

WILSON GREATBATCH TECHNOLOGIES INC

FORM 8-K (Unscheduled Material Events)

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Industry	Electronic Instr. & Controls
Sector	Technology
Fiscal Year	12/31

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 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) November 9, 2004

WILSON GREATBATCH TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

1-16137

16-1531026

(State or other jurisdiction of (Commission File Number) (IRS Employer
incorporation) Identification No.)

9645 Wehrle Drive, Clarence, New York 14031
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (716) 759-5600

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12).

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)).

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).

Item 2.02. Results of Operations and Financial Condition

On November 9, 2004 Wilson Greatbatch Technologies, Inc. (the "Company") issued a press release announcing its results for the quarter ended October 1, 2004. A copy of the release is furnished with this report as Exhibit 99.1 and is incorporated by reference into this Item 2.02.

The information contained in this report is being furnished and shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section. The information contained in this report shall not be incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

99.1 Press Release dated November 9, 2004.

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, thereunto duly authorized.

Dated: November 9, 2004

WILSON GREATBATCH TECHNOLOGIES, INC.

By: /s/ Lawrence P. Reinhold

*Lawrence P. Reinhold
Executive Vice President and
Chief Financial Officer*

EXHIBIT
NUMBER

99.1

DESCRIPTION

Press Release of Wilson Greatbatch Technologies,
Inc. dated November 9, 2004.

Wilson Greatbatch Technologies, Inc. Reports Third Quarter Results

CLARENCE, N.Y.--(BUSINESS WIRE)--Nov. 9, 2004--Wilson Greatbatch Technologies, Inc. (the "Company") (NYSE: GB) today reported its results for the third quarter ended September 30, 2004.

Business Summary

-- As previously announced -

-- Executed a new supply agreement with Medtronic, Inc. to provide sub-assembly for most of its Cardiac Rhythm Management ("CRM") and Neurostimulation devices.

-- Extended the current supply agreement with St. Jude Medical, Inc. ("St. Jude") through the end of 2008.

-- Amended the current supply agreement with Guidant Corporation to include QHR cell pricing, our next generation medical battery technology.

-- Hired Thomas J. Hook as Executive Vice President and Chief Operating Officer.

-- Experienced a 20% decline in sales during the quarter primarily due to lower sales volume to one major CRM customer.

-- On schedule to complete construction of new advanced battery manufacturing plant in Alden, New York and assembly plant in Tijuana, Mexico in the first quarter of 2005.

-- Successfully implemented the ERP business platform at three plants during the quarter and implemented the final existing plant last week.

Net sales totaled \$45.2 million during the third quarter of 2004, a decrease of 20% from the third quarter of 2003. Net income totaled \$3.0 million, a decrease of 61% from the prior year, and diluted earnings per share were \$0.14, a decrease of 61% from the prior year.

Edward F. Voboril, Chairman, President and Chief Executive Officer commented, "Our financial performance was ahead of expectations. The expense controls that were put in place during the second quarter were effective in partially mitigating the impact of the lower demand and reflect our ability to quickly adjust spending to changes in sales volume. In terms of our long-term strategic initiatives, the extension of our supply agreement with St Jude through 2008 reinforces our long-standing relationship, which spans over twenty-five years. I'm also pleased to report that we remain on track with the construction of our new Tijuana, Mexico assembly plant and with our new advanced battery manufacturing plant, both of which are scheduled to come on-line during the first quarter of 2005. Furthermore, we expect to deliver implantable QHR batteries in the fourth quarter of 2004. QHR represents a major advancement in Implantable Cardioverter Defibrillator ("ICD") battery technology. All of these initiatives represent important progress in the Company's strategic direction," Voboril concluded.

