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HAEMONETICS CORP  
Form 10-K  
May 20, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
Form 10-K

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

For the fiscal year ended March 30, 2013

Commission file number 001-14041

HAEMONETICS CORPORATION

(Exact name of registrant as specified in its charter)

Massachusetts

(State or other jurisdiction of  
incorporation or organization)

04-2882273

(I.R.S. Employer  
Identification No.)

400 Wood Road,  
Braintree, Massachusetts 02184-9114  
(Address of principal executive offices)

(781) 848-7100  
(Registrant's telephone number)

Securities registered pursuant to Section 12(b) of the Act:

(Title of Each Class)

Common stock, \$.01 par value per share

(Name of Exchange on Which Registered)

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☐

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ 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) (2.) has been subject to the filing requirements for at least 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this form 10-K. ☐

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 ☐

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 ☐

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant (assuming for these purposes that all executive officers and directors are "affiliates" of the registrant) as of September 29, 2012, the last business day of the registrant's most recently completed second fiscal quarter was

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\$2,031,424,216 (based on the closing sale price of the registrant's common stock on that date as reported on the New York Stock Exchange).

The number of shares of \$0.01 par value common stock outstanding as of April 27, 2013 was 51,076,655.

Documents Incorporated By Reference

Portions of the definitive proxy statement for our Annual Meeting of Shareholders to be held on July 24, 2013 are incorporated by reference in Part III of this report.

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ITEM 1. BUSINESS

Company Overview

Haemonetics is a global healthcare company dedicated to providing innovative blood management solutions to our customers. Our comprehensive portfolio of integrated devices, information management, and consulting services offers blood management solutions for each facet of the blood supply chain, helping improve clinical outcomes and reduce costs for blood and plasma collectors, hospitals, and patients around the world. Our products and services help prevent a transfusion to a patient who does not need one and provide the right blood product, at the right time, in the right dose to the patient who does.

Blood and its components (plasma, platelets, and red cells) have many vital - and frequently life-saving - clinical applications. Plasma is used for patients with major blood loss and is manufactured into pharmaceuticals to treat a variety of illnesses and hereditary disorders such as hemophilia. Red cells treat trauma patients or patients undergoing surgery with high blood loss, such as open heart surgery or organ transplant. Platelets treat cancer patients undergoing chemotherapy. Blood is essential to a modern healthcare system.

Haemonetics is committed to helping our customers create and maintain a safe and efficient blood supply chain. Specifically, we develop and market a wide range of systems used with plasma and blood donors that collect and process blood into its components using both manual and automated methods. We also develop and market a variety of systems to hospitals that automate the cleaning and reinfusion of a surgical patient's blood during surgery, automate the tracking and distribution of blood in the hospital, and enhance blood diagnostics. We also sell information technology platforms to promote efficient and compliant operations for all of our customer groups. Finally, we provide consulting services to reduce costs and improve operating efficiencies in blood management. By better understanding our customers' needs, we are creating comprehensive blood management solutions for blood collectors and healthcare systems in more than 97 countries around the world.

Haemonetics was founded in 1971 as a medical device company — a pioneer and market leader in developing and manufacturing automated blood component collection devices and surgical blood salvage devices. In May 1991, we completed an initial public offering and to this day remain an independent company. Several years ago, we embarked on a strategy to expand our markets and product portfolio to offer more comprehensive blood management solutions to our customers. Through internal product development and external acquisitions, we have significantly expanded our product offerings.

On August 1, 2012 we completed the acquisition of the business assets of the blood collection, filtration and processing product lines of Pall Corporation. We paid \$535.2 million in cash consideration following resolution of post-closing adjustments for working capital and historical earnings levels. The acquisition was funded utilizing \$475.0 million of loans and the remainder from cash on hand. The blood processing systems and equipment acquired are for use in transfusion medicine and include manufacturing facilities in Covina, California; Tijuana, Mexico; Ascoli, Italy and a portion of Pall's assets in Fajardo, Puerto Rico. Approximately 1,300 employees transferred to Haemonetics. We anticipate paying an additional \$15.0 million upon the replication and delivery of certain manufacturing assets of Pall's filter media business to Haemonetics by 2016. Until that time, Pall will manufacture and sell filter media to Haemonetics under a supply agreement. We refer to this newly acquired business as the whole blood business. This acquisition provides access to the manual collection and whole blood markets and has provided scope for introduction of automated solutions into those markets.

On April 30, 2013 we completed the acquisition of certain assets of Hemerus LLC, a Minnesota based company that develops innovative technologies for the collection of whole blood and processing and storage of blood components. Hemerus has received FDA approval for SOLX® whole blood collection system for eight hour storage of whole blood. Hemerus previously received CE Marking (Conformité Européenne) in the European Union to market SOLX

as the world's first 56-day red blood cell storage solution. We paid \$23.0 million cash in addition to the \$1.0 million paid early in fiscal 2013. We will pay an additional \$3.0 million contingent upon a further FDA approval of the SOLX solution for 24 hour storage of whole blood prior to processing, and will pay up to \$14.0 million based on future sales of SOLX-based products achieved within the next 10 years.

#### Markets and Products

We serve three markets: manufacturers of plasma derived pharmaceuticals, blood collectors, and hospitals. We report revenues for multiple product lines under four global product categories: Plasma, Blood Center, Hospital, and Software Solutions. "Plasma" includes plasma collection devices and consumables. "Blood Center" includes blood collection and processing devices and consumables. "Hospital" includes surgical blood salvage and blood demand diagnostic devices and consumables. "Software Solutions" includes information technology platforms and consulting services provided to all three markets.

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Although we address our customers' needs through multiple product lines, we manage our business as one operating segment: the design, manufacture, implementation, support and marketing of blood management solutions. Our chief operating decision-maker uses consolidated financial results to make operating and strategic decisions. Design and manufacturing processes, as well as economic characteristics and the regulatory environment in which we operate, are largely the same for all product lines.

The financial information required for the operating segment is included herein in Note 15 of the financial statements, entitled Segment Information.

### **Plasma**

**The Plasma Collection Market for Fractionation** — Human plasma is collected and processed by bio-pharmaceutical companies into therapeutic and diagnostic products that aid in the treatment of immune diseases and coagulation disorders. While plasma is also used to aid patients with extreme blood loss, such as trauma victims, this portion of our business solely focuses on plasma's pharmaceutical uses. Automated plasma collection technology allows for the safe and efficient collection of plasma. We manufacture and market plasma collection devices and respective disposables, but do not make plasma-derived pharmaceuticals.

Many bio-pharmaceutical companies are vertically integrated in all components of their business and thus are now collecting and fractionating the plasma required to manufacture their pharmaceuticals. This vertical integration paved the way for highly efficient plasma supply chain management and the plasma industry leverages information technology to manage operations from the point of plasma donation to fractionation to the production of the final product.

**Haemonetics' Plasma Products** — Our portfolio of products and services is designed to support multiple facets of plasma collector operations. We have a long-standing commitment to understanding our customers' collection and fractionation processes. As a result, we deliver product quality and reliability; design equipment that is durable, dependable, and easy to use; and provide comprehensive training support and strong business continuity practices. Historically, plasma for fractionation was collected manually, which was time-consuming, labor-intensive, produced relatively poor yields, and posed risk to donors. Today, the vast majority of plasma collections worldwide are performed using automated collection technology because it is safer and more cost-effective. With our PCS® brand automated plasma collection technology, more plasma can be collected during any one donation event because the other blood components are returned to the donor through the sterile disposable sets used for the plasma donation procedure.

We offer “one stop shopping” to our plasma collection customers, enabling them to source from us the full range of products necessary for plasma collection and storage, including PCS® brand plasma collection equipment and consumables, plasma collection containers, and intravenous solutions. We also offer a robust portfolio of integrated information technology platforms for plasma customers to manage their donors, operations, and supply chain. Our products automate the donor interview and qualification process; streamline the workflow process in the plasma center; provide the controls necessary to evaluate donor suitability; determine the ability to release units collected; and manage unit distribution. With our software solutions, plasma collectors can manage processes across the plasma supply chain, react quickly to business changes, and identify opportunities to reduce costs.

