

PERKINELMER INC  
Form 10-Q  
November 05, 2013  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q

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(Mark One)

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

For the quarterly period ended September 29, 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

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

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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 October 31, 2013, there were outstanding 112,392,600 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		Nine Months Ended	
	September 29, 2013	September 30, 2012	September 29, 2013	September 30, 2012
	(In thousands, except per share data)			
Product revenue	\$355,745	\$349,067	\$1,076,389	\$1,070,504
Service revenue	168,532	160,537	496,563	471,780
Total revenue	524,277	509,604	1,572,952	1,542,284
Cost of product revenue	192,256	182,179	569,143	555,078
Cost of service revenue	98,509	96,685	303,113	285,658
Total cost of revenue	290,765	278,864	872,256	840,736
Selling, general and administrative expenses	143,649	145,442	443,901	452,026
Research and development expenses	31,541	32,408	100,321	99,101
Restructuring and contract termination charges, net	1,126	9,672	23,713	21,034
Operating income from continuing operations	57,196	43,218	132,761	129,387
Interest and other expense, net	12,340	11,872	37,245	36,060
Income from continuing operations before income taxes	44,856	31,346	95,516	93,327
Provision for (benefit from) income taxes	4,557	2,357	(4,008)	) 8,694
Income from continuing operations	40,299	28,989	99,524	84,633
(Loss) gain on disposition of discontinued operations before income taxes	(64)	) 898	457	1,915
Provision for (benefit from) income taxes on disposition of discontinued operations	37	293	(358)	) 752
(Loss) income from discontinued operations and dispositions	(101)	) 605	815	1,163
Net income	\$40,198	\$29,594	\$100,339	\$85,796
Basic earnings per share:				
Income from continuing operations	\$0.36	\$0.25	\$0.89	\$0.75
(Loss) income from discontinued operations and dispositions	(0.00)	) 0.01	0.01	0.01
Net income	\$0.36	\$0.26	\$0.89	\$0.76
Diluted earnings per share:				
Income from continuing operations	\$0.36	\$0.25	\$0.88	\$0.74
(Loss) income from discontinued operations and dispositions	(0.00)	) 0.01	0.01	0.01
Net income	\$0.36	\$0.26	\$0.88	\$0.75
Weighted average shares of common stock outstanding:				
Basic	111,827	113,860	112,285	113,491
Diluted	113,115	114,998	113,516	114,565
Cash dividends per common share	\$0.07	\$0.07	\$0.21	\$0.21

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		Nine Months Ended	
	September 29, 2013	September 30, 2012	September 29, 2013	September 30, 2012
	(In thousands)			
Net income	\$40,198	\$29,594	\$100,339	\$85,796
Other comprehensive income:				
Foreign currency translation adjustments	16,407	20,446	1,703	3,868
Reclassification adjustments for losses on derivatives included in net income, net of tax	299	299	897	897
Unrealized gains on securities, net of tax	40	19	10	41
Other comprehensive income	16,746	20,764	2,610	4,806
Comprehensive income	\$56,944	\$50,358	\$102,949	\$90,602

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)

	September 29, 2013	December 30, 2012
	(In thousands, except share and per share data)	
Current assets:		
Cash and cash equivalents	\$ 132,303	\$ 171,444
Accounts receivable, net	428,531	457,011
Inventories, net	278,351	247,688
Other current assets	109,239	95,611
Total current assets	948,424	971,754
Property, plant and equipment, net:		
At cost	508,411	513,479
Accumulated depreciation	(313,716	) (302,963
Property, plant and equipment, net	194,695	210,516
Marketable securities and investments	1,220	1,149
Intangible assets, net	481,417	529,901
Goodwill	2,131,051	2,122,788
Other assets, net	94,719	65,654
Total assets	\$ 3,851,526	\$ 3,901,762
Current liabilities:		
Short-term debt	\$ 2,622	\$ 1,772
Accounts payable	162,523	168,943
Accrued restructuring and contract termination charges	27,739	21,364
Accrued expenses and other current liabilities	396,126	388,026
Current liabilities of discontinued operations	381	995
Total current liabilities	589,391	581,100
Long-term debt	933,292	938,824
Long-term liabilities	409,272	442,026
Total liabilities	1,931,955	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 112,382,000 shares and 115,036,000 shares at September 29, 2013 and at December 30, 2012, respectively		115,036
Capital in excess of par value	112,605	209,610
Retained earnings	1,625,381	1,548,573
Accumulated other comprehensive income	69,203	66,593
Total stockholders' equity	1,919,571	1,939,812
Total liabilities and stockholders' equity	\$ 3,851,526	\$ 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)

	Nine Months Ended	
	September 29, 2013	September 30, 2012
	(In thousands)	
Operating activities:		
Net income	\$100,339	\$85,796
Less: income from discontinued operations and dispositions, net of income taxes	(815)	(1,163)
Income from continuing operations	99,524	84,633
Adjustments to reconcile income from continuing operations to net cash provided by continuing operations:		
Restructuring and contract termination charges, net	23,713	21,034
Depreciation and amortization	96,453	94,791
Stock-based compensation	11,423	15,352
Amortization of deferred debt issuance costs, interest rate hedges and accretion of discounts	2,598	2,655
Gains on disposition	(1,566)	—
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	26,839	15,088
Inventories, net	(31,782)	(24,447)
Accounts payable	(6,035)	(18,611)
Excess tax benefit from exercise of common stock options	—	(1,767)
Accrued expenses and other	(134,391)	(79,725)
Net cash provided by operating activities of continuing operations	86,979	113,777
Net cash used in operating activities of discontinued operations	(91)	(1,131)
Net cash provided by operating activities	86,888	112,646
Investing activities:		
Capital expenditures	(31,564)	(24,350)
Proceeds from surrender of life insurance policies	783	—
Proceeds from dispositions of property, plant and equipment, net	52,202	—
Changes in restricted cash balances	—	670
Activity related to acquisitions and investments, net of cash and cash equivalents acquired	(7,049)	(6,750)
Net cash provided by (used in) investing activities of continuing operations	14,372	(30,430)
Net cash provided by investing activities of discontinued operations	494	1,976
Net cash provided by (used in) investing activities	14,866	(28,454)
Financing activities:		
Payments on revolving credit facility	(429,000)	(333,000)
Proceeds from revolving credit facility	419,000	291,000
Payments of debt issuance costs	—	—