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DAKTRONICS INC /SD/ Form 10-Q March 03, 2017

**UNITED STATES** 

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended January 28, 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: 0-23246

Daktronics, Inc.

(Exact name of Registrant as specified in its charter)

South Dakota 46-0306862

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

201 Daktronics Drive

Brookings SD 57006

(Address of principal executive offices) (Zip Code)

(605) 692-0200

(Registrant's telephone number, including area code)

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 x No o

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 x 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

o Accelerated filer

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Non-accelerated filer

0

(Do not check if a smaller reporting company) Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes "No x

The number of shares of the registrant's common stock outstanding as of February 27, 2017 was 44,067,563.

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## DAKTRONICS, INC. AND SUBSIDIARIES

## FORM 10-Q

For the Quarter Ended January 28, 2017

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#### PART I. FINANCIAL INFORMATION

#### Item 1. FINANCIAL STATEMENTS

# DAKTRONICS, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

ASSETS CURRENT ASSETS: Cash and cash equivalents Restricted cash Marketable securities Accounts receivable, net Inventories, net Current maturities of long-term receivables Income tax receivables, less current maturities Coodwill Intangibles, net Intangibles, net Investment in affiliates and other assets PROPERTY AND EQUIPMENT: Land PROPERTY AND EQUIPMENT: Land Computer software and hardware Equipment held for rental Demonstration equipment Transportation equipment Transportation equipment Transportation equipment Transportation equipment Cash and cash equivalents At 848,377 S28,328 S48,328 S48,327 S48,324 S4,672 S48,020 S48,320 S		January 28, 2017 (unaudited)	2016
Cash and cash equivalents       \$48,377       \$28,328         Restricted cash       206       198         Marketable securities       28,034       24,672         Accounts receivable, net       71,637       77,554         Inventories, net       61,922       69,827         Costs and estimated earnings in excess of billings       33,204       30,200         Current maturities of long-term receivables       2,229       3,172         Prepaid expenses and other assets       5,968       6,468         Income tax receivables       255       4,812         Total current assets       251,832       245,231         Long-term receivables, less current maturities       2,876       3,866         Goodwill       7,866       8,116         Intangibles, net       5,334       7,721         Investment in affiliates and other assets       3,570       2,414         Deferred income taxes       9,677       9,437         PROPERTY AND EQUIPMENT:       2,093       2,155         Buildings       65,219       65,247         Machinery and equipment       5,578       14,746         Computer software and hardware       50,642       48,917         Equipment held for rental       374	ASSETS		
Restricted cash       206       198         Marketable securities       28,034       24,672         Accounts receivable, net       71,637       77,554         Inventories, net       61,922       69,827         Costs and estimated earnings in excess of billings       33,204       30,200         Current maturities of long-term receivables       2,229       3,172         Prepaid expenses and other assets       5,968       6,468         Income tax receivables       255       4,812         Total current assets       251,832       245,231         Long-term receivables, less current maturities       2,876       3,866         Goodwill       7,866       8,116         Intangibles, net       5,334       7,721         Investment in affiliates and other assets       3,570       2,414         Deferred income taxes       9,677       9,437         PROPERTY AND EQUIPMENT:       2,093       2,155         Buildings       65,219       65,247         Machinery and equipment       5,578       14,746         Computer software and hardware       50,642       48,917         Equipment held for rental       374       374         Demonstration equipment       6,863 <td< td=""><td>CURRENT ASSETS:</td><td></td><td></td></td<>	CURRENT ASSETS:		
Marketable securities       28,034       24,672         Accounts receivable, net       71,637       77,554         Inventories, net       61,922       69,827         Costs and estimated earnings in excess of billings       33,204       30,200         Current maturities of long-term receivables       2,229       3,172         Prepaid expenses and other assets       5,968       6,468         Income tax receivables       255       4,812         Total current assets       251,832       245,231         Long-term receivables, less current maturities       2,876       3,866         Goodwill       7,866       8,116         Intangibles, net       5,334       7,721         Investment in affiliates and other assets       3,570       2,414         Deferred income taxes       9,677       9,437         PROPERTY AND EQUIPMENT:       Land       2,093       2,155         Buildings       65,219       65,247         Machinery and equipment       83,508       82,973         Office furniture and equipment       5,578       14,746         Computer software and hardware       50,642       48,917         Equipment held for rental       374       374         Demonstration equi	Cash and cash equivalents	\$ 48,377	\$28,328
