

CTS CORP
Form 10-Q
October 26, 2017
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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, 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: 1-4639

CTS CORPORATION
(Exact name of registrant as specified in its charter)

Indiana 35-0225010
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification Number)

2375 Cabot Drive, Lisle, IL 60532
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 630-577-8800

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

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(Do not check if 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of October 23, 2017:
32,937,050.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CTS CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS - UNAUDITED

(In thousands of dollars, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September	September	September	September
	30,	30,	30,	30,
	2017	2016	2017	2016
Net sales	\$106,243	\$99,697	\$312,083	\$295,095
Cost of goods sold	68,705	63,056	204,527	190,528
Gross Margin	37,538	36,641	107,556	104,567
Selling, general and administrative expenses	15,915	16,048	46,970	46,459
Research and development expenses	6,380	6,284	18,432	18,414
Restructuring charges	1,435	1,969	2,942	2,175
Loss (gain) on sale of assets	697	(150)	698	(11,501)
Operating earnings	13,111	12,490	38,514	49,020
Other income (expense):				
Interest expense	(773)	(917)	(2,209)	(2,746)
Interest income	363	203	914	1,082
Other income (expense)	1,258	(46)	2,889	(1,482)
Total other income (expense)	848	(760)	1,594	(3,146)
Earnings before income taxes	13,959	11,730	40,108	45,874
Income tax expense	4,340	8,010	12,039	19,804
Net earnings	\$9,619	\$3,720	\$28,069	\$26,070
Earnings per share:				
Basic	\$0.29	\$0.11	\$0.85	\$0.80
Diluted	\$0.29	\$0.11	\$0.84	\$0.79
Basic weighted – average common shares outstanding:	32,935	32,759	32,876	32,716
Effect of dilutive securities	456	495	475	494
Diluted weighted – average common shares outstanding	33,391	33,254	33,351	33,210