Our plasma disposables product line represented 30.1%, 35.5%, and 33.6% of our total revenue in fiscal 2013, 2012 and 2011, respectively.

### **Blood Center**

**The Blood Collection Market for Transfusion** — There are millions of blood donations throughout the world every year that produce blood products for transfusion to surgical, trauma, or chronically ill patients. Patients typically receive only the blood components necessary to treat a particular clinical condition: for example, red cells to surgical patients, platelets to cancer patients, and plasma to trauma victims.

Platelet therapy is frequently used to alleviate the effects of chemotherapy and help patients with bleeding disorders. Red cells are often transfused to patients to replace blood lost during surgery. Red cells are also transfused to patients with blood disorders, such as sickle cell anemia or aplastic anemia. Plasma, in addition to its role in creating life-saving pharmaceuticals, is frequently transfused to trauma victims and to replace blood volume lost during surgery.

Demand for blood has declined modestly in mature markets due to the development of less invasive, lower blood loss medical procedures and blood management. Highly populated emerging market countries are increasing their demand

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for blood as they are advancing their healthcare coverage, and as greater numbers of people gain access to more advanced medical treatment, demand for blood components, plasma-derived drugs, and surgical procedures increases directly.

Most donations worldwide are manual whole blood donations. In this process, whole blood is collected from the donor and then transported to a laboratory where it is separated into its components: red cells, platelets and/or plasma. In addition to manual collections, there is a significant market for automated component blood collections. In this procedure, the blood separation process is automated and occurs in “real-time” while a person is donating blood. In this separation method, only the specific blood component targeted is collected, and the remaining components are returned to the blood donor. Automated blood component collection allows significantly more of the targeted blood component to be collected during a donation event, especially red cells where our automated system supports collection of two units from eligible donors.

Haemonetics' Blood Center Products — Today, Haemonetics offers automated blood component and manual whole blood collection systems to blood collection centers to collect blood products efficiently and cost effectively. We market the MCS® (Multicomponent Collection System) brand apheresis equipment which is designed to collect specific blood components integrated from the donor. Utilizing the MCS® automated platelet collection protocols, blood centers collect one or more therapeutic “doses” of platelets during a single donation by a volunteer blood donor. The MCS® two-unit protocol or double red cell collection device helps blood collectors optimize the collection of red cells by automating the blood separation function, eliminating the need for laboratory processing, and enabling the collection of two units of red cells from a single donor thus maximizing the amount of red cells collected per eligible donor and helping to mitigate red cell shortages in countries where this problem exists. Blood collectors can also use the MCS® system to collect one unit of red cells and a “jumbo” (double) unit of plasma, or one unit of red cells and one unit of platelets from a single donor. The MCS® plasma protocol providing the possibility to collect 600-800ml of plasma for transfusion to patients or for pharmaceutical industry use completes the comprehensive portfolio of different blood component collection options on this device.

With the whole blood acquisition, Haemonetics now also offers a portfolio of products for manual whole blood collection and processing. The assets acquired from Pall Corporation provide us with filter technology and manufacturing capability as well as a broad portfolio of manual collection, filtration and processing products. Haemonetics' portfolio of disposable whole blood collection and component storage sets offer flexibility in collecting a unit of whole blood and the subsequent production and storage of the red blood cell, platelet, and/or plasma products, including options for in-line or dockable filters for leukoreduction of any blood component. In addition, our innovative Acrodose<sup>SM</sup> product line provides a closed system for the pooling, storage, and bacteria testing of leukoreduced whole blood derived platelet concentrates, an Acrodose<sup>SM</sup> Platelet, that is “transfusion ready” for the hospital. Use of Acrodose platelets lowers hospital handling costs by eliminating the need for pooling and bacteria testing at the hospital.

With the ACP® (Automated Cell Processor) brand, Haemonetics offers a small bench-top solution to automate the washing and freezing of red cell components in the lab. The automated red cell washing procedure removes plasma proteins within the red cell units to provide a safer product for transfusion to frequently transfused patients, neonates, or patients with a history of transfusion reactions. The automated glycerolization and deglycerolization steps are required to prepare red cells for frozen storage. Freezing the red cell units can expand the shelf life of these products up to 10 years. Customers utilize this technology to implement strategic red cell inventories for catastrophe cases, storage of rare blood types, or enhanced inventory management.

With the whole blood acquisition, Haemonetics now offers filtration products for the hospital. These filters are used during the blood transfusion process for reduction of particulate debris, fat globules and leukocytes in the blood components.

Our blood center disposables product line represented 40.1%, 29.7%, and 30.0% of our total revenue in fiscal 2013, 2012 and 2011, respectively.

†Hospital



The Transfusion Market for Hospitals — Loss of blood is common in many surgical procedures, including open heart, trauma, transplant, vascular, and orthopedic procedures, and the need for transfusion of oxygen-carrying red cells to make up for lost blood volume is routine. Patients commonly receive donor blood, referred to as “allogeneic blood,” which carries various risks including risk of transfusion with the wrong blood type; risk of transfusion

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reactions including death, but more commonly chills, fevers or other side effects that can prolong a patient's recovery; and risk of transfusion of blood with a blood-borne disease or infectious agent.

An alternative to allogeneic blood is surgical cell salvage, also known as autotransfusion, which reduces or eliminates a patient's need for blood donated from others and ensures that the patient receives the freshest and safest blood possible — his or her own. Surgical cell salvage involves the collection of a patient's own blood during and after surgery, for reinfusion of red cells to that patient. Blood is suctioned from the surgical site or collected from a wound or chest drain, processed and washed through a centrifuge-based system that yields concentrated red cells available for transfusion back to the patient. This process occurs in a sterile, closed-circuit, single-use consumable set that is fitted into an electromechanical device. We market our surgical blood salvage products to surgical specialists, primarily cardiovascular, orthopedic, and trauma surgeons, and to surgical suite service providers.

**Haemonetics' Hospital Products** — Haemonetics offers a range of blood management solutions that significantly improve a hospital's systems for acquiring blood, storing it in the hospital, and dispensing it efficiently and correctly. Over the last few years, hospitals have become more aware of their need to control costs and improve patient safety by managing blood more effectively. Our products and integrated solution platforms help hospitals optimize performance of blood acquisition, storage, and distribution.

Our TEG® Thrombelastograph Hemostasis Analyzer system is a blood diagnostic instrument that measures a patient's hemostasis or the ability to form and maintain blood clots. By understanding a patient's clotting ability, clinicians can better plan for the patient's care, deciding in advance whether to start or discontinue use of certain drugs or, determine the likelihood of the patient's need for a transfusion and which blood components will be most effective in stopping bleeding. Such planning supports the best possible clinical outcome, which can lead to lower hospital costs through a reduction in unnecessary donor blood transfusions, reduced adverse transfusion reactions, shorter intensive care unit and hospital stays, and exploratory surgeries.

The Cell Saver® system is a surgical blood salvage system targeted to procedures that involve rapid, high-volume blood loss, such as cardiovascular surgeries. It has become the standard of care for high blood-loss surgeries. In fiscal 2012, we launched the Cell Saver® Elite® system, which is our most advanced autotransfusion option to minimize allogeneic blood use for surgeries with medium to high blood loss.

The OrthoPAT® surgical blood salvage system is targeted to procedures, such as orthopedic, that involve slower, lower volume blood loss that often occurs well after surgery. The cardioPAT® system is a surgical blood salvage system targeted to open heart surgeries when there is less blood loss during surgery, but where the blood loss continues post-surgery. These systems are designed to remain with the patient following surgery, to recover blood and produce a washed red cell product for autotransfusion. Their Quick-Connect feature permits customers to utilize the blood processing set selectively, depending on the patient's need.

