

PERKINELMER INC
Form 10-Q
November 05, 2013
Table of Contents

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 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

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 October 31, 2013, there were outstanding 112,392,600 shares of common stock, \$1 par value per share.

Table of Contents

TABLE OF CONTENTS

| | Page |
|--|-----------|
| PART I. FINANCIAL INFORMATION | |
| Item 1. <u>Unaudited Financial Statements</u> | <u>3</u> |
| <u>Condensed Consolidated Statements of Operations</u> | <u>3</u> |
| <u>Condensed Consolidated Statements of Comprehensive Income</u> | <u>4</u> |
| <u>Condensed Consolidated Balance Sheets</u> | <u>5</u> |
| <u>Condensed Consolidated Statements of Cash Flows</u> | <u>6</u> |
| <u>Notes to Condensed Consolidated Financial Statements</u> | <u>7</u> |
| Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u> | <u>28</u> |
| <u>Overview</u> | <u>28</u> |
| <u>Critical Accounting Policies and Estimates</u> | <u>29</u> |
| <u>Consolidated Results of Continuing Operations</u> | <u>29</u> |
| <u>Reporting Segment Results of Continuing Operations</u> | <u>37</u> |
| <u>Liquidity and Capital Resources</u> | <u>39</u> |
| <u>Dividends</u> | <u>43</u> |
| <u>Effects of Recently Adopted Accounting Pronouncements</u> | <u>43</u> |
| <u>Effects of Recently Issued Accounting Pronouncements</u> | <u>44</u> |
| Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u> | <u>45</u> |
| Item 4. <u>Controls and Procedures</u> | <u>46</u> |
| PART II. OTHER INFORMATION | |
| Item 1. <u>Legal Proceedings</u> | <u>47</u> |
| Item 1A. <u>Risk Factors</u> | <u>47</u> |
| Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u> | <u>54</u> |
| Item 6. <u>Exhibits</u> | <u>55</u> |
| <u>Signatures</u> | <u>56</u> |
| <u>Exhibit Index</u> | <u>57</u> |

Table of Contents

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 | | | | |