

PERKINELMER INC
Form 10-Q
August 06, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2013

or

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

For the transition period from _____ to _____

Commission File Number 001-5075

PerkinElmer, Inc.
(Exact name of Registrant as specified in its Charter)

Massachusetts
(State or other jurisdiction of
incorporation or organization)
940 Winter Street
Waltham, Massachusetts 02451
(Address of principal executive offices) (Zip code)
(781) 663-6900
(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 to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

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

As of August 1, 2013, there were outstanding 112,020,960 shares of common stock, \$1 par value per share.

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PART I. FINANCIAL INFORMATION

Item 1. Unaudited Financial Statements

PERKINELMER, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2013	July 1, 2012	June 30, 2013	July 1, 2012
	(In thousands, except per share data)			
Product revenue	\$374,025	\$364,243	\$720,644	\$721,436
Service revenue	169,272	157,547	328,031	311,244
Total revenue	543,297	521,790	1,048,675	1,032,680
Cost of product revenue	195,756	186,442	376,886	372,899
Cost of service revenue	105,242	96,554	204,605	188,973
Total cost of revenue	300,998	282,996	581,491	561,872
Selling, general and administrative expenses	148,755	149,735	300,252	306,584
Research and development expenses	34,603	34,069	68,780	66,693
Restructuring and contract termination charges, net	19,277	5,203	22,587	11,362
Operating income from continuing operations	39,664	49,787	75,565	86,169
Interest and other expense, net	12,865	11,358	24,905	24,188
Income from continuing operations before income taxes	26,799	38,429	50,660	61,981
(Benefit from) provision for income taxes	(137)	) 4,861	(8,565)	) 6,337
Income from continuing operations	26,936	33,568	59,225	55,644
Gain on disposition of discontinued operations before income taxes	613	482	521	1,017
(Benefit from) provision for income taxes on disposition of discontinued operations	(376)	) 417	(395)	) 459
Income from discontinued operations and dispositions	989	65	916	558
Net income	\$27,925	\$33,633	\$60,141	\$56,202
Basic earnings per share:				
Income from continuing operations	\$0.24	\$0.30	\$0.53	\$0.49
Income from discontinued operations and dispositions	0.01	0.00	0.01	0.00
Net income	\$0.25	\$0.30	\$0.53	\$0.50
Diluted earnings per share:				
Income from continuing operations	\$0.24	\$0.29	\$0.52	\$0.49
Income from discontinued operations and dispositions	0.01	0.00	0.01	0.00
Net income	\$0.25	\$0.29	\$0.53	\$0.49
Weighted average shares of common stock outstanding:				
Basic	111,575	113,515	112,515	113,306
Diluted	112,718	114,578	113,717	114,348
Cash dividends per common share	\$0.07	\$0.07	\$0.14	\$0.14

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

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PERKINELMER, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,	July 1,	June 30,	July 1,
	2013	2012	2013	2012
	(In thousands)			
Net income	\$27,925	\$33,633	\$60,141	\$56,202
Other comprehensive (loss) income:				
Foreign currency translation adjustments	(1,201	) (30,344	) (14,704	) (16,578
Reclassification adjustments for losses on derivatives included in net income, net of tax	299	299	598	598
Unrealized (losses) gains on securities, net of tax	(41	) (13	) (30	) 22
Other comprehensive loss	(943	) (30,058	) (14,136	) (15,958
Comprehensive income	\$26,982	\$3,575	\$46,005	\$40,244

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

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PERKINELMER, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (Unaudited)

	June 30, 2013	December 30, 2012
	(In thousands, except share and per share data)	
Current assets:		
Cash and cash equivalents	\$ 112,470	\$ 171,444
Accounts receivable, net	434,798	457,011
Inventories, net	259,470	247,688
Other current assets	99,767	95,611
Total current assets	906,505	971,754
Property, plant and equipment, net:		
At cost	528,051	513,479
Accumulated depreciation	(313,922)	(302,963)
Property, plant and equipment, net	214,129	210,516
Marketable securities and investments	1,139	1,149
Intangible assets, net	487,312	529,901
Goodwill	2,117,062	2,122,788
Other assets, net	85,137	65,654
Total assets	\$ 3,811,284	\$ 3,901,762
Current liabilities:		
Short-term debt	\$ 2,215	\$ 1,772
Accounts payable	170,122	168,943
Accrued restructuring and contract termination charges	32,641	21,364
Accrued expenses and other current liabilities	357,803	388,026
Current liabilities of discontinued operations	500	995
Total current liabilities	563,281	581,100
Long-term debt	1,001,858	938,824
Long-term liabilities	386,293	442,026
Total liabilities	1,951,432	1,961,950
Commitments and contingencies (see Note 19)		
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 111,999,000 shares and 115,036,000 shares at June 30, 2013 and at December 30, 2012, respectively	111,999	115,036
Capital in excess of par value	102,339	209,610
Retained earnings	1,593,057	1,548,573
Accumulated other comprehensive income	52,457	66,593
Total stockholders' equity	1,859,852	1,939,812
Total liabilities and stockholders' equity	\$ 3,811,284	\$ 3,901,762
The accompanying notes are an integral part of these condensed consolidated financial statements.		

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PERKINELMER, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Unaudited)

	Six Months Ended	
	June 30, 2013	July 1, 2012
	(In thousands)	
Operating activities:		
Net income	\$60,141	\$56,202
Less: income from discontinued operations and dispositions, net of income taxes	(916)	(558)
Income from continuing operations	59,225	55,644
Adjustments to reconcile income from continuing operations to net cash provided by continuing operations:		
Restructuring and contract termination charges, net	22,587	11,362
Depreciation and amortization	62,810	64,163
Stock-based compensation	7,642	10,252
Amortization of deferred debt issuance costs, interest rate hedge and accretion of discounts	1,680	1,745
Amortization of acquired inventory revaluation	203	4,774
Changes in operating assets and liabilities which provided (used) cash, excluding effects from companies purchased and divested:		
Accounts receivable, net	14,630	13,473
Inventories, net	(17,550)	(12,652)
Accounts payable	3,478	1,645
Excess tax benefit from exercise of common stock options	—	(1,139)
Accrued expenses and other	(115,978)	(56,594)
Net cash provided by operating activities of continuing operations	38,727	92,673
Net cash provided by (used in) operating activities of discontinued operations	66	(744)
Net cash provided by operating activities	38,793	91,929
Investing activities:		
Capital expenditures	(22,852)	(11,449)
Proceeds from surrender of life insurance policies	220	—
Changes in restricted cash balances	—	200
Activity related to acquisitions and investments, net of cash and cash equivalents acquired	(49)	—
Net cash used in investing activities of continuing operations	(22,681)	(11,249)
Net cash provided by investing activities of discontinued operations	494	988
Net cash used in investing activities	(22,187)	(10,261)
Financing activities:		
Payments on revolving credit facility	(282,000)	(244,000)
Proceeds from revolving credit facility	340,000	210,000
Payments of debt issuance costs	—	(416)
Settlement of cash flow hedges	1,363	—
Net proceeds on other credit facilities	5,264	—