Our IMPACT® Online web-based software platform, which monitors and measures improvements in a hospital's blood management practices, provides hospitals with a baseline view of their blood management metrics and helps monitor transfusion rates. Business consulting solutions are offered to support process excellence and blood management efforts. We also provide blood management assessment tools to hospitals that enable our customers to monitor their progress in order to continually improve their blood management performance.

Our hospital disposables product line represented 14.7%, 16.6%, and 18.0% of our total revenue in fiscal 2013, 2012 and 2011, respectively.

### **Software Solutions**

**Haemonetics' Software Products and Services** — We have a suite of integrated software solutions for improving efficiencies and helping ensure donor and patient safety. This includes solutions for blood drive planning, donor recruitment and retention, blood collection, component manufacturing and distribution, transfusion management, and remote blood allocation. For our plasma customers, we also provide information technology platforms for managing donors and information associated with the collection of plasma products within fractionation facilities. While each Haemonetics information technology platform can be used independently, our mission to provide "Arm to Arm®" blood management solutions means they can also work together through integration to further improve process workflows. Also, the ability to evaluate information based on the integration of these systems allows customers to

continually improve their business processes. Leveraging information to make more informed decisions is a significant component of Haemonetics' overall commitment to improving blood management systems globally.

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Integrated Blood Management Solutions —Combining software solutions with devices, we meet our goal of offering customers powerful tools for improving blood management while driving growth of our consumables. For example, a hospital may use our consulting services to analyze its blood management practices and recommend changes in practice. Then, the hospital can leverage our systems and services to analyze blood utilization, manage blood inventory, and potentially reduce demand for donated blood. Finally, hospitals can use our IMPACT® Online blood management business intelligence portal to monitor the results of its new blood management practices. The positive patient impact and reduced costs from this integrated blood management approach can be significant. Likewise, by understanding best practices, blood demand, and discreet patient needs, hospitals can more frequently deploy our devices for hemostasis diagnosis and cell salvage to ensure best patient care.

While each of our products, platforms, and services can be marketed individually, our blood management solutions vision is to offer integrated closed-loop solutions for blood supply chain management. Our software solutions — information technology platforms and consulting services — can be combined with our devices and sold through our plasma, blood center, and hospital sales forces.

Our software products help hospitals track and safely deliver stored blood products. SafeTrace Tx® is our software solution that helps manage blood product inventory, perform patient cross-matching, and manage transfusions. In addition, our BloodTrack® suite of solutions manages tracking and control of blood products from the hospital blood center through to transfusion to the patient. “Smart” refrigerators located in or near operating suites, emergency rooms, and other parts of the hospital dispense blood units with secure control and automated traceability for efficient documentation. With our more comprehensive offerings, hospitals are better able to manage processes across the blood supply chain and identify increased opportunities to reduce costs and enhance processes.

We believe a key example of our blood management solutions is the potential to balance blood demand with supply and mitigate shortages of blood components and reduce collection costs. Our software solutions, such as our SafeTrace® and El Dorado Donor® donation and blood unit management systems, span blood center operations and automate and track operations from the recruitment of the blood donor to the disposition of the blood product. Our HemaspHERE® software solution provides support for more efficient blood drive planning, and Donor Doc® and e-Donor® software help to improve recruitment and retention. Combined, our solutions help blood collectors improve the safety, regulatory compliance, and efficiency of blood collection and supply.

Our software solutions product line represented 7.8%, 9.7%, and 9.9% of our total revenue in fiscal 2013, 2012 and 2011, respectively.

### Marketing/Sales/Distribution

We market and sell our products to commercial plasma collectors, blood collection groups and independent blood centers, hospitals and hospital service providers, and national health organizations through our own direct sales force (including full-time sales representatives and clinical specialists) as well as independent distributors. Sales representatives target the primary decision-makers within each of those organizations.

#### United States

In fiscal 2013, 2012 and 2011 approximately 51.0%, 48.4%, and 46.9%, respectively, of consolidated net revenues were generated in the U.S., where we primarily use a direct sales force to sell our products.

#### Outside the United States

In fiscal 2013, 2012 and 2011 approximately 49.0%, 51.6%, and 53.1%, respectively, of consolidated net revenues were generated through sales to non-U.S. customers. Outside the United States, we use a combination of direct sales force and distributors.

### Research and Development

Our research and development (“R&D”) centers in the United States and Switzerland ensure that protocol variations are incorporated to closely match local customer requirements. In addition, our Haemonetics Software Solutions also maintains development operations in Canada and France.

Customer collaboration is also an important part of our technical strength and competitive advantage. These collaboration customers and transfusion experts provide us with ideas for new products and applications, enhanced protocols, and potential test sites as well as objective evaluations and expert opinions regarding technical and performance issues.



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The development of blood component separation products and extracorporeal blood typing and screening systems has required us to maintain technical expertise in various engineering disciplines, including mechanical, electrical, software, and biomedical engineering and material science. Innovations resulting from these various engineering efforts enable us to develop systems that are faster, smaller, and more user-friendly, or that incorporate additional features important to our customer base.

Research and development expense was \$44.4 million in fiscal 2013, \$36.8 million in fiscal 2012 and \$32.7 million in fiscal 2011, representing approximately 5.0% of our net sales each year.

In fiscal 2013, R&D resources were allocated to supporting a next generation orthopedic perioperative autotransfusion device, a series of elements comprising an automated whole blood collection system, and several other projects to enhance our current product portfolio.

### Manufacturing

Our principal manufacturing operations are located in the United States, Mexico, Scotland, Switzerland and Italy. In general, our production activities occur in controlled settings or “clean room” environments. Each step of the manufacturing and assembly process is quality checked, qualified, and validated. Critical process steps and materials are documented to ensure that every unit is produced consistently and meets performance requirements. All of our other equipment and disposable manufacturing sites are certified to the ISO 13485 standard and to the Medical Device Directive allowing placement of the CE mark of conformity.

Plastics are the principal component of our disposable products. Contracts with our suppliers help mitigate some of the short-term effects of price volatility in this market. However, increases in the price of petroleum derivatives could result in corresponding increases in our costs to procure plastic raw materials.

Contractors manufacture some component-sets according to our specifications. We maintain important relationships with two Japanese manufacturers that produce finished consumables in Singapore, Japan, and Thailand. Certain parts and components are purchased from sole source vendors. We believe that if necessary, alternative sources of supply are available in most cases, and could be secured within a relatively short period of time. Nevertheless, an interruption in supply could temporarily interfere with production schedules and affect our operations.

Each blood processing machine is designed in-house and assembled from components that are either manufactured by us or to our specifications. The completed instruments are programmed, calibrated, and tested to ensure compliance with our engineering and quality assurance specifications. Inspection checks are conducted throughout the manufacturing process to verify proper assembly and functionality. When mechanical and electronic components are sourced from outside vendors, those vendors must meet detailed qualification and process control requirements.

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Securities and Exchange Commission has issued final rules regarding the disclosure of use of certain minerals, known as conflict minerals, which are mined from the Democratic Republic of the Congo and adjoining countries. These rules could have an adverse effect on the sourcing, supply and pricing of materials used in our products.

### Intellectual Property

We consider our intellectual property rights to be important to our business. We rely on patent, trademark, copyright, and trade secret laws, as well as provisions in our agreements with third parties to protect our intellectual property rights. We hold patents in the United States and many international jurisdictions on some of our machines, processes, disposables and related technologies. These patents cover certain elements of our systems, including protocols employed in our equipment and certain aspects of our processing chambers and disposables. Our patents may cover current products, products in markets we plan to enter, or products in markets we plan to license, or the patents may be defensive in that they are directed to technologies not currently embodied in our current products. We may also license patent rights from third parties that cover technologies that we plan to use in our business. To maintain our competitive position, we rely on the technical expertise and know-how of our personnel and on our patent rights. We pursue an active and formal program of invention disclosure and patent application in both the United States and foreign jurisdictions. We own various trademarks that have been registered in the United States and certain other countries.

