

TELEDYNE TECHNOLOGIES INC
Form 10-Q
May 09, 2016
Table of Contents

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended April 3, 2016

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 1-15295

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

Delaware 25-1843385
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)

1049 Camino Dos Rios 91360-2362
Thousand Oaks, California (Zip Code)
(Address of principal executive offices) (805) 373-4545
(Registrant’s telephone number, including area code)

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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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. (Check one):

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

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Class Outstanding at May 4, 2016
Common Stock, \$.01 par value per share 34,496,583 shares

Table of Contents

TELEDYNE TECHNOLOGIES INCORPORATED AND SUBSIDIARIES
TABLE OF CONTENTS

	PAGE
Part I <u>Financial Information</u>	<u>2</u>
<u>Item 1. Financial Statements</u>	<u>2</u>
<u>Condensed Consolidated Statements of Income</u>	<u>2</u>
<u>Condensed Consolidated Statements of Comprehensive Income</u>	<u>3</u>
<u>Condensed Consolidated Balance Sheets</u>	<u>4</u>
<u>Condensed Consolidated Statements of Cash Flows</u>	<u>5</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>6</u>
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>17</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>24</u>
<u>Item 4. Controls and Procedures</u>	<u>25</u>
Part II <u>Other Information</u>	<u>25</u>
Item 1. Legal Proceedings	<u>25</u>
<u>Item 1A. Risk Factors</u>	<u>25</u>
<u>Item 2. Unregister Sales of Equity Securities and Use of Proceeds</u>	<u>25</u>
<u>Item 6. Exhibits</u>	<u>26</u>
<u>Signatures</u>	<u>27</u>

Table of Contents

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

TELEDYNE TECHNOLOGIES INCORPORATED AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 FOR THE THREE MONTHS ENDED APRIL 3, 2016 AND MARCH 29, 2015
 (Unaudited - Amounts in millions, except per-share amounts)

	First Quarter	
	2016	2015
Net sales	\$530.5	\$565.0
Costs and expenses		
Cost of sales	324.8	345.9
Selling, general and administrative expenses	144.7	151.8
Total costs and expenses	469.5	497.7
Operating income	61.0	67.3
Interest expense, net	(5.7)	(5.9)
Other income (expense), net	(1.3)	0.8
Income before income taxes	54.0	62.2
Provision for income taxes	15.6	18.5
Net income	\$38.4	\$43.7
Basic earnings per common share	\$1.12	\$1.22
Weighted average common shares outstanding	34.4	35.7
Diluted earnings per common share	\$1.10	\$1.20
Weighted average diluted common shares outstanding	34.9	36.5

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

Table of Contents

TELEDYNE TECHNOLOGIES INCORPORATED AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
 FOR THE THREE MONTHS ENDED APRIL 3, 2016 AND MARCH 29, 2015

(Unaudited - Amounts in millions)

	First Quarter	
	2016	2015
Net income	\$38.4	\$43.7
Other comprehensive income (loss):		
Foreign exchange translation adjustment	23.1	(49.2)
Hedge activity, net of tax	4.6	(2.3)
Pension and postretirement benefit adjustments, net of tax	3.6	4.9
Other comprehensive income (loss)	31.3	(46.6)
Comprehensive income (loss) attributable to Teledyne	\$69.7	\$(2.9)

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

Table of Contents

TELEDYNE TECHNOLOGIES INCORPORATED AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (Unaudited - Amounts in millions, except share amounts)

	April 3, 2016	January 3, 2016
Assets		
Current Assets		
Cash	\$83.2	\$85.1
Accounts receivable, net	371.8	373.0
Inventories, net	322.0	309.2
Prepaid expenses and other current assets	56.4	60.9
Total current assets	833.4	828.2
Property, plant and equipment, at cost, net of accumulated depreciation and amortization of \$469.0 at April 3, 2016 and \$454.8 at January 3, 2016	322.8	321.3
Goodwill	1,151.9	1,140.2
Acquired intangibles, net	240.0	243.3
Prepaid pension assets	117.8	111.0
Other assets, net	72.0	74.5
Total Assets	\$2,737.9	\$2,718.5
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$134.2	\$136.5
Accrued liabilities	244.7	238.0
Current portion of long-term debt and capital leases	12.4	19.1
Total current liabilities	391.3	393.6
Long-term debt and capital leases	707.1	762.9
Other long-term liabilities	212.5	217.9
Total Liabilities	1,310.9	1,374.4
Commitments and contingencies		
Stockholders' Equity		
Preferred stock, \$0.01 par value; outstanding shares - none	—	—
Common stock, \$0.01 par value; authorize		