

ALEXION PHARMACEUTICALS INC

Form 10-Q

April 29, 2016

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 March 31, 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: 0-27756

ALEXION PHARMACEUTICALS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

13-3648318

(State or Other Jurisdiction of Incorporation or Organization)(I.R.S. Employer Identification No.)

100 College Street, New Haven, Connecticut 06510

(Address of Principal Executive Offices) (Zip Code)

203-272-2596

(Registrant's telephone number, including area code)

N/A

(Former name, former address, and former fiscal year, if changed since last report)

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 Website, 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. Check One:

Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company)

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

Common Stock, \$0.0001 par value 224,020,164

Class Outstanding as of April 26, 2016

Alexion Pharmaceuticals, Inc.
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Alexion Pharmaceuticals, Inc.
 Condensed Consolidated Balance Sheets
 (unaudited)
 (amounts in thousands, except per share amounts)

	March 31, 2016	December 31, 2015
Assets		
Current Assets:		
Cash and cash equivalents	\$710,198	\$1,010,111
Marketable securities	317,354	374,904
Trade accounts receivable, net	586,249	532,832
Inventories	293,962	289,874
Prepaid expenses and other current assets	219,746	208,993
Total current assets	2,127,509	2,416,714
Property, plant and equipment, net	749,295	697,025
Intangible assets, net	4,627,817	4,707,914
Goodwill	5,049,321	5,047,885
Other assets	248,503	228,343
Total assets	\$12,802,445	\$13,097,881
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$42,897	\$57,360
Accrued expenses	359,077	403,348
Deferred revenue	78,416	20,504
Current portion of long-term debt	35,358	166,365
Other current liabilities	87,865	62,038
Total current liabilities	603,613	709,615
Long-term debt, less current portion	3,212,772	3,254,536
Contingent consideration	107,085	121,424
Facility lease obligation	172,970	151,307
Deferred tax liabilities	535,910	528,990
Other liabilities	107,818	73,393
Total liabilities	4,740,168	4,839,265
Commitments and contingencies (Note 17)		
Stockholders' Equity:		
Common stock, \$.0001 par value; 290,000 shares authorized; 231,136 and 230,498 shares issued at March 31, 2016 and December 31, 2015, respectively	23	23
Additional paid-in capital	7,793,056	7,726,560
Treasury stock, at cost, 6,934 and 4,851 shares at March 31, 2016 and December 31, 2015, respectively	(1,007,178)	(710,663)
Accumulated other comprehensive income	3,815	62,301
Retained earnings	1,272,561	1,180,395
Total stockholders' equity	8,062,277	8,258,616
Total liabilities and stockholders' equity	\$12,802,445	\$13,097,881

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

Alexion Pharmaceuticals, Inc.
Condensed Consolidated Statements of Operations
(unaudited)
(amounts in thousands, except per share amounts)

	Three months ended March 31,	
	2016	2015
Net product sales	\$700,425	\$600,333
Other revenue	613	—
Total revenues	701,038	600,333
Cost of sales	58,986	69,399
Operating expenses:		
Research and development	176,290	221,080
Selling, general and administrative	232,561	187,116
Amortization of purchased intangible assets	80,094	—
Change in fair value of contingent consideration	(14,800)	11,979
Acquisition-related costs	1,339	—
Restructuring expenses	722	7,052
Total operating expenses	476,206	427,227
Operating income	165,846	103,707
Other income and expense:		
Investment income	1,551	2,884
Interest expense	(23,890)	(651)
Foreign currency gain	91	1,005
Income before income taxes	143,598	106,945
Income tax provision	51,432	15,622
Net income	\$92,166	\$91,323
Earnings per common share		
Basic	\$0.41	\$0.46
Diluted	\$0.41	\$0.45
Shares used in computing earnings per common share		
Basic	225,060	199,361
Diluted	226,873	202,034

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

Alexion Pharmaceuticals, Inc.
Condensed Consolidated Statements of Comprehensive Income
(unaudited)
(amounts in thousands)

	Three months ended March 31, 2016	2015
Net income \$		