Our policy is to obtain patent and trademark rights in the U.S. and foreign countries where such rights are available and we believe it is commercially advantageous to do so. However, the standards for international protection of intellectual property vary widely. We cannot assure that pending patent and trademark applications will result in issued patents and registered trademarks, that patents issued to or licensed by us will not be challenged or circumvented by competitors, or that our patents will not be determined invalid.

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### Competition

We have established a record of innovation and leadership in each of the areas in which we compete. To remain competitive, we must continue to develop and acquire new cost-effective products, information technology platforms, and business services. We believe that our ability to maintain a competitive advantage will continue to depend on a combination of factors. Some factors are largely within our control such as reputation, regulatory approvals, patents, unpatented proprietary know-how in several technological areas, product quality, safety and cost effectiveness and continual and rigorous documentation of clinical performance. Terumo BCT, Sorin Biomedica and Fresenius SE & Co. KGaA ("Fresenius") are large global competitors with product offerings similar to ours.

#### Plasma

In the automated plasma collection market, we principally compete with Fresenius, who acquired Fenwal, Inc. in November 2012, on the basis of quality, reliability, ease of use, services and technical features of systems, and on the long-term cost-effectiveness of equipment and disposables. In China, the market is populated by local producers of a product that is intended to be similar to ours. Recently, those competitors have expanded to markets beyond China, into European and South American countries.

#### Blood Center

We have several competitors in the Blood Center product lines, some of whom compete across all blood components and other are more specialized.

Terumo BCT, a combination of Caridian BCT and Terumo Medical Corporation is one of our major competitors in automated platelet collection. Fresenius is another major competitor in this area after their November 2012 acquisition of Fenwal. In the automated platelet collection business, competition is based on continual performance improvement, as measured by the time and efficiency of platelet collection and the quality of the platelets collected. Each of these companies has taken a different technological approach in designing their systems for automated platelet collection. In the platelet collection market, as a result of the Pall Corporation acquired business product lines, we now also compete in the pooled random donor platelet segment from whole blood collections from which pooled platelets are derived with the Acrodose product or buffy coat pooling sets.

Terumo BCT and Fresenius (following its acquisition of Fenwal in 2012) are also competitors in the automated red cell collection market. However, it is important to note that most double red cell collection is done in the US and less than 10% of the 14 million units of red cells collected in the U.S. annually are collected via automation. Therefore, we also compete with the traditional method of collecting red cells from the manual collection of whole blood. As discussed in our Company Overview, we entered the whole blood collections market during fiscal 2013 through the acquisition of the whole blood business from Pall. We compete on the basis of total cost, type-specific collection, process control, product quality, and inventory management.

Our whole blood business faces competition on the basis of quality and price. In North America, Europe and Asia-Pacific our main competitors are Fresenius, MacoPharma and Terumo BCT. Haemonetics and Fresenius are market co-leaders in the leukoreduced whole blood disposables segment in North America and Asia Pacific, whereas in Europe, Fresenius is the market leader. In Japan, Kawasumi is also a strong local competitor. We have a significant competitive cost advantage in the supply of filtration needed in whole blood collection because we are vertically integrated in the production of our own filters. This is unique among our major competitors.

In the cell processing market, competition is based on level of automation, labor-intensiveness, and system type (open versus closed). Open systems may be weaker in good manufacturing process compliance. Moreover, blood processed through open systems has a 24-hour shelf life. With the ACP® (automated cell processor) brand, Haemonetics offers a closed system cell processor which gives blood processed through it, a 14-day shelf life. We compete with Terumo BCT's open systems in this market.

### Hospital



Within our hospital business, in the diagnostics market, the TEG Thrombelastograph Hemostasis Analyzer is used primarily in surgical applications. One direct competitor, ROTEM, is a competitor in Europe and in the United States. Other competitive technologies include standard coagulation tests and platelet function testing. The TEG analyzer competes with other laboratory tests based on its ability to provide a complete picture of a patient's hemostasis at a single point in time, and the ability to measure the clinically relevant platelet function for an individual patient.

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In the intraoperative surgical blood salvage market, competition is based on reliability, ease of use, service, support, and price. For high-volume platforms, each manufacturer's technology is similar, and our Cell Saver technology competes principally with Medtronic, Fresenius, and Sorin Biomedica.

In the “perioperative” surgical blood salvage market, our OrthoPAT and cardioPAT systems compete primarily against (i) non-automated processing systems whose end product is an unwashed red blood cell unit for transfusion to the patient and (ii) transfusions of donated blood.

In the software market, we compete with MAK Systems, Mediware, Sunquest Information Systems and applications developed internally by our customers. These companies provide software to blood and plasma collectors and to hospitals for managing donors, collections, and blood units. None of these companies compete with Haemonetics' non-software products.

Our technical staff is highly skilled, but certain competitors have substantially greater financial resources and larger technical staffing at their disposal. There can be no assurance that competitors will not direct substantial efforts and resources toward the development and marketing of products competitive with those of Haemonetics.

### Significant Customers

The Japanese Red Cross Society (JRC) represented 10.1% and 13.7% of our net revenues in fiscal 2013 and 2012, respectively. Additionally, Grifols S.A., a global healthcare customer, represented approximately 11.0% of our net revenues in fiscal 2012. Revenue from Grifols S.A. was less than 10% of net revenues in fiscal 2013 due to increases in net revenues associated with the August 1, 2012 acquisition of the whole blood transfusion medicine business.

### Government Regulation

The products we manufacture and market are subject to regulation by the Center of Biologics Evaluation and Research (“CBER”) and the Center of Devices and Radiological Health (“CDRH”) of the United States Food and Drug Administration (“FDA”), and other non-United States regulatory bodies.

All medical devices introduced to the United States market since 1976 are required by the FDA, as a condition of marketing, to secure either a 510(k) pre-market notification clearance or an approved premarket approval application (“PMA”). In the United States, software used to automate blood center operations and blood collections and to track those components through the system are considered by FDA to be medical devices, subject to 510(k) pre-market notification. Intravenous solutions (blood anticoagulants and solutions for storage of red blood cells) marketed by us for use with our manual collection and automated systems requires us to obtain an approved New Drug Application (“NDA”) or Abbreviated New Drug Application (“ANDA”) from CBER. A 510(k) pre-market clearance indicates FDA’s agreement with an applicant’s determination that the product for which clearance is sought is substantially equivalent to another legally marketed medical device. The process of obtaining a 510(k) clearance may involve the submission of clinical data and supporting information. The process of obtaining NDA approval for solutions is likely to take much longer than 510(k) clearances because the FDA review process is more complicated.

The FDA’s Quality System regulations set forth standards for our product design and manufacturing processes, require the maintenance of certain records and provide for inspections of our facilities. There are also certain requirements of state, local and foreign governments that must be complied with in the manufacturing and marketing of our products. We maintain customer complaint files, record all lot numbers of disposable products, and conduct periodic audits to assure compliance with FDA regulations. We place special emphasis on customer training and advise all customers that device operation should be undertaken only by qualified personnel.

The FDA can ban certain medical devices; detain or seize adulterated or misbranded medical devices; order repair, replacement or refund of these devices; and require notification of health professionals and others with regard to medical devices that present unreasonable risks of substantial harm to the public health. The FDA may also enjoin and restrain certain violations of the Food, Drug and Cosmetic Act and the Safe Medical Devices Act pertaining to medical devices, or initiate action for criminal prosecution of such violations.

We are also subject to regulation in the countries outside the United States in which we market our products. The member states of the European Union (EU) have adopted the European Medical Device Directives, which create a single set of medical device regulations for all EU member countries. These regulations require companies that wish to manufacture and distribute medical devices in EU member countries to obtain CE Marking for their products.

Outside of the EU, many of the regulations applicable to our products are similar to those of the FDA. However, the

national health or social security organizations of certain countries require our products to be registered by those countries before they can be marketed in those countries.