Accounts receivable, net       71,637       77,554         Inventories, net       61,922       69,827         Costs and estimated earnings in excess of billings       33,204       30,200         Current maturities of long-term receivables       2,229       3,172         Prepaid expenses and other assets       5,968       6,468         Income tax receivables       255       4,812         Total current assets       251,832       245,231         Long-term receivables, less current maturities       2,876       3,866         Goodwill       7,866       8,116         Intangibles, net       5,334       7,721         Investment in affiliates and other assets       3,570       2,414         Deferred income taxes       9,677       9,437         29,323       31,554         PROPERTY AND EQUIPMENT:       2,093       2,155         Buildings       65,219       65,247         Machinery and equipment       83,508       82,973         Office furniture and equipment       5,578       14,746         Computer software and hardware       50,642       48,917         Equipment held for rental       374       374         Demonstration equipment       6,863       6,596	Restricted cash	206	198
Inventories, net         61,922         69,827           Costs and estimated earnings in excess of billings         33,204         30,200           Current maturities of long-term receivables         2,229         3,172           Prepaid expenses and other assets         5,968         6,468           Income tax receivables         255         4,812           Total current assets         251,832         245,231           Long-term receivables, less current maturities         2,876         3,866           Goodwill         7,866         8,116           Intangibles, net         5,334         7,721           Investment in affiliates and other assets         3,570         2,414           Deferred income taxes         9,677         9,437           PROPERTY AND EQUIPMENT:         2,093         2,155           Buildings         65,219         65,247           Machinery and equipment         83,508         82,973           Office furniture and equipment         5,578         14,746           Computer software and hardware         50,642         48,917           Equipment held for rental         374         374           Demonstration equipment         7,770         8,026           Transportation equipment <td< td=""><td>Marketable securities</td><td>28,034</td><td>24,672</td></td<>	Marketable securities	28,034	24,672
Costs and estimated earnings in excess of billings         33,204         30,200           Current maturities of long-term receivables         2,229         3,172           Prepaid expenses and other assets         5,968         6,468           Income tax receivables         255         4,812           Total current assets         251,832         245,231           Long-term receivables, less current maturities         2,876         3,866           Goodwill         7,866         8,116           Intangibles, net         5,334         7,721           Investment in affiliates and other assets         3,570         2,414           Deferred income taxes         9,677         9,437           29,323         31,554           PROPERTY AND EQUIPMENT:         3,508         2,932           Land         2,093         2,155           Buildings         65,219         65,247           Machinery and equipment         33,508         82,973           Office furniture and equipment         5,578         14,746           Computer software and hardware         50,642         48,917           Equipment held for rental         374         374           Demonstration equipment         6,863         6,596	Accounts receivable, net	71,637	77,554
Current maturities of long-term receivables       2,229       3,172         Prepaid expenses and other assets       5,968       6,468         Income tax receivables       255       4,812         Total current assets       251,832       245,231         Long-term receivables, less current maturities       2,876       3,866         Goodwill       7,866       8,116         Intangibles, net       5,334       7,721         Investment in affiliates and other assets       3,570       2,414         Deferred income taxes       9,677       9,437         29,323       31,554         PROPERTY AND EQUIPMENT:       2,093       2,155         Buildings       65,219       65,247         Machinery and equipment       83,508       82,973         Office furniture and equipment       5,578       14,746         Computer software and hardware       50,642       48,917         Equipment held for rental       374       374         Demonstration equipment       7,770       8,026         Transportation equipment       6,863       6,596         Tess accumulated depreciation       155,096       155,871         66,951       73,163	Inventories, net	61,922	69,827
Prepaid expenses and other assets       5,968       6,468         Income tax receivables       255       4,812         Total current assets       251,832       245,231         Long-term receivables, less current maturities       2,876       3,866         Goodwill       7,866       8,116         Intangibles, net       5,334       7,721         Investment in affiliates and other assets       3,570       2,414         Deferred income taxes       9,677       9,437         29,323       31,554         PROPERTY AND EQUIPMENT:       2,093       2,155         Buildings       65,219       65,247         Machinery and equipment       83,508       82,973         Office furniture and equipment       5,578       14,746         Computer software and hardware       50,642       48,917         Equipment held for rental       374       374         Demonstration equipment       6,863       6,596         Transportation equipment       6,863       6,596         Less accumulated depreciation       155,096       155,871         66,951       73,163	Costs and estimated earnings in excess of billings	33,204	30,200
