

TRIMBLE NAVIGATION LTD /CA/

Form 10-Q

November 07, 2012

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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 28, 2012

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: 001-14845

TRIMBLE NAVIGATION LIMITED

(Exact name of registrant as specified in its charter)

California

(State or other jurisdiction of
incorporation or organization)

935 Stewart Drive, Sunnyvale, CA 94085

(Address of principal executive offices) (Zip Code)

Telephone Number (408) 481-8000

(Registrant's telephone number, including area code)

94-2802192

(I.R.S. Employer Identification Number)

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 definition 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 ☒

As of November 2, 2012, there were 126,186,330 shares of Common Stock (no par value) outstanding.

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PART I – FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TRIMBLE NAVIGATION LIMITED

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

As of (In thousands)	Third Quarter of 2012	Fiscal Year End 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$141,840	\$154,621
Accounts receivable, net	320,904	275,201
Other receivables	13,374	7,103
Inventories, net	234,301	232,063
Deferred income taxes	43,037	44,632
Other current assets	24,569	19,437
Total current assets	778,025	733,057
Property and equipment, net	81,653	62,724
Goodwill	1,551,886	1,297,692
Other purchased intangible assets, net	510,987	476,791
Other non-current assets	98,942	82,211
Total assets	\$3,021,493	\$2,652,475
LIABILITIES		
Current liabilities:		
Current portion of long-term debt	\$89,909	\$65,918
Accounts payable	107,719	97,956
Accrued compensation and benefits	82,328	73,894
Deferred revenue	127,602	105,066
Accrued warranty expense	16,083	18,444
Other current liabilities	61,425	50,045
Total current liabilities	485,066	411,323
Non-current portion of long-term debt	553,198	498,518
Non-current deferred revenue	6,346	13,113
Deferred income taxes	99,412	95,594
Other non-current liabilities	52,418	45,025
Total liabilities	1,196,440	1,063,573
Commitments and contingencies		
EQUITY		
Shareholders' equity:		
Preferred stock, no par value; 3,000 shares authorized; none outstanding	—	—
Common stock, no par value; 180,000 shares authorized; 126,075 and 123,663 shares issued and outstanding as of the third quarter of fiscal 2012 and fiscal year end 2011, respectively	965,035	878,514
Retained earnings	836,903	685,639
Accumulated other comprehensive income	6,692	5,140
Total Trimble Navigation Ltd. shareholders' equity	1,808,630	1,569,293
Noncontrolling interests	16,423	19,609
Total equity	1,825,053	1,588,902

Total liabilities and equity	\$3,021,493	\$2,652,475
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See accompanying Notes to the Condensed Consolidated Financial Statements.

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TRIMBLE NAVIGATION LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

(In thousands, except per share data)	Third Quarter of		First Three Quarters of		
	2012	2011	2012	2011	
Revenue:					
Product	\$386,902	\$333,262	\$1,187,638	\$1,004,378	
Service	64,237	44,517	185,262	112,288	
Subscription	53,624	39,654	151,690	92,229	
Total revenue	504,763	417,433	\$1,524,590	\$1,208,895	
Cost of sales:					
Product	185,102	163,774	577,281	494,899	
Service	23,615	19,823	67,592	50,525	
Subscription	17,450	11,956	47,859	27,730	
Amortization of purchased intangible assets	15,728	10,321	42,145	23,918	
Total cost of sales	241,895	205,874	734,877	597,072	
Gross margin	262,868	211,559	789,713	611,823	
Operating expense					
Research and development	61,181	49,928	185,721	139,452	
Sales and marketing	76,481	70,662	230,094	195,359	
General and administrative	45,723	44,088	142,595	114,717	
Restructuring charges	301	647	1,894	1,775	
Amortization of purchased intangible assets	15,712	13,786	47,170	32,830	
Total operating expense	199,398	179,111	607,474	484,133	
Operating income	63,470	32,448	182,239	127,690	
Non-operating income (expense), net					
Interest expense, net	(3,925) (2,942) (11,561) (4,184)
Foreign currency transaction gain (loss), net	174	(4,022) (1,843) 2,780)
Income from equity method investments, net	6,453	4,789	19,708	10,970)
Other income (expense), net	650	(388) 1,897	(892)
Total non-operating income (expense), net	3,352	(2,563) 8,201	8,674)
Income before taxes	66,822	29,885	190,440	136,364)
Income tax provision	13,022	2,689	33,403	16,118)
Net income	53,800	27,196	157,037	120,246)
Less: Net gain (loss) attributable to noncontrolling interests	436	(775) (837) (1,106)
Net income attributable to Trimble Navigation Ltd.	\$53,364	\$27,971	\$157,874	\$121,352)
Basic earnings per share	\$0.42	\$0.23	\$1.26	\$0.99)
Shares used in calculating basic earnings per share	125,871	122,969	125,202	122,485)
Diluted earnings per share	\$0.42	\$0.22	\$1.23	\$0.96)
Shares used in calculating diluted earnings per share	128,379	125,894	128,144	125,980)
See accompanying Notes to the Condensed Consolidated Financial Statements.					

See accompanying Notes to the Condensed Consolidated Financial Statements.

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TRIMBLE NAVIGATION LIMITED
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (UNAUDITED)

	Third Quarter of		First Three Quarters of	
	2012	2011	2012	2011
(Dollars in thousands)				
Net income	\$53,800	\$27,196	\$157,037	\$120,246
Foreign currency translation adjustments	29,182	(45,640)	) 1,610	(21,525)
Net unrealized actuarial loss	(114)	) (613)	) (58)	) (698)
Comprehensive income (loss)	82,868	(19,057)	) 158,589	98,023
Less: Comprehensive income (loss) attributable to the noncontrolling interests	436	(775)	) (837)	) (1,106)
Comprehensive income (loss) attributable to Trimble Navigation Ltd.	\$82,432	\$(18,282)	) \$159,426	\$99,129
See accompanying Notes to the Condensed Consolidated Financial Statements.				

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TRIMBLE NAVIGATION LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	First Three Quarters of	
(Dollars in thousands)	2012	2011
Cash flow from operating activities:		
Net income	\$ 157,037	\$ 120,246
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	16,910	14,683
Amortization expense	89,315	56,747
Provision for doubtful accounts	1,428	954
Deferred income taxes	646	(10,175)
Stock-based compensation	23,628	21,033
Income from equity method investments, net	(19,708)	(11,001)
Excess tax benefit for stock-based compensation	(16,673)	(11,698)
Provision for excess and obsolete inventories	6,372	6,915
Other non-cash items	(3,019)	2,738
Add decrease (increase) in assets:		
Accounts receivable	(39,496)	(43,117)
Other receivables	(7,996)	13,471
Inventories	(4,650)	(11,344)
Other current and non-current assets	(2,844)	7,005
Add increase (decrease) in liabilities:		
Accounts payable	7,828	2,039
Accrued compensation and benefits	6,375	(1,921)
Deferred revenue	12,390	7,638
Accrued warranty expense	(2,491)	402
Other current and non-current liabilities	18,842	(2,794)
Net cash provided by operating activities	243,894	161,821
Cash flow from investing activities:		
Acquisitions of businesses, net of cash acquired	(355,484)	(758,243)
Acquisitions of property and equipment	(34,126)	(16,002)
Acquisitions of intangible assets	(795)	(1,666)