Sales Summary

The following table summarizes the Company's sales by business unit and major product line for the third quarters in 2004 and 2003 (in thousands):

Business Unit/Product Lines	2004 3rd Qtr	2003 3rd Qtr	% Change

Implantable Medical Components ("IMC"):			

ICD Batteries	7,687	\$10,603	-28%

Pacemaker & Other Batteries	4,116	6,121	-33%

ICD Capacitors	4,103	7,869	-48%

Feedthroughs	9,533	14,086	-32%

Enclosures	5,631	6,235	-10%

Other	6,676	4,693	+42%

Total Implantable Medical Components	37,746	49,607	-24%

Electrochem Power Solutions ("EPS")	7,431	6,728	+10%

Total Sales	\$45,177	\$56,335	-20%

Volume accounted for 21% of the 24% decrease in IMC sales, and price reductions accounted for the remaining 3%. The 10% increase in EPS sales represents higher volume from customers in the oil and gas industry.

Profit & Loss Summary

The following table summarizes selected information derived from the condensed consolidated statement of operations for the third quarters in 2004 and 2003 (in thousands):

	2004 3rd Qtr	2003 3rd Qtr	% Change
Gross Profit	\$17,402	\$23,960	-27%
Gross Margin	38.5%	42.5%	
SG&A Expenses	\$6,913	\$7,290	- 5%
SG&A Expenses as % of Sales	15.3%	12.9%	
RD&E Expenses, net	\$4,156	\$3,953	+5%
RD&E Expenses, net as % of Sales	9.2%	7.0%	
Operating Income	\$4,913	\$11,796	-58%
Operating Margin	10.9%	20.9%	
Effective Tax Rate	25.5%	28.8%	

Approximately 280 basis points of the 400 basis point decrease in overall gross margin were related to the price decreases in the IMC product lines. The remaining decrease in the gross margin was primarily related to the unfavorable impact of spreading fixed manufacturing costs over lower production volumes in the IMC segment.

The lower SG&A expense is primarily due to the continued effect of cost controls put in place during the second quarter of 2004.

The higher RD&E expense is primarily due to the inclusion of the former NanoGram Devices, which was acquired during the first quarter of 2004.

The lower effective income tax rate is due to various state planning initiatives realized in the current quarter. The year-to-date effective tax rate is 29.5%.

Outlook

The Company expects total sales for 2004 to be in the range of \$195-\$200 million, compared to \$195-\$205 million as previously projected. The Company expects fully diluted earnings per share for 2004 to be in the range of \$0.64-\$0.68, compared to \$0.50-\$0.57 as previously projected. The Company expects capital spending for 2004 of \$45-\$50 million.

For the full year 2005, based on current expectations, the Company is projecting sales of \$200-\$220 million, compared to a range of \$207 to \$230 million as previously projected. The Company anticipates updating this projection as well as providing profitability and capital spending guidance for 2005 at a later date.

Financial Discussion

The Emerging Issues Task Force ("EITF") recently reached a consensus that will require the Company to account for the dilutive effect of its \$170 million contingently convertible debt in its diluted earnings per share computations, regardless of whether the market price contingency has been met. When the Company adopts this consensus in the fourth quarter of 2004, it anticipates it will restate its diluted earnings per share for the 2nd, 3rd and 4th quarters of 2003, the full year 2003, and the 1st and 2nd quarters of 2004. For the 3rd quarter of 2004 and for the anticipated results of the 4th quarter and full year 2004, the impact would be anti-dilutive and therefore will not be adjusted.

During October 2004 the President signed the American Jobs Creation Act of 2004. Among other provisions, this Act significantly changes the tax treatment of foreign sales activities and domestic manufacturing operations. The Company is currently analyzing the impact of this change on its future operating results.

Conference Call

Mr. Voboril and Lawrence P. Reinhold, the Company's Executive Vice President and Chief Financial Officer, will discuss third quarter 2004 financial results in a conference call scheduled for today, Tuesday, November 9, at 5:00 p.m. EDT. The conference call will be webcast live and is accessible through the Company's website at www.greatbatch.com or at CCBN's individual investor center at www.companyboardroom.com. The webcast will also include presentation visuals. The webcast will be archived on both websites for future on-demand replay.