Income tax receivables         255         4,812           Total current assets         251,832         245,231           Long-term receivables, less current maturities         2,876         3,866           Goodwill         7,866         8,116           Intangibles, net         5,334         7,721           Investment in affiliates and other assets         3,570         2,414           Deferred income taxes         9,677         9,437           29,323         31,554           PROPERTY AND EQUIPMENT:         2,093         2,155           Buildings         65,219         65,247           Machinery and equipment         83,508         82,973           Office furniture and equipment         5,578         14,746           Computer software and hardware         50,642         48,917           Equipment held for rental         374         374           Demonstration equipment         7,770         8,026           Transportation equipment         6,863         6,596           Transportation equipment         155,096         155,871           Less accumulated depreciation         155,096         155,871           66,951         73,163	Current maturities of long-term receivables	2,229	3,172
Total current assets       251,832       245,231         Long-term receivables, less current maturities       2,876       3,866         Goodwill       7,866       8,116         Intangibles, net       5,334       7,721         Investment in affiliates and other assets       3,570       2,414         Deferred income taxes       9,677       9,437         29,323       31,554         PROPERTY AND EQUIPMENT:       2,093       2,155         Buildings       65,219       65,247         Machinery and equipment       83,508       82,973         Office furniture and equipment       5,578       14,746         Computer software and hardware       50,642       48,917         Equipment held for rental       374       374         Demonstration equipment       7,770       8,026         Transportation equipment       6,863       6,596         Less accumulated depreciation       155,096       155,871         66,951       73,163	Prepaid expenses and other assets	5,968	6,468
Long-term receivables, less current maturities         2,876         3,866           Goodwill         7,866         8,116           Intangibles, net         5,334         7,721           Investment in affiliates and other assets         3,570         2,414           Deferred income taxes         9,677         9,437           29,323         31,554           PROPERTY AND EQUIPMENT:         2,093         2,155           Buildings         65,219         65,247           Machinery and equipment         83,508         82,973           Office furniture and equipment         5,578         14,746           Computer software and hardware         50,642         48,917           Equipment held for rental         374         374           Demonstration equipment         7,770         8,026           Transportation equipment         6,863         6,596           222,047         229,034           Less accumulated depreciation         155,096         155,871           66,951         73,163	Income tax receivables	255	4,812
Goodwill       7,866       8,116         Intangibles, net       5,334       7,721         Investment in affiliates and other assets       3,570       2,414         Deferred income taxes       9,677       9,437         29,323       31,554         PROPERTY AND EQUIPMENT:       2,093       2,155         Buildings       65,219       65,247         Machinery and equipment       83,508       82,973         Office furniture and equipment       5,578       14,746         Computer software and hardware       50,642       48,917         Equipment held for rental       374       374         Demonstration equipment       7,770       8,026         Transportation equipment       6,863       6,596         222,047       229,034         Less accumulated depreciation       155,096       155,871         66,951       73,163	Total current assets	251,832	245,231
Goodwill       7,866       8,116         Intangibles, net       5,334       7,721         Investment in affiliates and other assets       3,570       2,414         Deferred income taxes       9,677       9,437         29,323       31,554         PROPERTY AND EQUIPMENT:       2,093       2,155         Buildings       65,219       65,247         Machinery and equipment       83,508       82,973         Office furniture and equipment       5,578       14,746         Computer software and hardware       50,642       48,917         Equipment held for rental       374       374         Demonstration equipment       7,770       8,026         Transportation equipment       6,863       6,596         222,047       229,034         Less accumulated depreciation       155,096       155,871         66,951       73,163			
Intangibles, net       5,334       7,721         Investment in affiliates and other assets       3,570       2,414         Deferred income taxes       9,677       9,437         29,323       31,554         PROPERTY AND EQUIPMENT:       2,093       2,155         Buildings       65,219       65,247         Machinery and equipment       83,508       82,973         Office furniture and equipment       5,578       14,746         Computer software and hardware       50,642       48,917         Equipment held for rental       374       374         Demonstration equipment       7,770       8,026         Transportation equipment       6,863       6,596         222,047       229,034         Less accumulated depreciation       155,096       155,871         66,951       73,163	Long-term receivables, less current maturities	2,876	3,866
Investment in affiliates and other assets       3,570       2,414         Deferred income taxes       9,677       9,437         29,323       31,554         PROPERTY AND EQUIPMENT:       2,093       2,155         Buildings       65,219       65,247         Machinery and equipment       83,508       82,973         Office furniture and equipment       5,578       14,746         Computer software and hardware       50,642       48,917         Equipment held for rental       374       374         Demonstration equipment       7,770       8,026         Transportation equipment       6,863       6,596         222,047       229,034         Less accumulated depreciation       155,096       155,871         66,951       73,163	Goodwill	7,866	8,116
