

TELEFLEX INC
Form 10-Q
July 31, 2007

**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 July 1, 2007

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 1-5353

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

Delaware

23-1147939

**(State or other jurisdiction of
incorporation or organization)**

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

**155 South Limerick Road,
Limerick, Pennsylvania**

19468

(Address of principal executive offices)

(Zip Code)

(610) 948-5100

(Registrant's telephone number, including area code)

(None)

(Former Name, Former Address and Former Fiscal Year, If Changed Since Last Report)

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Exchange Act Rule 12b-2).

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 Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of Common Stock, as of July 19, 2007:

Common Stock, \$1.00 Par Value

39,383,147

(Title of each class)

(Number of shares)

TELEFLEX INCORPORATED
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED JULY 1, 2007

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PART I FINANCIAL INFORMATION**Item 1. Financial Statements****TELEFLEX INCORPORATED AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)**

	Three Months Ended		Six Months Ended	
	July 1, 2007	June 25, 2006	July 1, 2007	June 25, 2006
	(Dollars and shares in thousands, except per share)			
Revenues	\$ 679,718	\$ 650,184	\$ 1,347,060	\$ 1,250,067
Materials, labor and other product costs	466,946	453,332	924,862	874,168
Gross profit	212,772	196,852	422,198	375,899
Selling, engineering and administrative expenses	136,968	127,234	267,830	248,141
Net loss on sales of assets	2,121	1,828	1,328	1,185
Restructuring and impairment charges	1,119	8,475	1,601	12,968
Income from continuing operations before interest, taxes and minority interest	72,564	59,315	151,439	113,605
Interest expense	9,692	10,930	19,030	20,875
Interest income	(2,021)	(1,627)	(3,430)	(3,135)
Income from continuing operations before taxes and minority interest	64,893	50,012	135,839	95,865
Taxes on income from continuing operations	14,656	10,094	35,021	22,753
Income from continuing operations before minority interest	50,237	39,918	100,818	73,112
Minority interest in consolidated subsidiaries, net of tax	7,253	5,935	14,736	11,588
Income from continuing operations	42,984	33,983	86,082	61,524
Operating income from discontinued operations (including gain on disposal of \$75,490, \$1,000, \$75,490 and \$1,064, respectively)	77,989	3,545	80,760	6,029
Taxes on income from discontinued operations	27,112	889	28,707	1,808
Income from discontinued operations	50,877	2,656	52,053	4,221
Net income	\$ 93,861	\$ 36,639	\$ 138,135	\$ 65,745

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Earnings per share:

Basic:

Income from continuing operations	\$ 1.10	\$ 0.84	\$ 2.20	\$ 1.53
Income from discontinued operations	\$ 1.30	\$ 0.07	\$ 1.33	\$ 0.10

Net income	\$ 2.39	\$ 0.91	\$ 3.53	\$ 1.63
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Diluted:

Income from continuing operations	\$ 1.08	\$ 0.84	\$ 2.18	\$ 1.52
Income from discontinued operations	\$ 1.28	\$ 0.07	\$ 1.32	\$ 0.10

Net income	\$ 2.37	\$ 0.90	\$ 3.49	\$ 1.62
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Dividends per share	\$ 0.32	\$ 0.285	\$ 0.605	\$ 0.535
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Weighted average common shares outstanding:

Basic	39,221	40,244	39,126	40,295
Diluted	39,678	40,495	39,540	40,577

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

TELEFLEX INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	July 1, 2007	December 31, 2006
	(Dollars in thousands)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 444,668	\$ 248,409
Accounts receivable, net	403,165	376,404
Inventories	416,867	415,879
Prepaid expenses	23,410	27,689
Deferred tax assets	58,718	60,963
Assets held for sale	2,766	10,185
Total current assets	1,349,594	1,139,529
Property, plant and equipment, net	388,143	422,178
Goodwill	531,107	514,006
Intangibles and other assets	286,762	259,229
Investments in affiliates	28,469	23,076
Deferred tax assets	5,370	3,419
Total assets	\$ 2,589,445	\$ 2,361,437
 LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities		
Current borrowings	\$ 25,867	\$ 31,022
Accounts payable	230,568	210,890
Accrued expenses	121,029	115,657
Payroll and benefit-related liabilities	78,398	74,407
Income taxes payable	40,639	16,125
Deferred tax liabilities	738	164
Total current liabilities	497,239	448,265
Long-term borrowings	486,085	487,370
Deferred tax liabilities	33,148	25,272
Pension and postretirement benefit liabilities	92,655	97,191
Other liabilities	92,727	71,861
Total liabilities	1,201,854	1,129,959
Minority interest in equity of consolidated subsidiaries	56,803	42,057
Commitments and contingencies		

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Shareholders' equity	1,330,788	1,189,421
Total liabilities and shareholders' equity	\$ 2,589,445	\$ 2,361,437

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

TELEFLEX INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended	
	July 1, 2007	June 25, 2006
	(Dollars in thousands)	
Cash Flows from Operating Activities of Continuing Operations:		
Net income	\$ 138,135	\$ 65,745
Adjustments to reconcile net income to net cash provided by operating activities:		
Income from discontinued operations	(52,053)	(4,221)
Depreciation expense	36,709	37,314
Amortization expense of intangible assets	6,935	6,671
Amortization expense of deferred financing costs	560	684
Stock-based compensation	4,205	3,305
Net loss on sales of assets	1,328	1,185
Impairment of long-lived assets		4,757
Minority interest in consolidated subsidiaries	14,736	11,588
Other	(1,373)	(1,635)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable	(42,251)	364
Inventories	(10,571)	(2,695)
Prepaid expenses	2,184	2,744
Accounts payable and accrued expenses	28,061	776
Income taxes payable and deferred income taxes	7,697	(5,271)
Net cash provided by operating activities from continuing operations	134,302	121,311
Cash Flows from Financing Activities of Continuing Operations:		
Proceeds from long-term borrowings	20,000	
Reduction in long-term borrowings	(20,154)	(18,275)
Decrease in notes payable and current borrowings	(9,001)	(47,042)
Proceeds from stock compensation plans	20,459	8,275
Purchases of treasury stock		(22,611)
Dividends	(23,711)	(21,609)
Net cash used in financing activities from continuing operations	(12,407)	(101,262)
Cash Flows from Investing Activities of Continuing Operations:		
Expenditures for property, plant and equipment	(24,573)	(26,107)
Payments for businesses acquired	(43,900)	(4,334)
Proceeds from sales of businesses and assets	143,260	899
(Investments in) proceeds from affiliates	(5,730)	2,550

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Working capital payment for divested business		(5,629)
Net cash provided by (used in) investing activities from continuing operations	69,057	(32,621)
Cash Flows from Discontinued Operations:		
Net cash provided by operating activities	5,607	10,306
Net cash used in investing activities	(4,632)	(2,036)
Net cash provided by discontinued operations	975	8,270
Effect of exchange rate changes on cash and cash equivalents	4,332	5,702
Net increase in cash and cash equivalents	196,259	1,400
Cash and cash equivalents at the beginning of the period	248,409	239,536
Cash and cash equivalents at the end of the period	\$ 444,668	\$ 240,936