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We have complied with these regulations and have obtained such registrations where we market our products. Federal, state and foreign regulations regarding the manufacture and sale of products such as ours are subject to change. We cannot predict what impact, if any, such changes might have on our business.

We are also subject to various environmental, health and general safety laws, directives and regulations both in the U.S. and abroad. Our operations, like those of other medical device companies, involve the use of substances regulated under environmental laws, primarily in manufacturing and sterilization processes. We believe that sound environmental, health and safety performance contributes to our competitive strength while benefiting our customers, shareholders and employees.

### Environmental Matters

Failure to comply with international, federal and local environmental protection laws or regulations could have an adverse impact on our business or could require material capital expenditures. We continue to monitor changes in U.S. and international environmental regulations that may present a significant risk to the business, including laws or regulations relating to the manufacture or sale of products using plastics.

### Employees

As of March 30, 2013, we employed the full-time equivalent of 3,563 persons assigned to the following functional areas: manufacturing, 2,043; sales and marketing, 432; general and administrative, 418; research and development, 318; and quality control and field service, 352. We consider our employee relations to be satisfactory.

### Availability of Reports and Other Information

All of our corporate governance materials, including the Principles of Corporate Governance, the Business Conduct Policy and the charters of the Audit, Compensation, and Nominating and Governance Committees are published on the Investor Relations section of our website at <http://phx.corporate-ir.net/phoenix.zhtml?c=72118&p=irol-IRHome>.

On this website the public can also access, free of charge, our annual, quarterly and current reports and other documents filed with or furnished to the Securities and Exchange Commission, or SEC, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

### Cautionary Statement Regarding Forward-Looking Information

Statements contained in this report, as well as oral statements we make which are prefaced with the words “may,” “will,” “expect,” “anticipate,” “continue,” “estimate,” “project,” “intend,” “designed,” and similar expressions, are intended to identify forward looking statements regarding events, conditions, and financial trends that may affect our future plans of operations, business strategy, results of operations, and financial position. These statements are based on our current expectations and estimates as to prospective events and circumstances about which we can give no firm assurance. Further, any forward-looking statement speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made. As it is not possible to predict every new factor that may emerge, forward-looking statements should not be relied upon as a prediction of our actual future financial condition or results. These forward-looking statements, like any forward-looking statements, involve risks and uncertainties that could cause actual results to differ materially from those projected or anticipated. Such risks and uncertainties include the effects of disruption from the acquisition of the Pall whole blood business making it more difficult to maintain relationships with employees, customers, vendors and other business partners, unexpected expenses incurred to integrate the Pall whole blood business, our ability to successfully execute on the transformation of our manufacturing network and our other value capture and creation activities, technological advances in the medical field and standards for transfusion medicine and our ability to successfully implement products that incorporate such advances and standards, demand for blood components, product quality, market acceptance, regulatory uncertainties, the effect of economic and political conditions, the impact of competitive products and pricing, blood product reimbursement policies and practices, foreign currency exchange rates, changes in customers' ordering patterns, the effect of industry consolidation as seen in the plasma market, the effect of communicable diseases and the effect of uncertainties in markets outside the U.S. (including Europe and Asia) in which we operate and such other risks described under Item 1A. Risk Factors included in this report. The foregoing list should not be construed as exhaustive.



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ITEM 1A. RISK FACTORS

Set forth below are the risks that we believe are material to our investors. This section contains forward-looking statements. You should refer to the explanation of the qualifications and limitations on forward-looking statements beginning on page 9 and 38.

If we are unable to successfully expand our product lines through internal research & development and acquisitions, our business may be materially and adversely affected.

Continued growth of our business depends on our maintaining a pipeline of profitable new products and successful improvements to our existing products. This requires accurate market analysis and carefully targeted application of intellectual and financial resources toward technological innovation or acquisition of new products. The creation and adoption of technological advances is only one step. We must also efficiently develop the technology into a product which confers a competitive advantage, represents a cost effective solution or provides improved clinical outcomes. The risks of missteps and set backs are an inherent part of the innovation and development processes in the medical device industry.

If we are unable to successfully grow our business through marketing partnerships and acquisitions, our business may be materially and adversely affected.

Promising partnerships and acquisitions may not be completed for reasons such as competition among prospective partners or buyers, our inability to reach satisfactory terms, or the need for regulatory approvals. Any acquisition that we complete may be dilutive to earnings and require the investment of significant resources. The economic environment may constrain our ability to access the capital needed for acquisitions and other capital investments.

Failure to integrate acquired businesses into our operations successfully could adversely affect our business.

The integration of the operations of acquired businesses requires significant efforts, including the coordination of information technologies, research and development, sales and marketing, operations, manufacturing and finance.

These efforts result in additional expenses and involve significant amounts of management's time. Factors that affect the success of acquisitions include the strength of the acquired company's underlying technology and ability to execute, our ability to retain employees, and our ability to achieve synergies, such as increasing sales and achieving cost savings. Our failure to manage successfully and coordinate the growth of the combined acquired companies could have an adverse impact on our business and our future growth.

Quality problems with our processes, goods, and services could harm our reputation for producing high-quality products and erode our competitive advantage, sales, and market share.

Quality is extremely important to us and our customers due to the serious and costly consequences of product failure. Our quality certifications are critical to the marketing success of our products and services. If we fail to meet these standards or fail to adapt to evolving standards, our reputation could be damaged, we could lose customers, and our revenue and results of operations could decline.

As approximately half of our revenue comes from outside the United States, we are subject to export and import restrictions, local regulatory authorities and the laws and medical practices in foreign jurisdictions.

Our international operations are governed by the U.S. Foreign Corrupt Practices Act (FCPA) and other similar anti-corruption laws in other countries. Generally, these laws which prohibit companies and their business partners or other intermediaries from making improper payments to foreign governments and government officials in order to obtain or retain business. Global enforcement of such anti-corruption laws has increased in recent years, including aggressive investigations and enforcement proceedings. While we have an active compliance program and various other safeguards to discourage impermissible practices, our global operations carry some risk of unauthorized impermissible activity on the part of one of our distributors, employees, agents or consultants. Any alleged or actual violation could subject us to government scrutiny, severe criminal or civil fines, or sanctions on our ability to export product outside the U.S., which could adversely affect our reputation and financial condition.

Export of U.S. technology or goods manufactured in the United States to some jurisdictions requires special U.S. export authorization or local market controls that may be influenced by factors, including political dynamics, outside our control.

Finally, any other significant changes in the competitive, legal, regulatory, reimbursement or economic environments of the jurisdictions in which we conduct our international business could have a material impact on our business. The implementation of healthcare reform in the United States may adversely affect us.

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The Patient Protection and Affordable Health Care Act was enacted into law in the U.S. in March 2010. In addition to a medical device tax, effective as of January 2013, the effects of which are considered in our financial disclosures, certain other provisions of the Act will not be effective until 2014 and 2015, and there are many programs and requirements for which the details have not yet been fully established or consequences not fully understood. We are unable to predict what healthcare programs and regulations will be ultimately implemented at either the federal or state level, but any changes that may decrease reimbursement for our products, reduce medical procedure volumes or increase cost containment measures could adversely impact our business.

An interruption in our ability to manufacture our products or an inability to obtain key components or raw materials may adversely affect our business.

Certain key products are manufactured at single locations, with limited alternate facilities. If an event occurs that results in damage to one or more of our facilities, we may be unable to manufacture the relevant products at previous levels or at all. In addition, for reasons of quality assurance or cost effectiveness, we purchase certain components and raw materials from sole suppliers. Due to the stringent regulations and requirements of the FDA and other similar non-U.S. regulatory agencies regarding the manufacture of our products, we may not be able to quickly establish additional or replacement sources for certain components or materials. A reduction or interruption in manufacturing, or an inability to secure alternative sources of raw materials or components, could have a material adverse effect on our business, results of operations, financial condition and cash flows.

