Life Technologies Corp Form 10-Q November 03, 2011 <u>Table of Contents</u>

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2011

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: 0-25317

LIFE TECHNOLOGIES CORPORATION

(Exact name of registrant as specified in its charter)

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Delaware	33-0373077
(State or other jurisdiction of	(I.R.S. Employer
incorporation or organization)	Identification No.)
5791 Van Allen Way, Carlsbad, CA	92008
(Address of principal executive offices)	(Zip Code)
Registrant s telephone number, including area co	de: (760) 603-7200

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 x 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 x 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. (Check one):

Large accelerated filerxAccelerated 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 Act).Yes"orNox

As of November 2, 2011, 178,204,930 shares of the Registrant s common stock were outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

LIFE TECHNOLOGIES CORPORATION

CONSOLIDATED BALANCE SHEETS

(In thousands, except par value and share data)

	September 30, 2011 (Unaudited)		December 31, 2010	
ASSETS	,	,		
Current assets:				
Cash and cash equivalents	\$	594,216	\$	813,569
Short-term investments		24,697		23,079
Restricted cash and investments		17,025		18,153
Trade accounts receivable, net of allowance for doubtful accounts of \$10,618 and \$10,389, respectively		634,372		587,456
Inventories, net		393,775		323,318
Deferred income tax assets		17,216		90,947
Prepaid expenses and other current assets		171,801		190,003
Total current assets		1,853,102		2,046,525
Long-term investments		25,855		22,448
Property and equipment, net		835,853		847,984
Goodwill		4,380,537		4,372,073
Intangible assets, net		1,812,298		2,040,175
Deferred income tax assets		24,048		26,752
Other assets		114,800		130,242
Total assets	\$	9,046,493	\$	9,486,199
LIABILITIES AND EQUITY				
Current liabilities:				
Current portion of long-term debt	\$	445,732	\$	347,749
Accounts payable		164,648		174,449
Deferred compensation and related benefits		176,824		202,229
Deferred revenues and reserves		110,193		109,981
Contingent considerations		281,640		
Accrued expenses and other current liabilities		211,383		257,987
Accrued income taxes		14,024		53,990
Total current liabilities		1,404,444		1,146,385
Long-term debt		2,298,072		2,727,624
Pension liabilities		146,409		145,298
Deferred income tax liabilities		432,040		557,982
Income taxes payable		432,040 97,919		114,726
Other long-term obligations		91,919		356,155
		91,211		550,155

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Total liabilities	4,470,095	5,048,170
Commitments and contingencies		
Stockholders equity:		
Preferred stock; \$0.01 par value, 6,405,884 shares authorized; no shares issued or outstanding		
Common stock; \$0.01 par value, 400,000,000 shares authorized; 210,939,849 and 207,243,588 shares		
issued, respectively	2,109	2,072
Additional paid-in-capital	5,413,813	5,222,859
Accumulated other comprehensive income	125,736	96,612
Retained earnings	817,923	532,499
Less cost of treasury stock; 32,233,629 shares and 24,992,450 shares, respectively	(1,786,624)	(1,419,966)
Total Life Technologies stockholders equity	4,572,957	4,434,076
Non-controlling interest	3,441	3,953
Total equity	4,576,398	4,438,029
Total liabilities and equity	\$ 9,046,493	\$ 9,486,199

See accompanying notes to unaudited consolidated financial statements.

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LIFE TECHNOLOGIES CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

