

BIO RAD LABORATORIES INC
Form 10-Q
May 06, 2011

**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 March 31, 2011

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 1-7928
BIO-RAD LABORATORIES, INC.**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

94-1381833

(I.R.S. Employer Identification No.)

**1000 Alfred Nobel Drive, Hercules,
California**

(Address of principal executive offices)

94547

(Zip Code)

(510) 724-7000

(Registrant's telephone number, including area code)

No Change

(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.

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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 <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

(Do not check if 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.

Title of Class	Shares Outstanding at April 27, 2011
Class A Common Stock, Par Value \$0.0001 per share	22,845,116
Class B Common Stock, Par Value \$0.0001 per share	5,156,673

BIO-RAD LABORATORIES, INC.
FORM 10-Q MARCH 31, 2011
TABLE OF CONTENTS

Part I Financial Information

2

Item 1. Financial Statements

2

Condensed Consolidated Statements of Income

2

Condensed Consolidated Balance Sheets

3

Condensed Consolidated Statements of Cash Flows

4

Notes to Condensed Consolidated Financial Statements

5

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

17

Item 3. Quantitative and Qualitative Disclosures about Market Risk

20

Item 4. Controls and Procedures

20

Part II Other Information

22

Item 1. Legal Proceedings

22

3

Item 1A. Risk Factors

23

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

30

Item 3. Defaults Upon Senior Securities

30

Item 5. Other Information

30

Item 6. Exhibits

31

Signatures

31

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

BIO-RAD LABORATORIES, INC.
 Condensed Consolidated Statements of Income
 (In thousands, except per share data)
 (Unaudited)

	Three Months Ended March 31,	
	2011	2010
Net sales	\$ 485,121	\$ 454,234
Cost of goods sold	207,510	197,107
Gross profit	277,611	257,127
Selling, general and administrative expense	167,763	153,617
Research and development expense	42,730	40,263
Income from operations	67,118	63,247
Interest expense	16,766	14,444
Foreign exchange losses (gains), net	3,042	(217)
Other (income) expense, net	(951)	(799)
Income before income taxes	48,261	49,819
Provision for income taxes	(15,323)	(14,427)
Net income including noncontrolling interests	32,938	35,392
Net loss (income) attributable to noncontrolling interests	101	(531)
Net income attributable to Bio-Rad	\$ 33,039	\$ 34,861
Basic earnings per share:		
Net income per share basic attributable to Bio-Rad	\$ 1.18	\$ 1.27
Weighted average common shares - basic	27,904	27,545
Diluted earnings per share:		
Net income per share diluted attributable to Bio-Rad	\$ 1.16	\$ 1.24
Weighted average common shares - diluted	28,389	28,072

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

BIO-RAD LABORATORIES, INC.

Condensed Consolidated Balance Sheets

(In thousands, except share data)

(Unaudited)

	March 31, 2011	December 31, 2010
ASSETS:		
	\$	\$
Cash and cash equivalents	627,908	906,551
Restricted cash	6,533	6,422
Short-term investments	163,528	118,636
Accounts receivable, net	388,554	387,996
Inventories:		
Raw materials	96,156	82,270
Work in process	116,435	110,527
Finished goods	217,384	205,303
	429,975	398,100
Total inventories		
Prepaid expenses, taxes and other current assets	180,812	157,641
Total current assets	1,797,310	1,975,346
Property, plant and equipment, at cost	841,902	812,133
Less: accumulated depreciation and amortization	(504,277)	(478,516)
Property, plant and equipment, net	337,625	333,617
Goodwill, net	369,107	363,981
Purchased intangibles, net	198,658	203,881
Other assets	206,073	185,939
	\$	\$
Total assets	2,908,773	3,062,764
LIABILITIES AND STOCKHOLDERS' EQUITY:		
	\$	\$
Accounts payable	111,373	113,440
Accrued payroll and employee benefits	116,733	131,381
Notes payable and current maturities of long-term debt	10,269	233,181
Income and other taxes payable	59,658	50,935
Accrued royalties	19,038	23,944
Other current liabilities	110,520	113,746

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Total current liabilities	427,591	666,627
Long-term debt, net of current maturities	731,214	731,100
Other long-term liabilities	136,480	124,518
Total liabilities	1,295,285	1,522,245
Stockholders' equity:		
Bio-Rad stockholders' equity:		
Class A common stock, issued and outstanding - 22,839,376 at 2011 and 22,677,300 at 2010	2	2
Class B common stock, issued and outstanding - 5,157,586 at 2011 and 5,175,343 at 2010	1	1
Additional paid-in capital	167,903	156,986
Retained earnings	1,214,726	1,181,687
Accumulated other comprehensive income	229,660	198,020
Total Bio-Rad stockholders' equity	1,612,292	1,536,696
Noncontrolling interests	1,196	3,823
Total stockholders' equity	1,613,488	1,540,519
	\$	\$
Total liabilities and stockholders' equity	2,908,773	3,062,764