If we are unable to meet our debt obligations or experience a disruption in our cash flows, it could have an adverse effect on our financial condition, results of operations or cost of borrowing.

We incurred \$475.0 million in debt to acquire the whole blood business. The obligations to pay interest and repay the borrowed amounts may restrict our ability to adjust to adverse economic conditions, our ability to fund working capital, capital expenditures, acquisition or other general corporate requirements. The interest rate on the loan is variable and subject to change based on market forces. Fluctuations in interest rates could adversely affect our profitability and cash flows.

In addition, as a global corporation we have significant cash reserves held in foreign countries. These balances may not be immediately available to repay our debt or may only be available after paying significant taxes.

Our credit facilities contain financial covenants that require us to maintain specified financial ratios and make interest and principal payments. If we are unable to satisfy these covenants, we may be required to obtain waivers from our lenders and no assurance can be made that our lenders would grant such waivers on favorable terms, or at all, and we could be required to repay any borrowed amounts on short notice.

As a medical device manufacturer we are subject to a number of laws and regulations. Non-compliance with those laws or regulations could adversely affect our financial condition and results of operations.

The manufacture, distribution and marketing of our products are subject to regulation by the FDA and other non-United States regulatory bodies. We must obtain specific regulatory clearance prior to selling any new product or service, a process which is costly and time consuming. Our operations are also subject to continuous review and monitoring by the FDA and other regulatory authorities. Failure to substantially comply with applicable regulations could subject our products to recall or seizure by government authorities, or an order to suspend manufacturing activities. As well, if our products were determined to have design or manufacturing flaws, this could result in their recall or seizure. Either of these situations could also result in the imposition of fines.

Many of our competitors have significantly greater financial means and resources, which may allow them to more rapidly develop new technologies and more quickly address changes in customer requirements.

Our ability to remain competitive depends on a combination of factors. Certain factors are within our control such as reputation, regulatory approvals, patents, unpatented proprietary know-how in several technological areas, product quality, safety, cost effectiveness and continued rigorous documentation of clinical performance. Other factors are outside of our control such as regulatory standards, medical standards, reimbursement policies and practices, and the practice of medicine.

Loss of a significant customer could adversely affect our business.

In fiscal 2013, our ten largest customers accounted for approximately 44% of our revenue. If any of our largest customers materially reduce their purchases from us or terminate their relationship with us for any reason, we could



experience an adverse effect on our results of operations or financial condition.

Our largest customer, the Japanese Red Cross Society (JRC), represented 10.1% of our revenues in fiscal 2013.

Because of the size of this relationship we could experience a significant reduction in revenue if the JRC decided to significantly reduce its purchases from us for any reason, including a desire to rebalance its purchases between vendors, or if we are unable to obtain

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and maintain necessary regulatory approvals in Japan. We also have a concentration of credit risk due to our outstanding accounts receivable balances with the JRC.

Current or worsening economic conditions may adversely affect our business and financial condition.

A portion of our trade accounts receivable outside the United States include sales to government-owned or supported healthcare systems in several countries, which are subject to payment delays. Payment is dependent upon the financial stability and creditworthiness of those countries' national economies. We have not incurred significant losses on government receivables. We continually evaluate all government receivables for potential collection risks associated with the availability of government funding and reimbursement practices. If the financial condition of customers or the countries' healthcare systems deteriorate such that their ability to make payments is uncertain, allowances may be required in future periods.

Deteriorating credit and economic conditions in parts of Western Europe, particularly in Italy where our net accounts receivable is \$23.4 million as of March 30, 2013, may increase the average length of time it takes us to collect our accounts receivable in certain regions within these countries.

We may not realize the expected benefits from our Manufacturing Network Optimization Program; our long-term plans will result in higher short-term expenses and require more cash expenditures.

In May 2013, we announced a multi-year Manufacturing Network Optimization Program which is intended to reduce our manufacturing costs by changing our current manufacturing footprint and supply chain strategy. We expect the program will reduce manufacturing costs and improve supply chain efficiency when complete. However, there are no assurances these cost savings or supply chain efficiencies will be achieved, and implementation of the program could introduce risks such as management distraction, business disruption, and attrition beyond our planned reduction in workforce and reduced employee productivity which may reduce our revenue or increase our costs. Additionally, implementing the program will result in charges and expenses that impact our operating results and increase our level of capital expenditures.

As a global corporation, we are exposed to fluctuations in currency exchange rates, which could adversely affect our cash flows and results of operations.

International revenues and expenses account for a substantial portion of our operations and we intend to continue expanding our presence in international markets. In fiscal 2013, our international revenues accounted for 49.0% of our total revenues. The exposure to fluctuations in currency exchange rates takes different forms. Reported revenues for sales, as well as manufacturing and operational costs denominated in foreign currencies by our international businesses, fluctuate due to exchange rate movement when translated into U.S. dollars for financial reporting purposes. Fluctuations in exchange rates could adversely affect our profitability in U.S. dollars of products and services sold by us into international markets, where payment for our products and services and related manufacturing and operational costs is made in local currencies.

We are subject to the risks associated with communicable diseases. A significant outbreak of a disease could reduce the demand for our products and affect our ability to provide our customers with products and services.

An eligible donor's willingness to donate is affected by concerns about their personal health and safety. Concerns about communicable diseases (such as pandemic flu, SARS, or HIV) could reduce the number of donors, and accordingly reduce the demand for our products for a period of time. A significant outbreak of a disease could also affect our employees' ability to work, which could limit our ability to produce product and service our customers.

There is a risk that the Company's intellectual property may be subject to misappropriation in some countries.

Certain countries, particularly China, do not enforce compliance with laws that protect intellectual property ("IP") rights with the same degree of vigor as is available under the U.S. and European systems of justice. Further, certain of the Company's IP rights are not registered in China, or if they were, have since expired. This may permit others to produce copies of products in China that are not covered by currently valid patent registrations. There is also a risk that such products may be exported from China to other countries.

In order to aggressively protect our intellectual property throughout the world, we have a program of patent disclosures and filings in markets where we conduct significant business. While we believe this program is reasonable and adequate, the risk of loss is inherent in litigation as different legal systems offer different levels of protection to

intellectual property, and it is still possible that even patented technologies may not be protected absolutely from infringement.

Pending and future intellectual property litigation could be costly and disruptive to us.

We operate in an industry that is susceptible to significant intellectual property litigation. We are currently pursuing intellectual property infringement claims described in more detail under Item 3. Legal Proceedings and Note 10-Commitments and Contingencies to our fiscal 2013 consolidated financial statements included in Item 8 of this Annual Report. Intellectual

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property litigation is expensive, complex and lengthy and its outcome is difficult to predict. Patent litigation may result in adverse outcomes and could significantly divert the attention of our technical and management personnel. We sell our products in certain emerging economies.

There are risks with doing business in emerging economies, such as Brazil, Russia, India and China. These economies tend to have less mature product regulatory systems, and more volatile financial markets. In addition, the government controlled health care system's ability to invest in our products and systems may abruptly shift due to changing government priorities or funding capacity. Our ability to sell products in these economies is dependent upon our ability to hire qualified employees or agents to represent our products locally, and our ability to obtain and maintain the necessary regulatory approvals in a less mature regulatory environment. If we are unable to retain qualified representatives or maintain the necessary regulatory approvals, we will not be able to continue to sell products in these markets. We are exposed to a higher degree of financial risk, if we extend credit to customers in these economies. In many of the international markets in which we do business, including certain parts of Europe, South America, the Middle East, Russia and Asia, our employees, agents or distributors offer to sell our products in response to public tenders issued by various governmental agencies.

There is additional risk in selling our products through agents or distributors, particularly in public tenders. If they misrepresent our products, do not provide appropriate service and delivery, or commit a violation of local or U.S. law, our reputation could be harmed, and we could be subject to fines, sanctions or both.

We have a complex international supply chain.

