

INVITROGEN CORP  
Form 10-Q  
November 06, 2007

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**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

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**FORM 10-Q**

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**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 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: 0-25317

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**INVITROGEN CORPORATION**

(Exact name of registrant as specified in its charter)

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

**33-0373077**  
(I.R.S. Employer  
Identification No.)

**1600 Faraday Avenue, Carlsbad, CA**  
(Address of principal executive offices)

**92008**  
(Zip Code)

**Registrant's telephone number, including area code: (760) 603-7200**

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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

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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. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check One)

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  or No

As of November 1, 2007, 46,565,923 shares of the Registrant's Common Stock were outstanding.

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**PART I. FINANCIAL INFORMATION****ITEM 1. Financial Statements****INVITROGEN CORPORATION****CONSOLIDATED BALANCE SHEETS****(In thousands, except par value and share data)**

	<b>September 30, 2007 (Unaudited)</b>	<b>December 31, 2006</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 594,278	\$ 343,181
Short-term investments	50,064	8,914
Restricted cash and investments	4,112	4,393
Trade accounts receivable, net of allowance for doubtful accounts of \$9,039 and \$6,968, respectively	192,841	177,510
Inventories	164,979	146,400
Deferred income tax assets	30,620	35,184
Prepaid expenses and other current assets	25,952	25,022
<b>Total current assets</b>	<b>1,062,846</b>	<b>740,604</b>
Assets of discontinued operations (includes cash and cash equivalents of \$651 and \$23,712 as of September 30, 2007 and December 31, 2006, respectively)	651	262,575
Long-term investments	753	2,850
Property and equipment, net	285,502	275,419
Goodwill	1,522,866	1,480,008
Intangible assets, net	300,556	371,705
Deferred income tax assets	7,318	1,858
Other assets	46,920	47,856
<b>Total assets</b>	<b>\$ 3,227,412</b>	<b>\$ 3,182,875</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 566	\$ 1,961
Accounts payable	87,400	85,274
Restructuring reserve	8,728	17,762
Accrued expenses and other current liabilities	101,533	102,385
Income taxes payable	10,865	20,704
<b>Total current liabilities</b>	<b>209,092</b>	<b>228,086</b>
Liabilities of discontinued operations	3,233	28,171
Long-term debt	1,150,703	1,150,824
Pension liabilities	40,288	38,444
Deferred income tax liabilities	66,657	92,942
Income taxes payable	27,011	
Other long-term obligations, deferred credits and reserves	14,558	13,981

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Total liabilities	1,511,542	1,552,448
Stockholders' equity:		
Preferred stock; \$0.01 par value, 6,405,884 shares authorized; no shares issued or outstanding		
Common stock; \$0.01 par value, 125,000,000 shares authorized; 60,213,272 and 58,967,060 shares issued, respectively	602	590
Additional paid-in-capital	2,328,788	2,220,536
Accumulated other comprehensive income	98,028	34,994
Retained earnings	45,941	(54,680)
Less cost of treasury stock: 13,799,140 and 11,111,491, respectively	(757,489)	(571,013)
Total stockholders' equity	1,715,870	1,630,427
Total liabilities and stockholders' equity	\$ 3,227,412	\$ 3,182,875

See accompanying notes to unaudited consolidated financial statements.

## INVITROGEN CORPORATION

## CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	For the three months ended September 30,		For the nine months ended September 30,	
	2007 (Unaudited)	2006 (Unaudited)	2007 (Unaudited)	2006 (Unaudited)
Revenues	\$ 314,959	\$ 284,197	\$ 945,302	\$ 849,592
Cost of revenues	113,875	112,202	341,799	316,289
Purchased intangibles amortization	26,294	27,735	81,837	83,519
Gross profit	174,790	144,260	521,666	449,784
Operating expenses:				
Sales and marketing	63,864	56,934	183,515	174,473
General and administrative	40,430	34,435	125,742	110,377
Research and development	28,571	26,250	84,620	79,738
Business integration costs	2,267	2,644	4,789	8,043
Total operating expenses	135,132	120,263	398,666	372,631
Operating income	39,658	23,997	123,000	77,153
Other income (expense):				
Interest income	7,713	7,200	19,613	21,416
Interest expense	(6,933)	(7,996)	(21,061)	(24,374)
Other income (expense)	1,516	(1,405)	1,612	443
Total other income (expense), net	2,296	(2,201)	164	(2,515)
Income from continuing operations, before provision for income taxes	41,954	21,796	123,164	74,638
Income tax provision	(11,464)	(5,958)	(33,385)	(21,493)
Net income from continuing operations	30,490	15,838	89,779	53,145
Net income (loss) from discontinued operations, net of tax	506	(145,631)	12,361	(144,040)
Net income	\$ 30,996	\$ (129,793)	\$ 102,140	\$ (90,895)
Basic earnings (loss) per common share:				
Net income from continuing operations	\$ 0.66	\$ 0.31	\$ 1.92	\$ 1.01
Net income (loss) from discontinued operations	\$ 0.01	\$ (2.84)	\$ 0.27	\$ (2.74)
Net income (loss)	\$ 0.67	\$ (2.53)	\$ 2.19	\$ (1.73)
Weighted average shares outstanding	46,315	51,271	46,710	52,499
Diluted earnings (loss) per common share:				
Net income from continuing operations	\$ 0.63	\$ 0.30	\$ 1.87	\$ 0.99
Net income (loss) from discontinued operations	\$ 0.01	\$ (2.77)	\$ 0.26	\$ (2.66)
Net income (loss)	\$ 0.64	\$ (2.47)	\$ 2.13	\$ (1.67)
Weighted average shares outstanding	48,198	52,585	48,076	54,077

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

## INVITROGEN CORPORATION

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	For the nine months	
	ended September 30, 2007	2006 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ 102,140	\$ (90,895)
Adjustments to reconcile net income (loss) to net cash provided by operating activities, net of effects of businesses acquired and divested:		
Depreciation	27,745	29,810
Amortization of intangible assets	81,837	90,978
Impairment of goodwill		150,000
Amortization of deferred debt issue costs	1,081	1,842
Amortization of premiums on investments, net of accretion of discounts	36	(5,372)
Share-based compensation	35,526	36,529
Incremental tax benefits from stock options exercised	(5,191)	(2,616)
Deferred income taxes	1,215	(23,700)
Other non-cash adjustments	8,622	5,964
Changes in operating assets and liabilities:		
Trade accounts receivable	(13,059)	(3,114)
Inventories	(17,811)	(18,048)
Prepaid expenses and other current assets	22	3,499
Other assets	3,034	2,195
Accounts payable	2,227	(10,983)
Accrued expenses and other liabilities	(189)	(27,821)
Income taxes	(2,227)	(9,645)
Net cash provided by operating activities	225,008	128,623
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Maturities of available-for-sale securities	8,878	287,800
Purchases of available-for-sale securities	(50,064)	
Net cash paid for business combinations	(17,754)	(25,964)
Net cash received for divestitures	209,901	
Purchases of property and equipment	(35,858)	(44,381)
Proceeds from the sale of assets		10,645
Payments for intangible assets		(9,084)
Net cash provided by investing activities	115,103	219,016
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on long-term obligations		