

AMETEK INC/  
Form 10-Q  
August 06, 2014

**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 June 30, 2014

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 1-12981

**AMETEK, Inc.**

(Exact name of registrant as specified in its charter)

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

**14-1682544**  
(I.R.S. Employer  
Identification No.)

**1100 Cassatt Road**

**Berwyn, Pennsylvania**  
(Address of principal executive offices)

**19312-1177**  
(Zip Code)

Registrant's telephone number, including area code: **(610) 647-2121**

## Edgar Filing: AMETEK INC/ - Form 10-Q

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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

(Do not check if a 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 number of shares of the registrant's common stock outstanding as of the latest practicable date was: Common Stock, \$0.01 Par Value, outstanding at July 28, 2014 was 245,783,262 shares.

**AMETEK, Inc.**

**Form 10-Q**

**Table of Contents**

	<b>Page</b>
<b><u>PART I. FINANCIAL INFORMATION</u></b>	
<b><u>Item 1. Financial Statements</u></b>	
<u>Consolidated Statement of Income for the three and six months ended June 30, 2014 and 2013</u>	2
<u>Consolidated Statement of Comprehensive Income for the three and six months ended June 30, 2014 and 2013</u>	3
<u>Consolidated Balance Sheet at June 30, 2014 and December 31, 2013</u>	4
<u>Condensed Consolidated Statement of Cash Flows for the six months ended June 30, 2014 and 2013</u>	5
<u>Notes to Consolidated Financial Statements</u>	6
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	16
<u>Item 4. Controls and Procedures</u>	22
<b><u>PART II. OTHER INFORMATION</u></b>	
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	23
<u>Item 6. Exhibits</u>	24
<b><u>SIGNATURES</u></b>	25

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## AMETEK, Inc.

## Consolidated Statement of Income

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
<b>Net sales</b>	<b>\$ 990,718</b>	\$ 878,809	<b>\$ 1,966,010</b>	\$ 1,761,662
Operating expenses:				
Cost of sales, excluding depreciation	<b>630,645</b>	567,598	<b>1,255,815</b>	1,141,672
Selling, general and administrative	<b>113,316</b>	94,912	<b>225,941</b>	192,520
Depreciation	<b>15,029</b>	13,686	<b>30,895</b>	27,622
Total operating expenses	<b>758,990</b>	676,196	<b>1,512,651</b>	1,361,814
<b>Operating income</b>	<b>231,728</b>	202,613	<b>453,359</b>	399,848
Other expenses:				
Interest expense	<b>(18,981)</b>	(18,154)	<b>(37,819)</b>	(36,477)
Other, net	<b>(4,326)</b>	(2,667)	<b>(8,203)</b>	(5,191)
Income before income taxes	<b>208,421</b>	181,792	<b>407,337</b>	358,180
Provision for income taxes	<b>58,358</b>	53,471	<b>116,688</b>	104,713
<b>Net income</b>	<b>\$ 150,063</b>	\$ 128,321	<b>\$ 290,649</b>	\$ 253,467
Basic earnings per share	<b>\$ 0.61</b>	\$ 0.53	<b>\$ 1.19</b>	\$ 1.04
<b>Diluted earnings per share</b>	<b>\$ 0.61</b>	\$ 0.52	<b>\$ 1.18</b>	\$ 1.03
Weighted average common shares outstanding:				
Basic shares	<b>245,201</b>	243,666	<b>245,056</b>	243,475
Diluted shares	<b>247,403</b>	246,104	<b>247,316</b>	245,757
Dividends declared and paid per share	<b>\$ 0.09</b>	\$ 0.06	<b>\$ 0.15</b>	\$ 0.12

See accompanying notes.

**AMETEK, Inc.**

**Consolidated Statement of Comprehensive Income**

**(In thousands)**

**(Unaudited)**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Total comprehensive income</b>	<b>\$ 157,529</b>	<b>\$ 136,720</b>	<b>\$ 297,828</b>	<b>\$ 229,977</b>

See accompanying notes.

## AMETEK, Inc.

## Consolidated Balance Sheet

(In thousands)

	June 30, 2014 (Unaudited)	December 31, 2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 282,771	\$ 295,203
Receivables, less allowance for possible losses	594,151	536,701
Inventories	538,287	452,848
Deferred income taxes	50,022	38,815
Other current assets	65,439	45,562
Total current assets	1,530,670	1,369,129
Property, plant and equipment, net	459,187	402,790
Goodwill	2,610,381	2,408,363
Other intangibles, net of accumulated amortization	1,658,208	1,473,926
Investments and other assets	226,557	223,694
Total assets	\$ 6,485,003	\$ 5,877,902
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Short-term borrowings and current portion of long-term debt	\$ 454,418	\$ 273,315
Accounts payable	382,574	347,638
Income taxes payable	45,532	40,007
Accrued liabilities	239,301	213,585
Total current liabilities	1,121,825	874,545
Long-term debt	1,148,248	1,141,750
Deferred income taxes	623,092	558,555
Other long-term liabilities	169,920	166,931
Total liabilities	3,063,085	2,741,781
Stockholders' equity:		
Common stock	2,586	2,581
Capital in excess of par value	471,135	448,700
Retained earnings	3,219,978	2,966,015
Accumulated other comprehensive loss	(58,060)	(65,239)
Treasury stock	(213,721)	(215,936)
Total stockholders' equity	3,421,918	3,136,121
Total liabilities and stockholders' equity	\$ 6,485,003	\$ 5,877,902

See accompanying notes.



## AMETEK, Inc.

## Condensed Consolidated Statement of Cash Flows

(In thousands)

(Unaudited)

	Six Months Ended June 30,	
	2014	2013
<b>Cash provided by (used for):</b>		
<b>Operating activities:</b>		
Net income	\$ 290,649	\$ 253,467
Adjustments to reconcile net income to total operating activities:		
Depreciation and amortization	66,179	57,396
Deferred income taxes	(1,030)	1,105
Share-based compensation expense	10,308	11,508
Net change in assets and liabilities, net of acquisitions	(46,821)	(34,185)
Pension contribution and other	(3,246)	(4,315)
Total operating activities	316,039	284,976
<b>Investing activities:</b>		
Additions to property, plant and equipment	(29,288)	(21,613)
Purchases of businesses, net of cash acquired	(458,683)	
Other	2,246	4,432
Total investing activities	(485,725)	(17,181)
<b>Financing activities:</b>		
Net change in short-term borrowings	181,142	(194,476)
Additional long-term borrowings		829
Reduction in long-term borrowings	(221)	(486)
Repurchases of common stock	(1,736)	(8,452)
Cash dividends paid	(36,686)	(29,155)
Excess tax benefits from share-based payments	5,299	7,415
Proceeds from employee stock plans	10,333	10,248
Total financing activities	158,131	(214,077)
Effect of exchange rate changes on cash and cash equivalents	(877)	(4,088)
(Decrease) increase in cash and cash equivalents	(12,432)	