	<u>261</u>	<u>925</u>
(Loss) income from continuing operations	(14,761)	1,861	(33,268)
Discontinued operations:			
Loss from operations	(2,453)	(292)	(9,410)
Loss on disposal	(2,165)	-	(7,667)
Income tax benefit	989	120	5,575
(Loss) income on discontinued operations, net of tax	<u>(3,629)</u>	<u>(172)</u>	<u>(11,502)</u>
Net (loss) income	<u>\$ (18,390)</u>	<u>\$ 1,689</u>	<u>\$ (44,770)</u>
Basic (loss) earnings per share from continuing operations	\$ (0.83)	\$ 0.11	\$ (1.88)
Basic (loss) earnings per share from discontinued operations	<u>(0.20)</u>	<u>(0.01)</u>	<u>(0.65)</u>
Basic net (loss) earnings per share	<u>\$ (1.03)</u>	<u>\$ 0.10</u>	<u>\$ (2.53)</u>
Diluted (loss) earnings per share from continuing operations	\$ (0.83)	\$ 0.11	\$ (1.88)
Diluted (loss) earnings per share from discontinued operations	<u>(0.20)</u>	<u>(0.01)</u>	<u>(0.65)</u>
Diluted net (loss) earnings per share	<u>\$ (1.03)</u>	<u>\$ 0.10</u>	<u>\$ (2.53)</u>

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Shares used in basic (loss) earnings per share calculations	17,805	17,554	17,674
	=====	=====	=====
Shares used in diluted (loss) earnings per share calculations	17,805	17,600	17,674
	=====	=====	=====
Backlog			\$ 330,040 \$ 3
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IONICS REPORTS 2003 RESULTS FOR THE FOURTH QUARTER AND THE YEAR

CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in thousands)

	December 31, 2003	December 31, 2002
	-----	-----
Current assets:		
Cash and cash equivalents	\$ 133,815	\$ 136,044
Restricted cash	-	4,250
Short-term investments	-	958
Notes receivable, current	6,365	6,662
Accounts receivable, net	87,415	94,841
Receivables from affiliated companies	22,140	23,642
Inventories	24,716	29,833
Assets from discontinued operations	7,466	18,470
Other current assets	33,901	26,664
	-----	-----
Total current assets	315,818	341,364
Receivables from affiliated companies, long-term	20,915	11,740
Notes receivable, long-term, net	28,408	24,718
Investments in affiliated companies	14,362	18,198
Property, plant and equipment, net	171,785	167,456
Other assets	40,689	40,117
	-----	-----
Total assets	\$ 591,977	\$ 603,593
	=====	=====
Current liabilities:		
Notes payable and current portion of long-term debt	\$ 6,276	\$ 4,134
Accounts payable	28,279	36,039
Billings in advance from affiliated companies	3,629	4,308
Liabilities from discontinued operations	396	227
Other current liabilities	79,512	69,460
	-----	-----
Total current liabilities	118,092	114,168

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Long-term debt and notes payable	8,889	9,670
Deferred income taxes	30,979	35,337
Accumulated losses in investments in affiliated companies	5,068	242
Other liabilities	12,784	6,023
Stockholders' equity	416,165	438,153
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Total liabilities and stockholders' equity	\$ 591,977	\$ 603,593
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For more information, contact:

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