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

BIO-RAD LABORATORIES, INC.
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2011	2010
Cash flows from operating activities:		
	\$	\$
Cash received from customers	496,749	445,669
Cash paid to suppliers and employees	(436,430)	(389,505)
Interest paid	(22,189)	(21,086)
Income tax payments	(18,373)	(13,279)
Miscellaneous receipts, net	1,264	693
Excess tax benefits from share-based compensation	(1,239)	(223)
Net cash provided by operating activities	19,782	22,269
Cash flows from investing activities:		
Capital expenditures	(17,809)	(16,409)
Proceeds from sale of property, plant and equipment	23	284
Payments for acquisitions, net of cash received, and long-term investments	(3,571)	(66,496)
Payments on purchases of intangible assets	(103)	(1,681)
Purchases of marketable securities and investments	(89,746)	(49,261)
Sales and maturities of marketable securities and investments	41,532	51,943
(Payments for) proceeds from foreign currency economic hedges, net	(7,619)	4,606
Net cash used in investing activities	(77,293)	(77,014)
Cash flows from financing activities:		
Net borrowings (payments) on line-of-credit arrangements and notes payable	2,385	(291)
Payments on long-term borrowings	(225,763)	(1,595)
Proceeds from issuance of common stock	7,638	2,696
Debt issuance costs on long-term borrowings	(242)	--
Excess tax benefits from share-based compensation	1,239	223
Net cash (used in) provided by financing activities	(214,743)	1,033
Effect of foreign exchange rate changes on cash	(6,389)	1,908
Net decrease in cash and cash equivalents	(278,643)	(51,804)
Cash and cash equivalents at beginning of period	906,551	649,938
	\$	\$
Cash and cash equivalents at end of period	627,908	598,134

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Reconciliation of net income including noncontrolling interests to net cash

provided by operating activities:	\$	\$
Net income including noncontrolling interests	32,938	35,392
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operating activities excluding the effects of acquisitions:		
Depreciation and amortization	28,115	27,548
Share-based compensation	2,783	2,286
Foreign currency economic hedges, net	7,619	(4,606)
Excess tax benefits from share-based compensation	(1,239)	(223)
(Increase) decrease in accounts receivable	10,901	(2,366)
Increase in inventories	(20,685)	(7,592)
Increase in other current assets	(8,466)	(9,207)
Decrease in accounts payable and other current liabilities	(31,861)	(20,334)
Increase (decrease) in income taxes payable	(4,514)	6,753
Other	4,191	(5,382)
Net cash provided by operating activities	19,782	22,269

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

BIO-RAD LABORATORIES, INC

Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. BASIS OF PRESENTATION AND USE OF ESTIMATES

Basis of Presentation

In this report, Bio-Rad, we, us, and our refer to Bio-Rad Laboratories, Inc. and its subsidiaries. The accompanying unaudited condensed consolidated financial statements of Bio-Rad have been prepared in accordance with accounting principles generally accepted in the United States of America and reflect all adjustments which are, in the opinion of management, necessary to fairly state the results of the interim periods presented. All such adjustments are of a normal recurring nature. Results for the interim period are not necessarily indicative of the results for the entire year. The condensed consolidated financial statements should be read in conjunction with the notes to the consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2010.

We evaluate subsequent events and the evidence they provide about conditions existing at the date of the balance sheet as well as conditions that arose after the balance sheet date but through the date the financial statements are issued. The effects of conditions that existed at the balance sheet date are recognized in the financial statements.

Events and conditions arising after the balance sheet date but before the financial statements are issued are evaluated to determine if disclosure is required to keep the financial statements from being misleading. To the extent such events and conditions exist, disclosures are made regarding the nature of events and the estimated financial effects for those events and conditions.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Estimates have been prepared on the basis of the best available information. Actual results could differ materially from those estimates.

Restricted Cash

Restricted cash of 6 million Swiss Francs, or approximately \$6.5 million and \$6.4 million at March 31, 2011 and December 31, 2010, respectively, represents a deposit in an escrow account for the purchase of a leased building that is expected to take place in May 2011.

2. FAIR VALUE MEASUREMENTS

We determine the fair value of an asset or liability based on the assumptions that market participants would use in pricing the asset or liability. The identification of market participant assumptions provides a basis for determining what inputs are to be used for pricing each asset or liability. A fair value hierarchy has been established which gives precedence to fair value measurements calculated using observable inputs over those using unobservable inputs. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1 Quoted prices in active markets for identical instruments
- Level 2 Other significant observable inputs (including quoted prices in active markets for similar instruments)

Level 3 Significant unobservable inputs (including assumptions in determining the fair value of certain investments)

Financial assets and liabilities carried at fair value on a recurring basis as of March 31, 2011 are classified in the hierarchy as follows (in millions):

Level 1