Forward-Looking Statements

Some of the statements in this press release and other written and oral statements made from time to time by the company and its representatives are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and section 21E of the Securities Exchange Act of 1934, as amended, and involve a number of risks and uncertainties. These statements can be identified by terminology such as "may," "will," "should," "could," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are based on the Company's current expectations. The Company's actual results could differ materially from those stated or implied in such forward-looking statements. Risks and uncertainties that could cause actual results to differ materially from those stated or implied by such forward-looking statements include, among others, the following matters affecting the Company: dependence upon a limited number of customers; customer ordering patterns; product obsolescence; inability to market current or future products; pricing pressure from customers; reliance on third party suppliers for raw materials, products and subcomponents; fluctuating operating results; inability to maintain high quality standards for our products; challenges to our intellectual property rights; product liability claims; inability to successfully consummate and integrate acquisitions; unsuccessful expansion into new markets; competition; inability to obtain licenses to key technology; regulatory changes or consolidation in the healthcare industry; and other risks and uncertainties described in the Company's Annual Report on Form 10-K, including Exhibit 99.1 thereto, and in other periodic filings with the Securities and Exchange Commission. The Company assumes no obligation to update forward-looking information in this press release whether to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results, financial conditions or prospects, or otherwise.

About Wilson Greatbatch Technologies

Wilson Greatbatch Technologies, Inc. (NYSE: GB) is a leading developer and manufacturer of critical components used in implantable medical devices and other technically demanding applications. Additional information about the Company is available at www.greatbatch.com.

WILSON GREATBATCH TECHNOLOGIES, INC. CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited)

(In thousands)

ASSETS	September 30, 2004	December 31, 2003
Current assets:		
Cash and cash equivalents	\$ 77,801	\$119,486
Short-term investments	6,064	11,559
Accounts receivable, net	28,777	23,726
Inventories	33,348	28,598
Prepaid expenses and other current assets	1,328	3,591
Refundable income taxes	575	583
Deferred income taxes	3,163	3,163
Asset available for sale	3,600	3,658
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Total current assets	154,656	194,364
Property, plant, and equipment, net	83,146	63,735
Intangible assets, net	65,061	51,441
Goodwill	156,759	119,521
Deferred income taxes	2,896	2,896
Other assets	5,009	6,286
	-----	-----
Total assets	\$467,527	\$438,243
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 3,077	\$ 4,091
Accrued expenses and other current liabilities	18,147	18,968
Current portion of long-term debt	809	850
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Total current liabilities	22,033	23,909
Long-term debt, net of current portion	1,138	928
Convertible subordinated notes	170,000	170,000
Deferred income taxes	20,026	7,251
Other long-term liabilities	-	815

Total liabilities	213,197	202,903

Stockholders' equity:		
Preferred stock	-	-
Common stock	21	21
Additional paid-in capital	211,812	207,969
Deferred stock-based compensation	(615)	(1,185)
Treasury stock, at cost	-	(179)
Retained earnings	43,112	28,714

Total stockholders' equity	254,330	235,340

Total liabilities and stockholders' equity	\$467,527	\$438,243
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WILSON GREATBATCH TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

(In thousands except per share amounts)

	Three months ended September 30, 2004 2003(*)		Nine months ended September 30, 2004 2003(*)	
Sales	\$45,177	\$56,335	\$153,644	\$166,994
Cost of sales	27,775	32,375	89,249	97,004

Gross profit	17,402	23,960	64,395	69,990
Selling, general and administrative expenses	6,913	7,290	20,227	23,127
Research, development and engineering costs, net	4,156	3,953	14,725	13,148
Amortization of intangible assets	1,074	796	2,925	2,424
Other operating expense, net	346	125	3,524	272

Operating income	4,913	11,796	22,994	31,019
Interest expense	1,144	1,154	3,448	2,952
Interest income	(244)	(253)	(802)	(384)
Early extinguishment of debt	-	-	-	1,603
Other expense (income), net	(75)	(25)	(75)	(113)

Income before income taxes	4,088	10,920	20,423	26,961
Provision for income taxes	1,042	3,144	6,025	8,196

Net income	\$ 3,046	\$ 7,776	\$ 14,398	\$ 18,765
	=====			
Diluted earnings per share	\$ 0.14	\$ 0.36	\$ 0.67	\$ 0.87
Diluted average shares outstanding	21,495	21,623	21,517	21,507

(*) Reclassified for consistency with 2004 presentation.

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or

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