

PERKINELMER INC
Form 10-Q
November 13, 2006
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended October 1, 2006

or

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

Commission File Number 001-5075

PerkinElmer, Inc.

(Exact name of Registrant as specified in its Charter)

Massachusetts
(State of incorporation)

45 William Street

Wellesley, Massachusetts 02481

(Address of principal executive offices)

(781) 237-5100

(Registrant's telephone number, including area code)

04-2052042
(I.R.S. Employer Identification No.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject

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to such filing requirements for the past 90 days. Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐

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

As of November 6, 2006, there were outstanding 122,969,013 shares of common stock, \$1 par value per share.

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****PERKINELMER, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED INCOME STATEMENTS****(Unaudited)**

	Three Months Ended		Nine Months Ended	
	October 1,	October 2,	October 1,	October 2,
	2006	2005	2006	2005
	(In thousands, except		(In thousands, except	
	per share data)		per share data)	
Sales	\$ 386,917	\$ 359,982	\$ 1,119,372	\$ 1,086,173
Cost of sales	230,976	209,700	670,155	636,479
Selling, general and administrative expenses	94,664	87,900	277,172	277,437
Research and development expenses	24,762	21,676	72,640	66,349
Restructuring and integration (reversals) charges, net			(290)	14,245
Gains on dispositions, net		(461)	(1,505)	(64)
In-process research and development charge				194
Operating income from continuing operations	36,515	41,167	101,200	91,533
Interest expense (income), net	233	6,397	(965)	20,684
Extinguishment of debt				6,210
(Gains) losses on dispositions of investments and other, net	(456)	(349)	2,383	(5,342)
Interest and other (income) expense, net	(223)	6,048	1,418	21,552
Income from continuing operations before income taxes	36,738	35,119	99,782	69,981
Provision for (benefit from) income taxes	7,823	8,650	22,527	(2,652)
Income from continuing operations	28,915	26,469	77,255	72,633
Income (loss) from discontinued operations, net of income taxes		5,176	(1,025)	12,464
Gain (loss) on disposition of discontinued operations, net of income taxes	838	188	1,625	(4,537)
Net income	\$ 29,753	\$ 31,833	\$ 77,855	\$ 80,560
Basic earnings (loss) per share:				
Continuing operations	\$ 0.23	\$ 0.20	\$ 0.61	\$ 0.56
Income (loss) from discontinued operations, net of income taxes		0.04	(0.01)	0.10
Gain (loss) on disposition of discontinued operations, net of income taxes	0.01		0.01	(0.04)
Net income	\$ 0.24	\$ 0.25	\$ 0.62	\$ 0.62
Diluted earnings (loss) per share:				
Continuing operations	\$ 0.23	\$ 0.20	\$ 0.61	\$ 0.55
Income (loss) from discontinued operations, net of income taxes		0.04	(0.01)	0.10
Gain (loss) on disposition of discontinued operations, net of income taxes	0.01		0.01	(0.03)

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Net income	\$	0.24	\$	0.24	\$	0.61	\$	0.62
Weighted average shares of common stock outstanding:								
Basic		124,277		129,543		126,105		129,135
Diluted		125,171		131,291		127,429		131,021
Cash dividends per common share	\$	0.07	\$	0.07	\$	0.21	\$	0.21

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

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PERKINELMER, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	October 1, 2006 (In thousands, except share and per share data)	January 1, 2006
Current assets:		
Cash and cash equivalents	\$ 207,074	\$ 502,264
Accounts receivable, net	253,189	250,844
Inventories	182,124	163,150
Other current assets	72,745	71,189
Current assets of discontinued operations	1,090	11,442
Total current assets	716,222	998,889
Property, plant and equipment:		
At cost	517,611	484,453
Accumulated depreciation	(336,026)	(307,084)
Property, plant and equipment, net	181,585	177,369
Marketable securities and investments	7,531	9,222
Intangible assets, net	412,017	375,419
Goodwill	1,102,232	1,026,201
Other assets	80,028	90,156
Long-term assets of discontinued operations	1,654	16,205
Total assets	\$ 2,501,269	\$ 2,693,461
Current liabilities:		
Short-term debt	\$ 1,142	\$ 1,131
Accounts payable	142,644	146,971
Accrued restructuring costs and integration costs	8,607	11,242
Accrued expenses	278,969	324,954
Current liabilities of discontinued operations	909	10,241
Total current liabilities	432,271	494,539
Long-term debt	201,133	243,282
Long-term liabilities	311,218	303,687
Long-term liabilities of discontinued operations		1,440
Total liabilities	944,622	1,042,948
Commitments and contingencies		
Stockholders' equity:		
Preferred stock \$1 par value per share, authorized 1,000,000 shares; none issued or outstanding		
Common stock \$1 par value per share, authorized 300,000,000 shares; issued and outstanding 122,919,000 and 130,109,000 at October 1, 2006 and January 1, 2006, respectively	122,919	130,109

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Capital in excess of par value	400,006	556,728
Unearned compensation		(6,372)
Retained earnings	1,007,088	964,690
Accumulated other comprehensive income	26,634	5,358
Total stockholders' equity	1,556,647	1,650,513
Total liabilities and stockholders' equity	\$ 2,501,269	\$ 2,693,461

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

Table of Contents**PERKINELMER, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

	Nine Months Ended	
	October 1, 2006	October 2, 2005
	(In thousands)	
Operating activities:		
Net income	\$ 77,855	\$ 80,560
Loss (income) from discontinued operations, net of income taxes	1,025	(12,464)
(Gain) loss on disposition of discontinued operations, net of income taxes	(1,625)	4,537
Net income from continuing operations	77,255	72,633
Adjustments to reconcile net income from continuing operations to net cash provided by continuing operations:		
Stock-based compensation	10,629	5,627
Restructuring and integration (reversals) charges, net	(290)	14,245
Amortization of debt discount and issuance costs	218	8,506
Depreciation and amortization	50,937	51,117
Resolution of prior year tax contingencies	55	(27,772)
Gains on dispositions, net	(3,418)	(5,908)
Changes in operating assets and liabilities which provided (used) cash, excluding effects from companies purchased and divested:		
Accounts receivable	12,972	(2,658)
Inventories	(13,264)	(2,186)
Accounts payable	(9,976)	2,810
Taxes paid on divestitures	(59,996)	
Accrued expenses and other	(21,907)	(6,547)
Net cash provided by operating activities from continuing operations	43,215	109,867
Net cash (used in) provided by discontinued operations	(862)	