

COOPER COMPANIES INC
Form 10-Q
September 04, 2009
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UNITED STATES
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 Quarterly Period Ended July 31, 2009

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 1-8597

The Cooper Companies, Inc.

(Exact name of registrant as specified in its charter)

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Delaware **94-2657368**
(State or other jurisdiction of **(I.R.S. Employer**
incorporation or organization) **Identification No.)**
6140 Stoneridge Mall Road, Suite 590, Pleasanton, CA 94588
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code (925) 460-3600

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 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 issuer's classes of common stock, as of the latest practicable date.

Common Stock, \$.10 par value	45,180,542 Shares
Class	Outstanding at August 31, 2009

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THE COOPER COMPANIES, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Consolidated Statements of Income

(In thousands, except for earnings per share)

(Unaudited)

	Three Months Ended July 31,		Nine Months Ended July 31,	
	2009	2008	2009	2008
Net sales	\$ 285,230	\$ 278,513	\$ 796,966	\$ 780,533
Cost of sales	138,835	123,416	359,380	332,547
Gross profit	146,395	155,097	437,586	447,986
Selling, general and administrative expense	100,038	110,639	288,735	328,048
Research and development expense	7,737	9,030	25,032	26,278
Restructuring costs	462	173	3,416	1,521
Amortization of intangibles	4,233	4,211	12,490	12,678
Operating income	33,925	31,044	107,913	79,461
Interest expense	11,085	15,266	33,372	38,441
Other (expense) income, net	(155)	1,738	8,249	1,929
Income before income taxes	22,685	17,516	82,790	42,949
Provision for (benefit from) income taxes	777	(363)	12,360	6,952
Net income	\$ 21,908	\$ 17,879	\$ 70,430	\$ 35,997
Basic earnings per share	\$ 0.48	\$ 0.40	\$ 1.56	\$ 0.80
Diluted earnings per share	\$ 0.48	\$ 0.39	\$ 1.55	\$ 0.79
Number of shares used to compute earnings per share:				
Basic	45,180	44,993	45,164	44,974
Diluted	45,694	46,934	45,368	47,477

See accompanying notes.

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THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(In thousands)

(Unaudited)

	July 31, 2009	October 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 3,790	\$ 1,944
Trade accounts receivable, net of allowance for doubtful accounts of \$4,767 at July 31, 2009 and \$4,541 at October 31, 2008	170,276	159,158
Inventories	276,847	283,454
Deferred tax assets	20,944	26,337
Prepaid expense and other current assets	46,158	55,139
Total current assets	518,015	526,032
Property, plant and equipment, at cost	874,444	822,354
Less: accumulated depreciation and amortization	266,102	219,700
	608,342	602,654
Goodwill	1,260,793	1,251,699
Other intangibles, net	119,809	130,587
Deferred tax assets	28,855	25,645
Other assets	45,621	50,999
	\$ 2,581,435	\$ 2,587,616
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Short-term debt	\$ 38,448	\$ 43,013
Accounts payable	44,872	63,636
Employee compensation and benefits	30,450	34,915
Accrued acquisition costs	4,133	6,318
Accrued income taxes	11,713	4,378
Other current liabilities	82,517	103,147
Total current liabilities	212,133	255,407
Long-term debt	800,525	861,781
Deferred tax liabilities	13,064	15,196
Accrued pension liability and other	41,336	38,156
Total liabilities	1,067,058	1,170,540
Commitments and contingencies (see Note 12)		
Stockholders' equity:		
Preferred stock, 10 cents par value, shares: authorized 1,000; zero shares issued or outstanding		

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Common stock, 10 cents par value, shares: authorized 70,000; issued 45,524 at July 31, 2009 and 45,482 at October 31, 2008	4,552	4,548
Additional paid-in capital	1,051,076	1,040,945
Accumulated other comprehensive loss	(5,947)	(25,240)
Retained earnings	469,961	402,242
Treasury stock at cost: 343 and 353 shares at July 31, 2009 and October 31, 2008, respectively	(5,265)	(5,419)
 Stockholders' equity	 1,514,377	 1,417,076
	\$ 2,581,435	\$ 2,587,616

See accompanying notes.

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THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Consolidated Condensed Statements of Cash Flows

(In thousands)

(Unaudited)

	Nine Months Ended July 31,	
	2009	2008
Cash flows from operating activities:		
Net income	\$ 70,430	\$ 35,997
Depreciation and amortization	67,993	62,391
Increase in operating capital	(16,127)	(65,810)
Other non-cash items	22,356	22,943
 Net cash provided by operating activities	 144,652	 55,521
Cash flows from investing activities:		
Purchases of property, plant and equipment	(73,942)	(102,282)
Acquisitions of businesses, net of cash acquired, and other	(4,056)	(3,711)
 Net cash used in investing activities	 (77,998)	 (105,993)
Cash flows from financing activities:		
Net repayments of short-term debt	(6,147)	(9,624)
Repayments and repurchase of long-term debt	(642,157)	(667,120)
Proceeds from long-term debt	584,525	725,620
Dividends on common stock	(1,355)	(2,699)
Excess tax benefit from share-based compensation arrangements	135	1,758
Issuance of common stock for employee stock plans	(31)	2,693
 Net cash (used in) provided by financing activities	 (65,030)	 50,628
Effect of exchange rate changes on cash and cash equivalents	222	56
 Net increase in cash and cash equivalents	 1,846	 212
Cash and cash equivalents - beginning of period	1,944	3,226
 Cash and cash equivalents - end of period	 \$ 3,790	 \$ 3,438

See accompanying notes.

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THE COOPER COMPANIES, INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Loss)

(In thousands)

(Unaudited)

	Three Months		Nine Months Ended	
	Ended July 31,		July 31,	
	2009	2008	2009	2008
Net income	\$ 21,908	\$ 17,879	\$ 70,430	\$ 35,997
Other comprehensive income (loss):				
Foreign currency translation adjustment	52,448	(2,034)	22,660	(16,423)
Change in value of derivative instruments, net of tax	10,452	14,581	(3,367)	(1,204)
Other comprehensive income (loss)	62,900	12,547	19,293	(17,627)
Comprehensive income	\$ 84,808	\$ 30,426	\$ 89,723	\$ 18,370

See accompanying notes.

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any related documentation which may be required to be filed in his individual capacity as a result of his position as an officer, director or shareholder of Franklin Resources, Inc. and, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing which he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

Date: Sept 4, 2003

/s/Rupert H. Johnson, Jr.

Rupert H. Johnson

Exhibit C

Franklin Advisers, Inc.	Item 3 Classification: 3(e)
Franklin Templeton Investments Corp.	Item 3 Classification: 3(e)
Fiduciary Trust Company International	Item 3 Classification: 3(b)
Templeton Asset Management Ltd.	Item 3 Classification: 3(e)
Fiduciary International, Inc.	Item 3 Classification: 3(e)