Revenues \$ 928,198 \$ 867,082 \$ 2,765,227 \$ 2,655, Cost of revenues 315,062 282,505 955,840 857, Purchased intangibles amortization 73,901 70,216 226,527 210, Gross profit 539,235 514,361 1,582,860 1,588, Operating expenses: 5 5 5 5 759,438 753, Research and development 103,856 90,057 287,723 266, 759,438 753, Purchased in-process research and development 103,856 90,057 287,723 266, 759,438 753, Purchased in-process research and development 103,856 90,057 287,723 10,00,000,00,00,00,00,00,00,00,00,00,00,	(Unaudited)		For the three months ended September 30, 2011 2010		ine months otember 30, 2010
Cost of revenues 315,062 282,505 955,840 857, 210, 226,527 Purchased intangibles amortization 73,901 70,216 226,527 210, 210, 226,527 Gross profit 539,235 514,361 1,582,860 1,588, Operating expenses: 240,680 759,438 753, Research and development 103,856 90,057 287,723 266, 702,723 Purchased in-process research and development 23,126 17,714 56,468 66, 70, 714 Business integration costs 23,126 17,714 56,468 66, 70, 714 Operating income 160,421 165,910 479,231 500, 750, 750, 750, 779,231 500, 750, 750, 750, 750, 750, 779,231 500, 750, 750, 750, 750, 750, 750, 750,					\$ 2,655,757
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Gross profit 539,235 514,361 1,582,860 1,588, Operating expenses: 251,832 240,680 759,438 753, Research and development 103,856 90,057 287,723 266, Purchased in-process research and development 11, 11, 11, Business integration costs 23,126 17,714 56,468 66, Total operating expenses 378,814 348,451 1,103,629 1,088,4 Operating income 160,421 165,910 479,231 500,0 Other income (expense): 11,136 2,960 32,026 111,111,01,029 1,088,4 Interest income 919 1,136 2,960 33,00,0 161,02,000 123,911 (116,0,000) 116,0,000,0 116,0,000,0 116,0,000,0 116,0,000,0 116,0,000,0 116,0,000,0 123,911 (116,0,000,0,000,0,0,0,0,0,0,0,0,0,0,0,0,					210,353
Operating expenses: 251,832 240,680 759,438 753, 753, Research and development Purchased in-process research and development 103,856 90,057 287,723 266, 1, 1, Business integration costs 23,126 17,714 56,468 66, 66, 66, 70, 714 Total operating expenses 378,814 348,451 1,103,629 1,088,4 Operating income 160,421 165,910 479,231 500, 500, Other income (expense): 1 11,16 2,960 3, 1,11678 Interest income 919 1,136 2,960 3, 1,11678 Loss on early extinguishment of debt (37,992) (35,206) (123,911) (116, 105,900 Loss on early extinguishment of debt (3,039) (4,270) (7,980) (6, 37, 37, 0ther expense (3,039) (4,270) (7,980) (6, 57, 50,300 364, 10,come tax provision for income taxes 120,309 127,570 350,300 364, 10,come tax provision (24,335) (22,327) (65,534) (57, 57, 57, 57, 57, 57, 57, 57, 57, 57, 57, 57, 57, 57, 57,		75,70	,1 ,0,210	220,327	210,000
Selling, general and administrative 251,832 240,680 759,438 753, Research and development 103,856 90,057 287,723 266, Purchased in-process research and development 1,1 1,1 1,1 1,1 Business integration costs 23,126 17,714 56,468 66,67 Total operating expenses 378,814 348,451 1,103,629 1,088,81 Operating income 160,421 165,910 479,231 500,000 Other income (expense): 1 1,1103,629 1,088,81 Interest income 919 1,136 2,960 3, Interest expense (37,992) (35,206) (123,911) (116,112) Cost on early extinguishment of debt 54, 54, 54, Gain on divestiture of equity investments 37, 37, 0ther expense, net (40,112) (38,340) (128,931) (135,411) Income before provision for income taxes 120,309 127,570 350,300 364, Income tax provision (24,335) (22,327) (65,534) (57,57,533) Net income <td>Gross profit</td> <td>539,23</td> <td>5 514,361</td> <td>1,582,860</td> <td>1,588,145</td>	Gross profit	539,23	5 514,361	1,582,860	1,588,145