Deferred income taxes       9,677       9,437         29,323       31,554         PROPERTY AND EQUIPMENT:       2,093       2,155         Buildings       65,219       65,247         Machinery and equipment       83,508       82,973         Office furniture and equipment       5,578       14,746         Computer software and hardware       50,642       48,917         Equipment held for rental       374       374         Demonstration equipment       7,770       8,026         Transportation equipment       6,863       6,596         222,047       229,034         Less accumulated depreciation       155,096       155,871         66,951       73,163	Intangibles, net	5,334	7,721
PROPERTY AND EQUIPMENT:  Land 2,093 2,155  Buildings 65,219 65,247  Machinery and equipment 83,508 82,973  Office furniture and equipment 5,578 14,746  Computer software and hardware 50,642 48,917  Equipment held for rental 374 374  Demonstration equipment 7,770 8,026  Transportation equipment 6,863 6,596  222,047 229,034  Less accumulated depreciation 155,096 155,871  66,951 73,163	Investment in affiliates and other assets	3,570	2,414
PROPERTY AND EQUIPMENT:       2,093       2,155         Buildings       65,219       65,247         Machinery and equipment       83,508       82,973         Office furniture and equipment       5,578       14,746         Computer software and hardware       50,642       48,917         Equipment held for rental       374       374         Demonstration equipment       7,770       8,026         Transportation equipment       6,863       6,596         222,047       229,034         Less accumulated depreciation       155,096       155,871         66,951       73,163	Deferred income taxes	9,677	9,437
Land       2,093       2,155         Buildings       65,219       65,247         Machinery and equipment       83,508       82,973         Office furniture and equipment       5,578       14,746         Computer software and hardware       50,642       48,917         Equipment held for rental       374       374         Demonstration equipment       7,770       8,026         Transportation equipment       6,863       6,596         222,047       229,034         Less accumulated depreciation       155,096       155,871         66,951       73,163		29,323	31,554
Buildings       65,219       65,247         Machinery and equipment       83,508       82,973         Office furniture and equipment       5,578       14,746         Computer software and hardware       50,642       48,917         Equipment held for rental       374       374         Demonstration equipment       7,770       8,026         Transportation equipment       6,863       6,596         222,047       229,034         Less accumulated depreciation       155,096       155,871         66,951       73,163	PROPERTY AND EQUIPMENT:		
Machinery and equipment       83,508       82,973         Office furniture and equipment       5,578       14,746         Computer software and hardware       50,642       48,917         Equipment held for rental       374       374         Demonstration equipment       7,770       8,026         Transportation equipment       6,863       6,596         222,047       229,034         Less accumulated depreciation       155,096       155,871         66,951       73,163	Land	2,093	2,155
Office furniture and equipment       5,578       14,746         Computer software and hardware       50,642       48,917         Equipment held for rental       374       374         Demonstration equipment       7,770       8,026         Transportation equipment       6,863       6,596         222,047       229,034         Less accumulated depreciation       155,096       155,871         66,951       73,163	Buildings	65,219	65,247
Computer software and hardware       50,642       48,917         Equipment held for rental       374       374         Demonstration equipment       7,770       8,026         Transportation equipment       6,863       6,596         222,047       229,034         Less accumulated depreciation       155,096       155,871         66,951       73,163	Machinery and equipment	83,508	82,973
Equipment held for rental       374       374         Demonstration equipment       7,770       8,026         Transportation equipment       6,863       6,596         222,047       229,034         Less accumulated depreciation       155,096       155,871         66,951       73,163	Office furniture and equipment	5,578	14,746
Demonstration equipment       7,770       8,026         Transportation equipment       6,863       6,596         222,047       229,034         Less accumulated depreciation       155,096       155,871         66,951       73,163	Computer software and hardware	50,642	48,917
Transportation equipment       6,863       6,596         222,047       229,034         Less accumulated depreciation       155,096       155,871         66,951       73,163	Equipment held for rental	374	374
Less accumulated depreciation       222,047       229,034         155,096       155,871         66,951       73,163	Demonstration equipment	7,770	8,026
Less accumulated depreciation 155,096 155,871 66,951 73,163	Transportation equipment	6,863	6,596
66,951 73,163		222,047	229,034
·	Less accumulated depreciation	155,096	155,871
TOTAL ASSETS \$ 348,106 \$ 349,948		66,951	73,163
	TOTAL ASSETS	\$ 348,106	\$349,948

See notes to consolidated financial statements.

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## DAKTRONICS INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

(continued)

(in thousands, except share data)

	January 28, 2017 (unaudited)	April 30, 2016
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 38,688	\$43,441
Accrued expenses	25,560	23,532
Warranty obligations	14,847	16,564
Billings in excess of costs and estimated earnings	12,080	10,361
Customer deposits (billed or collected)	14,483	16,012
Deferred revenue (billed or collected)	12,282	10,712
Current portion of other long-term obligations	453	585
Income taxes payable	1,788	310
Total current liabilities	120,181	