Any disruption to one or more of our suppliers' production or delivery of sufficient volumes of subcomponents conforming to our specifications could disrupt or delay our ability to deliver finished products to our customers. For example, we purchase components in Asia for use in manufacturing in the United States and Scotland. We also regularly ship finished goods from Scotland to Europe and Asia.

Plastics are the principal component of our disposables, which are the main source of our revenues.

Increases in the price of petroleum derivatives could result in corresponding increases in our costs to procure plastic raw materials. Increases in the costs of other commodities may affect our procurement costs to a lesser degree.

The technologies that support our products are the subject of active patent prosecution.

There is a risk that one or more of our products may be determined to infringe a patent held by another party. If this were to occur we may be subject to an injunction or to payment of royalties, or both, which may adversely affect our ability to market the affected product(s). In addition, competitors may patent technological advances which may give them a competitive advantage or create barriers to entry.

Our products are made with materials which are subject to regulation by governmental agencies.

Environmental regulations may prohibit the use of certain compounds in products we market and sell in regulated markets. If we are unable to substitute suitable materials into our processes, our manufacturing operations may be disrupted. In addition, we may be obligated to disclose the origin of certain materials used in our products, including but not limited to, metals mined from locations which have been the site of human rights violations.

We are entrusted with sensitive personal information relating to surgical patients, blood donors, employees and other persons in the course of operating our business and serving our customers.

Government agencies require that we implement measures to ensure the integrity and security of such personal data and, in the event of a breach of protocol, we inform affected individuals. If our systems are not properly designed or implemented, or should suffer a breach of security or an intrusion (e.g., "hacking") by unauthorized persons, the Company's reputation could be harmed, and it could incur costs and liabilities to affected persons and enforcement agencies.

We operate in an industry susceptible to significant product liability claims.

Our products are relied upon by medical personnel in connection with the treatment of patients and the collection of blood from donors. In the event that patients or donors sustain injury or death in connection with their condition or treatment, we, along with others, may be sued, and whether or not we are ultimately determined to be liable, we may incur significant legal expenses. These claims may be brought by individuals seeking relief on their own behalf or purporting to represent a class. In addition, product liability claims may be asserted against us in the future based on events we are not aware of at the present time.



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In addition, such litigation could damage our reputation and, therefore, impair our ability to market our products and obtain professional or product liability insurance. This causes the premiums for such insurances to increase. As such, we carry product liability coverage. While we believe that current coverage is sufficient, there is no assurance that such coverage will be adequate to cover incurred liabilities. Moreover, we may be unable to obtain acceptable product and professional liability coverage.

Consolidation in the healthcare industry could lead to increased demand for price concessions or the exclusion of suppliers from significant market segments, which could have an adverse effect on our business, financial condition and results of operations.

The costs of healthcare have risen significantly over the past decade. Numerous initiatives and reform by legislators, regulators and third-party payors to curb these costs have resulted in a consolidation trend in the healthcare industry. This consolidation has resulted in greater pricing pressure, decreased average selling prices and the exclusion of certain suppliers from important market segments. For example, group purchasing organizations, integrated delivery networks and large single accounts continue to consolidate purchasing decisions for some of our hospital customers. We expect market demand, government regulation, third-party reimbursement policies, government contracting requirements and societal pressures will continue to change the worldwide healthcare industry, resulting in further business consolidations and alliances among our customers and competitors. This may exert further downward pressure on the prices of our products and adversely impact our business, financial condition or results of operations.

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### ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

### ITEM 2. PROPERTIES

Our headquarters facility, which the Company owns, is located on 14 acres in Braintree, Massachusetts. This facility is located in a light industrial park and was constructed in the 1970s. The building is approximately 180,000 square feet, of which 70,000 square feet are devoted to manufacturing and quality control operations, 35,000 square feet to warehousing, 72,000 square feet for administrative and research, development and engineering activities.

The Company leases an 81,929 square foot facility in Leetsdale, Pennsylvania. This facility is used for warehousing, distribution and manufacturing operations supporting our plasma business. Annual lease expense is \$383,970 for this facility.

The Company leases 99,931 square feet in Draper, Utah. This facility is used for the manufacturing and distribution of plasma disposable products. Annual lease expense is \$495,498.

The Company owns a facility in Union, South Carolina. This facility is used to manufacture sterile solutions that support our blood center and plasma businesses. The facility is approximately 69,300 square feet.

The Company leases a facility in Niles, Illinois, which performs research and manufacturing for the Company. This facility is 16,478 square feet of office and manufacturing space. Annual lease expense is \$153,523.

The Company owns a facility in Bothwell, Scotland used to manufacture disposable components for European customers. This facility is approximately 40,200 square feet.

The Company leases 26,264 square feet of office space in Signy, Switzerland. This facility is used for sales, marketing, finance and other administrative services, as well as supply chain and procurement management activities related to our manufacturing operations. Annual lease expense for this space is \$900,000.

The Company leases a facility in Fajardo, Puerto Rico that is approximately 114,860 square feet under an agreement with Pall Corporation executed in connection with the Company's acquisition of Pall's transfusion medicine business on August 1, 2012. This facility is used for production of blood filters. We recorded a \$2.1 million capital lease under purchase accounting for this property for which we are recording approximately \$0.2 million of depreciation expense annually.

The Company owns a facility in Ascoli, Italy, used for the production of whole blood collection kits. This facility is 87,188 square feet.

The Company leases 126,569 square feet of space in Tijuana, Mexico used for the production of blood collection sets used for collection, handling and storage of whole blood. Annual lease expense is approximately \$327,360.

The Company owns two facilities in Covina, California that occupy 70,781 square feet, dedicated to manufacturing, R&D and engineering functions. The facilities also include general administration space. The Company also leases 40,400 square feet of space for warehousing and logistic operations. Annual lease expense is approximately \$264,450. These facilities are used for the production of whole blood collection kits.

The Company also leases administration, sales, marketing, service, and distribution facilities in locations around the world.

### ITEM 3. LEGAL PROCEEDINGS

We are presently engaged in various legal actions, and although our ultimate liability cannot be determined at the present time, we believe that any such liability will not materially affect our consolidated financial position or our results of operations.

#### Fenwal (Fresenius) Patent Infringement

For the past six years, we have pursued patent infringement lawsuits against Fenwal Inc. seeking an injunction and damages from their infringement of a Haemonetics patent, through the sale of the ALYX brand automated red cell collection system, a competitor of our automated red cell collection systems.

Currently, we are pursuing a patent infringement action in Germany against Fenwal, and its European and German subsidiary. On September 20, 2010, we filed a patent infringement action in Germany. In response, Fenwal filed an action to invalidate the Haemonetics patent which is the subject of this infringement action on December 1, 2010.





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ITEM 4. MINE SAFETY DISCLOSURES

None

ITEM 4A. EXECUTIVE OFFICERS

Executive Officers of the Registrant

The information concerning our Executive Officers is as follows. Executive officers are elected by and serve at the discretion of our Board of Directors. There are no family relationships between any director or executive officer and any other director or executive officer of Haemonetics Corporation.

PETER ALLEN (age 54), President, Global Plasma joined Haemonetics in 2003 as President of the Donor Division. In March 2008, Mr. Allen was appointed Chief Marketing Officer. In October 2011, he was promoted to President of Global Plasma. Prior to joining Haemonetics, Mr. Allen was Vice President of The Aethena Group, a private equity firm providing services to the global healthcare industry. From 1998 to 2001, he held various positions including Vice President of Sales and the Oncology Business at Syncor International, a provider of radiopharmaceutical and comprehensive medical imaging services. Previously, Mr. Allen held executive level positions in sales, marketing, and operations in DataMedic, Inc., Enterprise Systems, Inc./HBOC, and Robertson Lowstuter, Inc. Mr. Allen has also worked in sales and marketing at American Hospital Supply Corporation and Baxter International, Inc.