Research and development 103,856 90,057 287,723 266, Purchased in-process research and development 23,126 17,714 56,468 66, Total operating expenses 378,814 348,451 1,103,629 1,088,4 Operating income 160,421 165,910 479,231 500, Other income (expense): 1 1136 2,960 3, Interest income 919 1,136 2,960 3, Interest expense (37,992) (35,206) (12,911) (116,4) Loss on early extinguishment of debt (54,4) 37,723 500,00 50,00 Other expense (3,039) (4,270) (7,980) (6,5,73,72) Total other expense, net (40,112) (38,340) (128,931) (135,7,73,73) Income before provision for income taxes 120,309 127,570 350,300 364,4,12) Income tax provision (24,335) (22,327) (65,534) (57,73,12) Net income 95,974 105,243 284,766 307,4,13,13,13,13,13,13,13,13,13,13,13,13,13,					
Purchased in-process research and development 1, Business integration costs 23,126 17,714 56,468 66, Total operating expenses 378,814 348,451 1,103,629 1,088,4 Operating income 160,421 165,910 479,231 500, Other income (expense): 1 11,16 2,960 3, Interest income 919 1,136 2,960 3, Interest expense (37,92) (35,206) (123,911) (116, Loss on early extinguishment of debt (54, 37, 37, 37, Other expense (3,039) (4,270) (7,980) (6, Total other expense, net (40,112) (38,340) (128,931) (135,4) Income before provision for income taxes 120,309 127,570 350,300 364,4) Income tax provision (24,335) (22,327) (65,534) (57,5) Net income 95,974 105,243 284,766 307,4) Net income attributable to Life Technologies \$ 96,271 \$ 105,540 \$ 285,424 \$ 307,4) Earn		251,83	240,680	759,438	753,178
Business integration costs 23,126 17,714 56,468 66, Total operating expenses 378,814 348,451 1,103,629 1,088,4 Operating income 160,421 165,910 479,231 500, Other income (expense): 1 1 1100,421 165,910 479,231 500, Other income (expense): 919 1,136 2,960 3, Interest income 919 1,136 2,960 3, Interest expense (37,992) (35,206) (123,911) (116,16,16,16,16,16,16,16,16,16,16,16,16,	Research and development	103,85	6 90,057	287,723	266,754
Total operating expenses 378,814 348,451 1,103,629 1,088,4 Operating income 160,421 165,910 479,231 500,4 Other income (expense): 1 1100,421 165,910 479,231 500,4 Other income (expense): 919 1,136 2,960 3,3 Interest income 919 1,136 2,960 3,3 Interest expense (37,992) (35,206) (123,911) (116,6) Loss on early extinguishment of debt 500,000 50,000 50,000 50,000 Gain on divestiture of equity investments 500,000 50,000 50,000 50,000 50,000 Total other expense, net (40,112) (38,340) (128,931) (135,40) Income before provision for income taxes 120,309 127,570 350,300 364,400 Income tax provision (24,335) (22,327) (65,534) (57,400) Net income 95,974 105,243 284,766 307,400 Net income attributable to Life Technologies \$ 96,271 \$ 105,540 \$ 285,424 \$ 307,400 Earni	Purchased in-process research and development				1,650
Operating income 160,421 165,910 479,231 500, Other income (expense): 919 1,136 2,960 3, Interest income 919 1,136 2,960 3, Interest expense (37,92) (35,206) (123,911) (116, Loss on early extinguishment of debt (54, 37, 37, Other expense (3,039) (4,270) (7,980) (6, Total other expense, net (40,112) (38,340) (128,931) (135, Income before provision for income taxes 120,309 127,570 350,300 364, Income tax provision (24,335) (22,327) (65,534) (57, Net income 95,974 105,243 284,766 307, Net income attributable to Life Technologies \$ 96,271 \$ 105,540 \$ 285,424 \$ 307,4 Earnings per common share attributable to Life Technologies stockholders: 105,540 \$ 285,424 \$ 307,4	Business integration costs	23,12	17,714	56,468	66,426
