

IONICS INC
Form 8-K
May 06, 2003

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) May 6, 2003

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

1-7211
(Commission File Number)

Massachusetts
(State of incorporation)

04-2068530
(IRS Employer Identification Number)

65 Grove Street, Watertown, MA
(Address of principal executive offices)

02472
(Zip Code)

Registrant's telephone number, including area code: (617) 926-2500

Item 7. Financial Statements and Exhibits

(c) Exhibits

| Exhibit Number | Description |
|----------------|---|
| 99 | Press release dated May 6, 2003 regarding the financial results of Ionics, Incorporated for the first quarter ended March 31, 2003. |

Item 9. Regulation FD Disclosure

The following information is furnished pursuant to Item 12, "Disclosure of Results of Operations and Financial Condition," of Form 8-K. On May 6, 2003, Ionics, Incorporated ("Ionics") issued a press release reporting financial results for the first quarter of 2003, ended March 31, 2003. A copy of the press release is attached hereto as 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

SIGNATURES

/S/Arthur L. Goldstein

Arthur L. Goldstein
Chairman and Chief Executive Officer
May 6, 2003

EXHIBIT INDEX

| Number | Description | Page Number |
|--------|---|-------------|
| 99 | Press Release of Ionics, Incorporated dated May 6, 2003 | 4 |

Exhibit 99

IONICS REPORTS FIRST QUARTER RESULTS

Watertown, MA, May 6, 2003 . . . Ionics, Incorporated (NYSE-ION) today reported first quarter revenues, net income, and earnings per share for the period ended March 31, 2003. Revenues for the quarter were \$88.2 million compared to \$80.0 million for the first quarter of 2002. Net income of \$576,000 and earnings per share of \$0.03 for the quarter compared to net income of \$1.5 million and earnings per share of \$0.08 for the comparable period in the prior year. Backlog at the end of the quarter was \$348.5 million, compared to \$249.6 million one year earlier.

Arthur L. Goldstein, Chairman and Chief Executive Officer, noted that the results reflected revenue improvement in each of the Company's business groups (including sales to affiliated companies) as well as an increase in gross margin of \$2.3 million compared to the first quarter of 2002. An increase in selling and administrative costs, due primarily to higher post-retirement and pension costs, as well as higher professional service fees, essentially offset the increase in gross margin.

Ionics will broadcast its first quarter financial results conference call via the internet today at 10:00AM, EDT. This conference call will be accessible on the Company's website at www.ionics.com. A recorded replay of the conference call will also be accessible on our website for a two-week period commencing at 5:00PM today. In addition, this press release will also be accessible on our website promptly following its issuance.

Ionics is a global separations technology company involved in the manufacture and sale of membranes, equipment and own and operate services for the purification, disinfection, concentration, treatment and analysis of water, wastewater and ultrapure water. Over a period of more than 50 years Ionics has built more desalination plants than any company in the world.

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; technological and product development risks; availability of manufacturing capacity; and other factors described in the Company's filings with the Securities and Exchange Commission, including its annual report on Form 10-K for the year ended December 31, 2002. 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 FIRST QUARTER RESULTS

CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share amounts)

| | Three months ended March 31, | |
|---|---------------------------------|-----------|
| | 2003 | 2002 |
| Revenues: | | |
| Equipment Business Group | \$ 32,684 | \$ 35,048 |
| Ultrapure Water Group | 25,249 | 24,745 |
| Consumer Water Group | 10,815 | 10,553 |
| Instrument Business Group | 7,680 | 6,544 |
| Affiliated Companies | 11,777 | 3,115 |
| | <hr/> | <hr/> |
| | 88,205 | 80,005 |
| | <hr/> | <hr/> |
| Costs and expenses: | | |
| Cost of sales of Equipment Business Group | 23,463 | 25,597 |
| Cost of sales of Ultrapure Water Group | 18,788 | 18,998 |
| Cost of sales of Consumer Water Group | 7,515 | 6,830 |
| Cost of sales of Instrument Business Group | 3,113 | 2,753 |
| Cost of sales to affiliated companies | 10,217 | 3,037 |
| Research and development | 1,777 | 1,621 |
| Selling, general and administrative | 22,547 | 19,855 |
| | <hr/> | <hr/> |
| | 87,420 | 78,691 |
| | <hr/> | <hr/> |
| Income from operations | 785 | 1,314 |
| Interest income (expense), net | 564 | 433 |
| Equity income (loss) | (101) | 892 |
| | <hr/> | <hr/> |
| Income before income taxes and minority interest expense | 1,248 | 2,639 |
| Provision for income taxes | 474 | 876 |
| | <hr/> | <hr/> |
| Income before minority interest expense | 774 | 1,763 |
| Minority interest expense | 198 | 264 |
| | <hr/> | <hr/> |
| Net income | \$ 576 | \$ 1,499 |
| | <hr/> | <hr/> |
| Basic earnings per share | \$ 0.03 | \$ 0.09 |
| | <hr/> | <hr/> |
| Diluted earnings per share | \$ 0.03 | \$ 0.08 |
| | <hr/> | <hr/> |
| Shares used in basic earnings per share calculations | 17,555 | 17,508 |
| | <hr/> | <hr/> |
| Shares used in diluted earnings per share calculations | 17,562 | 17,776 |
| | <hr/> | <hr/> |
| Backlog | \$ 348,488 | \$249,587 |
| | <hr/> | <hr/> |

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IONICS REPORTS FIRST QUARTER RESULTS**CONSOLIDATED BALANCE SHEETS (Amounts in thousands)**

| | March 31, 2003 | December 31, 2002 |
|---|---------------------------|------------------------------|
| Current assets: | | |
| Cash and cash equivalents | \$135,525 | \$136,044 |
| Restricted cash | -- | 4,250 |
| Short-term investments | 994 | 958 |
| Notes receivable, current | 4,472 | 6,662 |
| Accounts receivable, net | 95,567 | 94,841 |
| Receivables from affiliated companies | 24,469 | 23,642 |
| Inventories | 36,252 | 34,847 |
| Other current assets | 25,864 | 27,496 |
| | <hr/> | <hr/> |
| Total current assets | 323,143 | 328,740 |
| Receivables from affiliated companies, long-term | 10,000 | 10,000 |
| Notes receivable, long-term | 28,949 | 26,458 |
| Investments in affiliated companies | 21,580 | 22,618 |
| Property, plant and equipment, net | 180,998 | 179,914 |
| Other assets | 40,748 | 40,283 |
| | <hr/> | <hr/> |
| Total assets | \$605,418 | \$608,013 |
| | <hr/> | <hr/> |
| Current liabilities: | | |
| Notes payable and current portion of long-term debt | \$ 3,911 | \$ 4,134 |
| Accounts payable | 29,493 | 36,039 |
| Deferred revenue from affiliated companies | 3,256 | 4,308 |
| Other current liabilities | 70,620 | 69,687 |
| | <hr/> | <hr/> |
| Total current liabilities | 107,280 | 114,168 |
| Long-term debt and notes payable | 9,910 | 9,670 |
| Deferred income taxes | 35,913 | 35,337 |
| Deferred revenue from affiliated companies, long-term | 5,169 | 4,662 |
| Other liabilities | 7,023 | 6,023 |
| Stockholders' equity | 440,123 | 438,153 |
| | <hr/> | <hr/> |
| Total liabilities and stockholders' equity | \$605,418 | \$608,013 |
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For more information, contact:

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