BRIAN CONCANNON (age 55), President and Chief Executive Officer joined Haemonetics in 2003 as President of the Patient Division. He was promoted to President of Global Markets in 2006 and then to Chief Operating Officer in 2007. In April 2009, he was promoted to President and Chief Executive Officer, and elected to the Haemonetics Board of Directors. Immediately prior to joining Haemonetics, Mr. Concannon was President of the Northeast Region at Cardinal Health Medical Products and Services where he was employed since 1998. From 1985 to 1998, he was employed by American Hospital Supply Corporation, Baxter Healthcare Corporation, and Allegiance Healthcare in a series of sales and operations management positions of increasing responsibility.

SUSAN HANLON (age 45), Vice President Finance and Chief Accounting Officer joined our Company in 2002 as Vice President and Corporate Controller. In 2004, she was promoted to Vice President Planning and Control, and in 2008, Ms. Hanlon was promoted to Vice President Finance. She presently has responsibility for Controllershship, Financial Planning, Tax, and Treasury. Prior to joining Haemonetics, Ms. Hanlon was a partner with Arthur Andersen LLP in Boston.

DAVID HELSEL (age 49) Executive Vice President, Global Manufacturing joined Haemonetics as Vice President of Global Manufacturing in March 2012, and is responsible for worldwide oversight of the Company's manufacturing and supply chain organizations. Mr. Helsel was previously with Covidien, Ltd. for 16 years, where he most recently was Vice President of Operations for the Surgical Solutions global business unit. During his tenure with Covidien, his previous roles included Vice President of Operations for the Medical Supplies segment and Global Director of Operational Excellence – Manufacturing. Mr. Helsel holds a Bachelor of Science degree in Mechanical Engineering from LeTourneau University.

SANDRA JESSE (age 60) Chief Legal Officer joined Haemonetics as Vice President, Chief Legal Officer in September 2011, and is responsible for the company's world-wide Legal, Compliance and Corporate Audit and Controls groups. Ms. Jesse was previously the Executive Vice President and Chief Legal Officer of Blue Cross Blue Shield of Massachusetts, a Partner in the Boston law firm of Choate, Hall and Stewart, and Press Secretary for United States Congressman, Lee Hamilton. She has served on a number of Boards of Directors, including the New England Legal Foundation, Longy School of Music, Boston Harbor Island Alliance and the Landmark School. Ms. Jesse is a former President of the Boston Bar Foundation.

MICHAEL KELLY (age 49) President, Global Markets, joined Haemonetics in 2010 as President of North America and the Global Plasma business. In 2011, his responsibilities expanded to include the Software and Global Marketing functions and his title changed to President of North America. In June of 2012, Mr. Kelly was promoted to President of Global Markets in charge of overseeing all of the Sales and Marketing activities for our Donor, Patient, and Software products globally, as well as the Global Marketing function. Prior to joining Haemonetics, he was Senior Vice President and General Manager of Infection Prevention for CareFusion Corporation. Mr. Kelly spent several

years with Cardinal Health in a variety of general management, marketing, business development, and sales positions. He began his career with Baxter Healthcare as a Sales Representative in 1991.

CHRISTOPHER LINDOP (age 55) Executive Vice President, Business Development and Chief Financial Officer joined Haemonetics in January of 2007 as Chief Financial Officer. In 2007, Mr. Lindop assumed responsibility for business development. Prior to joining Haemonetics, he was Chief Financial Officer at Inverness Medical Innovations, a rapidly growing global developer of advanced consumer and professional diagnostic products from 2003 to 2006. Prior to this, Mr. Lindop was a Partner in the Boston offices of Ernst & Young LLP and Arthur Andersen LLP.

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KATHLEEN MCDANIEL (age 49) Executive Vice President, Global Human Resources joined Haemonetics in March 2013 as EVP, Global Human Resources. Ms. McDaniel most recently served as worldwide VP of Human Resources for DePuy Synthes, a Johnson & Johnson Company. Prior to Depuy, Ms. McDaniel was an Executive Vice President at Fleet Credit Card Services. She has over 25 years of broad global HR leadership experience having held executive, senior human resources generalist and compensation positions at leading computer and financial services companies.

WARREN NIGHAN (age 44) Executive Vice President, Quality Assurance and Regulatory Assurance joined Haemonetics in November of 2010 as Vice President of Worldwide Quality & Regulatory Affairs. Mr. Nighan previously served as Vice President of Quality & Regulatory for St. Jude Medical in Minneapolis, Minnesota. Prior to that, he held numerous roles of increasing responsibility in quality and regulatory affairs at Covidien, Tyco Healthcare, and Kendall Healthcare. Mr. Nighan holds a bachelor's degree in nursing from Northeastern University.

DR. JONATHAN WHITE (age 53) Chief Science and Technology Officer joined Haemonetics in 2008 as Vice President of Research and Development. Dr. White joined Haemonetics from Pfizer where he held a number of roles including Chief Information Officer. He previously worked at McKinsey and Company in New York. Dr. White is a Fellow of the Royal College of Surgery in England.

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## PART II

## ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is listed on the New York Stock Exchange under the symbol HAE. The following table sets forth for the periods indicated the high and low sales prices of such common stock, which represent actual transactions as reported by the New York Stock Exchange. On November 30, 2012 the Company completed a two-for-one split of its common stock in the form of a stock dividend. Unless otherwise indicated, all common stock shares and per share information referenced below have been retroactively adjusted to reflect the stock split. The exercise price of each outstanding option has also been proportionately and retroactively adjusted for all periods presented. Par value per share and authorized shares were however not affected by the stock split.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal year ended March 30, 2013:				
Market price of Common Stock:				
High	\$37.06	\$40.70	\$41.38	\$44.44
Low	\$33.44	\$34.32	\$38.92	\$40.78
Fiscal year ended March 31, 2012:				
Market price of Common Stock:				
High	\$35.10	\$34.59	\$32.29	\$35.16
Low	\$31.21	\$28.02	\$27.50	\$30.92

There were approximately 272 holders of record of the Company's common stock as of March 30, 2013. The Company has never paid cash dividends on shares of its common stock and does not expect to pay cash dividends in the foreseeable future.

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The following graph compares the cumulative 5-year total return provided to shareholders on Haemonetics Corporation's common stock relative to the cumulative total returns of the S&P 500 index and the S&P Health Care Equipment index. An investment of \$100 (with reinvestment of all dividends) is assumed to have been made in our common stock and in each of the indexes on 3/29/2008 and its relative performance is tracked through 3/30/2013.

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\* \$100 invested on 3/29/08 in stock or index, including reinvestment of dividends.  
Fiscal year ended March 30.

	3/08	3/09	3/10	3/11	3/12	3/13
Haemonetics Corporation	100.00	92.45	95.94	110.00	116.95	139.85
S&P 500	100.00	60.32	88.41	100.24	106.48	118.64
S&P Health Care Equipment	100.00	68.74	95.94	97.34	101.08	113.56

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

Unregistered Sales of Equity Securities and Use of Proceeds

In the August 1, 2012 press release, the Company announced that its Board of Directors approved the repurchase of up to \$50.0 million worth of Company shares during fiscal year 2013. During the three months ended March 30, 2013, the Company repurchased 694,644 shares of its common stock for an aggregate purchase price of \$28.8 million. We reflect stock repurchases

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in our financial statements on a trade date basis and as Authorized Unissued. Haemonetics is a Massachusetts company and under Massachusetts law repurchased shares are treated as authorized but unissued, rather than treasury shares.

All of the purchases during the quarter were made under the publicly announced program. All purchases were made in the open market.

Period	Total Number of Shares Repurchased	Average Price Paid per Share including Commissions	Total Dollar Value of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
12/30/2012-1/26/2013	160,365	\$41.81	\$6,704,229	\$22,133,953
1/27/2013-2/23/2013	291,650	\$41.54	\$12,114,521	\$10,019,432
2/24/2013-3/30/2013	242,629	\$41.30	\$10,019,432	\$