Operating income 160,421 165,910 479,231 500, Other income (expense): 919 1,136 2,960 3, Interest income 919 1,136 2,960 3, Interest expense (37,92) (35,206) (123,911) (116, Loss on early extinguishment of debt (54, 37, 37, Other expense (3,039) (4,270) (7,980) (6, Total other expense, net (40,112) (38,340) (128,931) (135, Income before provision for income taxes 120,309 127,570 350,300 364, Income tax provision (24,335) (22,327) (65,534) (57, Net income 95,974 105,243 284,766 307, Net income attributable to Life Technologies \$ 96,271 \$ 105,540 \$ 285,424 \$ 307,4 Earnings per common share attributable to Life Technologies stockholders: 105,540 \$ 285,424 \$ 307,4					
Other income (expense): Interest income 919 1,136 2,960 3, Interest income (37,992) (35,206) (123,911) (116, Loss on early extinguishment of debt (54, 37, 37, Other expense (3,039) (4,270) (7,980) (6, Total other expense, net (40,112) (38,340) (128,931) (135, Income before provision for income taxes 120,309 127,570 350,300 364, Income tax provision (24,335) (22,327) (65,534) (57, Net income 95,974 105,243 284,766 307, Net loss attributable to Life Technologies \$ 96,271 \$ 105,540 \$ 285,424 \$ 307, Earnings per common share attributable to Life Technologies stockholders: 105,540 \$ 285,424 \$ 307,	Total operating expenses	378,81	4 348,451	1,103,629	1,088,008
Other income (expense): Interest income 919 1,136 2,960 3, Interest income (37,992) (35,206) (123,911) (116, Loss on early extinguishment of debt (54, 37, 37, Other expense (3,039) (4,270) (7,980) (6, Total other expense, net (40,112) (38,340) (128,931) (135, Income before provision for income taxes 120,309 127,570 350,300 364, Income tax provision (24,335) (22,327) (65,534) (57, Net income 95,974 105,243 284,766 307, Net loss attributable to Life Technologies \$ 96,271 \$ 105,540 \$ 285,424 \$ 307, Earnings per common share attributable to Life Technologies stockholders: 105,540 \$ 285,424 \$ 307,	Operating income	160.42	165 010	470 231	500,137
Interest income 919 1,136 2,960 3, Interest expense (37,992) (35,206) (123,911) (116, Loss on early extinguishment of debt (54, 37, Gain on divestiture of equity investments (3,039) (4,270) (7,980) (6, Total other expense, net (40,112) (38,340) (128,931) (135, Income before provision for income taxes 120,309 127,570 350,300 364, Income before provision (24,335) (22,327) (65,534) (57, Net income 95,974 105,243 284,766 307, Net income attributable to Life Technologies \$ 96,271 \$ 105,540 \$ 285,424 \$ 307, Earnings per common share attributable to Life Technologies stockholders:	Operating income	100,42	1 105,910	479,231	500,157
Interest income 919 1,136 2,960 3, Interest expense (37,992) (35,206) (123,911) (116, Loss on early extinguishment of debt (54, 37, Gain on divestiture of equity investments (3,039) (4,270) (7,980) (6, Total other expense, net (40,112) (38,340) (128,931) (135, Income before provision for income taxes 120,309 127,570 350,300 364, Income before provision (24,335) (22,327) (65,534) (57, Net income 95,974 105,243 284,766 307, Net income attributable to Life Technologies \$ 96,271 \$ 105,540 \$ 285,424 \$ 307, Earnings per common share attributable to Life Technologies stockholders:	Other income (expense):				
Interest expense (37,992) (35,206) (123,911) (116,16,16,16,16,16,16,16,16,16,16,16,16,		91	9 1136	2 960	3,588
Loss on early extinguishment of debt (54, Gain on divestiture of equity investments 37, Other expense (3,039) (4,270) (7,980) (6, Total other expense, net (40,112) (38,340) (128,931) (135,4) Income before provision for income taxes 120,309 127,570 350,300 364, Income tax provision (24,335) (22,327) (65,534) (57,57,57,533) Net income 95,974 105,243 284,766 307,57,57,533 Net income attributable to Life Technologies \$ 96,271 \$ 105,540 \$ 285,424 \$ 307,45,540 Earnings per common share attributable to Life Technologies stockholders:		-	- ,	,	(116,033)
