

METTLER TOLEDO INTERNATIONAL INC/
Form 10-Q
November 04, 2016
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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 30, 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: 1-13595
Mettler-Toledo International Inc.

(Exact name of registrant as specified in its charter)

Delaware 13-3668641
(State or other jurisdiction of (I.R.S Employer Identification No.)
incorporation or organization)
1900 Polaris Parkway
Columbus, Ohio 43240
and
Im Langacher, P.O. Box MT-100
CH 8606 Greifensee, Switzerland

(Address of principal executive offices)
(Zip Code)

1-614-438-4511 and +41-44-944-22-11

(Registrant's telephone number, including area code)

not applicable

(Former name, former address and former fiscal year, if changed since last report)

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 checkmark 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

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post such files). Yes No

Indicate by checkmark 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

The Registrant had 26,235,560 shares of Common Stock outstanding at September 30, 2016.

METTLER-TOLEDO INTERNATIONAL INC.
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

METTLER-TOLEDO INTERNATIONAL INC.

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

Three months ended September 30, 2016 and 2015

(In thousands, except share data)

(unaudited)

	September 30, 2016	September 30, 2015
Net sales		
Products	\$ 508,963	\$ 469,548
Service	141,635	134,606
Total net sales	650,598	604,154
Cost of sales		
Products	203,150	188,673
Service	77,954	75,952
Gross profit	369,494	339,529
Research and development	30,139	29,711
Selling, general and administrative	187,680	175,546
Amortization	9,087	7,767
Interest expense	7,167	7,029
Restructuring charges	1,494	2,561
Other charges (income), net	603	(8)
Earnings before taxes	133,324	116,923
Provision for taxes	31,992	28,062
Net earnings	\$ 101,332	\$ 88,861
Basic earnings per common share:		
Net earnings	\$ 3.84	\$ 3.23
Weighted average number of common shares	26,375,468	27,547,734
Diluted earnings per common share:		
Net earnings	\$ 3.77	\$ 3.16
Weighted average number of common and common equivalent shares	26,888,810	28,113,287
Comprehensive income, net of tax (Note 9)	\$ 117,704	\$ 48,248

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

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METTLER-TOLEDO INTERNATIONAL INC.
 INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
 Nine months ended September 30, 2016 and 2015
 (In thousands, except share data)
 (unaudited)

	September 30, 2016	September 30, 2015
Net sales		
Products	\$ 1,392,860	\$ 1,332,154
Service	405,698	389,758
Total net sales	1,798,558	1,721,912
Cost of sales		
Products	552,329	536,466
Service	229,252	224,200
Gross profit	1,016,977	961,246
Research and development	89,813	87,966
Selling, general and administrative	544,399	523,392
Amortization	26,166	22,929
Interest expense	20,619	20,696
Restructuring charges	4,579	5,188
Other charges (income), net	8,492	(858)
Earnings before taxes	322,909	301,933
Provision for taxes	76,315	72,464
Net earnings	\$ 246,594	\$ 229,469
Basic earnings per common share:		
Net earnings	\$ 9.25	\$ 8.24
Weighted average number of common shares	26,644,938	27,833,541
Diluted earnings per common share:		
Net earnings	\$ 9.08	\$ 8.07
Weighted average number of common and common equivalent shares	27,153,450	28,443,478
Comprehensive income, net of tax (Note 9)	\$ 246,840	\$ 204,380

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

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INTERIM CONSOLIDATED BALANCE SHEETS

As of September 30, 2016 and December 31, 2015

(In thousands, except share data)

(unaudited)

	September 30, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 146,133	\$ 98,887
Trade accounts receivable, less allowances of \$15,127 at September 30, 2016 and \$14,435 at December 31, 2015	414,607	411,420
Inventories	239,985	214,383
Current deferred tax assets, net	71,629	67,483
Other current assets and prepaid expenses	73,748	70,642
Total current assets	946,102	862,815
Property, plant and equipment, net	527,477	517,229
Goodwill	482,144	446,284
Other intangible assets, net	169,117	115,252
Non-current deferred tax assets, net	22,734	22,873
Other non-current assets	73,406	52,186
Total assets	\$ 2,220,980	\$ 2,016,639
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$ 129,650	\$ 142,075
Accrued and other liabilities	126,599	127,645
Accrued compensation and related items	135,568	136,414
Deferred revenue and customer prepayments	113,340	88,829
Taxes payable	70,993	63,241
Current deferred tax liabilities	22,920	22,435
Short-term borrowings and current maturities of long-term debt	21,779	14,488
Total current liabilities	620,849	595,127
Long-term debt	826,022	575,138
Non-current deferred tax liabilities	65,341	71,365
Other non-current liabilities	208,251	194,552
Total liabilities	1,720,463	1,436,182
Commitments and contingencies (Note 15)		
Shareholders' equity:		
Preferred stock, \$0.01 par value per share; authorized 10,000,000 shares	—	—
Common stock, \$0.01 par value per share; authorized 125,000,000 shares; issued 44,786,011 and 44,786,011 shares; outstanding 26,235,560 and 27,090,118 shares at September 30, 2016 and December 31, 2015, respectively	448	448
Additional paid-in capital	725,597	697,570
Treasury stock at cost (18,550,451 shares at September 30, 2016, and 17,695,893 shares at December 31, 2015)	(2,893,292)	(2,543,229)
Retained earnings	2,934,167	2,692,317
Accumulated other comprehensive income (loss)	(266,403)	(266,649)
Total shareholders' equity	500,517	580,457

Total liabilities and shareholders' equity	\$ 2,220,980	\$ 2,016,639
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The accompanying notes are an integral part of these interim consolidated financial statements.

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METTLER-TOLEDO INTERNATIONAL INC.

INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Nine months ended September 30, 2016 and twelve months ended December 31, 2015

(In thousands, except share data)

(unaudited)

	Common Stock		Additional	Treasury	Retained	Accumulated	
	Shares	Amount	Paid-in Capital	Stock	Earnings	Other Comprehensive Income (Loss)	Total
Balance at December 31, 2014	28,243,007	\$ 448	\$ 670,418	\$(2,095,656)	\$ 2,357,334	\$(212,949)	\$ 719,595
Exercise of stock options and restricted stock units	403,908	—	—	47,393	(17,837)	—	29,556
Repurchases of common stock	(1,556,797)	—	—	(494,966)	—	—	(494,966)
Tax benefit resulting from exercise of certain employee stock options	—	—	12,929	—	—	—	12,929
Share-based compensation	—	—	14,223	—	—	—	14,223
Net earnings	—	—	—	—	352,820	—	352,820
Other comprehensive income (loss), net of tax	—	—	—	—	—	(53,700)	(53,700)
Balance at December 31, 2015	27,090,118	\$ 448	\$ 697,570	\$(2,543,229)	\$ 2,692,317	\$(266,649)	\$ 580,457
Exercise of stock options and restricted stock units	193,517	—	—	24,931	(4,744)	—	20,187
Repurchases of common stock	(1,048,075)	—	—	—	—	—	—