

NU SKIN ENTERPRISES INC
Form 10-Q
August 05, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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, 2016
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: 001-12421

	NU SKIN ENTERPRISES, INC. (Exact name of registrant as specified in its charter)	
Delaware		87-0565309
(State or other jurisdiction of incorporation or organization)	75 WEST CENTER STREET PROVO, UTAH 84601 (Address of principal executive offices, including zip code) (801) 345-1000 (Registrant's telephone number, including area code)	(IRS Employer Identification No.)

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

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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 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 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

(Do not check if a 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

As of July 31, 2016, 55,941,494 shares of the registrant's Class A common stock, \$.001 par value per share, were outstanding.

NU SKIN ENTERPRISES, INC.

QUARTERLY REPORT ON FORM 10-Q – SECOND QUARTER 2016

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In this Quarterly Report on Form 10-Q, references to "dollars" and "\$" are to United States ("U.S.") dollars.

Nu Skin, Pharmanex, and ageLOC are our trademarks. The italicized product names used in this Quarterly Report on Form 10-Q are product names and also, in certain cases, our trademarks.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NU SKIN ENTERPRISES, INC.

Consolidated Balance Sheets (Unaudited)

(U.S. dollars in thousands)

	June 30, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$544,848	\$ 289,354
Current investments	11,503	14,371
Accounts receivable	31,706	35,464
Inventories, net	259,933	265,256
Prepaid expenses and other	162,710	101,947
	1,010,700	706,392
Property and equipment, net	453,342	454,537
Goodwill	114,954	112,446
Other intangible assets, net	67,410	67,009
Other assets	134,463	165,459
Total assets	\$1,780,869	\$ 1,505,843
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$43,360	\$ 28,832
Accrued expenses	350,849	310,916
Current portion of long-term debt	96,896	67,849
	491,105	407,597
Long-term debt	362,051	181,745
Other liabilities	97,473	90,880
Total liabilities	950,629	680,222
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Class A common stock – 500 million shares authorized, \$.001 par value, 90.6 million shares issued	91	91
Additional paid-in capital	431,459	419,921
Treasury stock, at cost – 34.6 million shares	(1,032,117)	(1,017,063)
Accumulated other comprehensive loss	(71,463)	(71,269)
Retained earnings	1,502,270	1,493,941
	830,240	825,621
Total liabilities and stockholders' equity	\$1,780,869	\$ 1,505,843

The accompanying notes are an integral part of these consolidated financial statements.

NU SKIN ENTERPRISES, INC.

Consolidated Statements of Income (Unaudited)

(U.S. dollars in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Revenue	\$600,475	\$560,209	\$1,072,306	\$1,103,541
Cost of sales	128,205	110,263	266,074	215,318
Gross profit	472,270	449,946	806,232	888,223
Operating expenses:				
Selling expenses	248,363	239,449	443,922	473,454
General and administrative expenses	144,109	138,696	274,363	274,322
Total operating expenses	392,472	378,145	718,285	747,776
Operating income	79,798	71,801	87,947	140,447
Other income (expense), net	(11,060)	(2,758)	(13,923)	(15,026)
Income before provision for income taxes	68,738	69,043	74,024	125,421
Provision for income taxes	24,025	24,386	25,995	44,482
Net income	\$44,713	\$44,657	\$48,029	\$80,939
Net income per share (Note 2):				
Basic	\$0.80	\$0.76	\$0.86	\$1.38
Diluted	\$0.79	\$0.75	\$0.85	\$1.35
Weighted-average common shares outstanding (000s):				
Basic	55,952	58,506	55,953	58,747
Diluted	56,356	59,713	56,388	59,994

The accompanying notes are an integral part of these consolidated financial statements.

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