Gain on divestiture of equity investments 37, Other expense (3,039) (4,270) (7,980) (6, Total other expense, net (40,112) (38,340) (128,931) (135,4) Income before provision for income taxes 120,309 127,570 350,300 364,3) Income tax provision (24,335) (22,327) (65,534) (57,4) Net income 95,974 105,243 284,766 307,4) Net income attributable to noncontrolling interests 297 297 658 307,4) Earnings per common share attributable to Life Technologies stockholders: \$ 96,271 \$ 105,540 \$ 285,424 \$ 307,4)		(37,7)	(33,200)	(125,911)	(54,185)
Other expense (3,039) (4,270) (7,980) (6,7) Total other expense, net (40,112) (38,340) (128,931) (135,7) Income before provision for income taxes 120,309 127,570 350,300 364,100 Income tax provision (24,335) (22,327) (65,534) (57,7) Net income 95,974 105,243 284,766 307,70 Net loss attributable to noncontrolling interests 297 297 658 307,70 Net income attributable to Life Technologies \$ 96,271 \$ 105,540 \$ 285,424 \$ 307,70 Earnings per common share attributable to Life Technologies stockholders: 105,540 \$ 285,424 \$ 307,70					37,260
Total other expense, net (40,112) (38,340) (128,931) (135,100) Income before provision for income taxes 120,309 127,570 350,300 364,100) Income tax provision (24,335) (22,327) (65,534) (57,100) Net income 95,974 105,243 284,766 307,100) Net loss attributable to noncontrolling interests 297 297 658 201 Net income attributable to Life Technologies \$ 96,271 \$ 105,540 \$ 285,424 \$ 307,400 Earnings per common share attributable to Life Technologies stockholders: 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5		(2.02	(4.270)	(7.090)	
Income before provision for income taxes120,309127,570350,300364,Income tax provision(24,335)(22,327)(65,534)(57,57,57,57,57,57,57,57,57,57,57,57,57,5	Omer expense	(3,03	(4,270)	(7,980)	(6,248)
Income tax provision(24,335)(22,327)(65,534)(57,574)Net income95,974105,243284,766307,574Net loss attributable to noncontrolling interests297297658307,574Net income attributable to Life Technologies\$ 96,271\$ 105,540\$ 285,424\$ 307,474Earnings per common share attributable to Life Technologies stockholders:	Total other expense, net	(40,11	2) (38,340)	(128,931)	(135,618)
Net income95,974105,243284,766307,7Net loss attributable to noncontrolling interests297297658307,9Net income attributable to Life Technologies\$ 96,271\$ 105,540\$ 285,424\$ 307,9Earnings per common share attributable to Life Technologies stockholders:	Income before provision for income taxes	120,30	9 127,570	350,300	364,519
Net loss attributable to noncontrolling interests297297658Net income attributable to Life Technologies\$ 96,271\$ 105,540\$ 285,424\$ 307,424Earnings per common share attributable to Life Technologies stockholders:	Income tax provision	(24,33	(22,327)	(65,534)	(57,229)
Net loss attributable to noncontrolling interests297297658Net income attributable to Life Technologies\$ 96,271\$ 105,540\$ 285,424\$ 307,400Earnings per common share attributable to Life Technologies stockholders:	Net income	95.97	4 105.243	284.766	307,290
Net income attributable to Life Technologies \$ 96,271 \$ 105,540 \$ 285,424 \$ 307,4 Earnings per common share attributable to Life Technologies stockholders:)			324
Earnings per common share attributable to Life Technologies stockholders:	C				
•••	Net income attributable to Life Technologies	\$ 96,27	1 \$ 105,540	\$ 285,424	\$ 307,614
•••	Farrings per common chara attributable to Life Technologies stockholders:				
Dasic \$ 0.34 \$ 0.37 \$ 1.39 \$ 1		\$ 05	4 \$ 0.57	¢ 150	\$ 1.69
		\$ 0.5	2 \$ 0.56	\$ 1.54	\$ 1.62
Weighted average shares used in per share calculations:		150.0	104.425	150 551	100 51 5
		,	,	,	182,516
Diluted 186,812 190,149 185,946 190,1) -	, -	185,946	190,356

See accompanying notes to unaudited consolidated financial statements.

LIFE TECHNOLOGIES CORPORATION