

DANAHER CORP /DE/
Form 10-Q
July 17, 2008
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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 AND EXCHANGE ACT OF 1934

For the Quarter Ended June 27, 2008

OR

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 1-8089

DANAHER CORPORATION

(Exact name of registrant as specified in its charter)

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Delaware
(State of Incorporation)

59-1995548
(I.R.S. Employer Identification number)

2099 Pennsylvania Avenue, N.W., 12th Floor

Washington, D.C.
(Address of Principal Executive Offices)

20006
(Zip Code)

Registrant's telephone number, including area code: 202-828-0850

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 is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

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 common stock outstanding at July 11, 2008 was 318,939,447.

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Table of Contents**DANAHER CORPORATION****CONSOLIDATED CONDENSED BALANCE SHEETS**

(\$ in thousands)

	June 27, 2008 (unaudited)	December 31, 2007 (Note 1)
<u>ASSETS</u>		
Current Assets:		
Cash and equivalents	\$ 284,100	\$ 239,108
Trade accounts receivable, net	2,094,317	1,984,384
Inventories:		
Finished goods	574,790	547,742
Work in process	261,916	195,332
Raw material and supplies	460,750	450,541
Total inventories	1,297,456	1,193,615
Prepaid expenses and other current assets	515,854	632,660
Total current assets	4,191,727	4,049,767
Property, plant and equipment, net of accumulated depreciation of \$1,489,649 and \$1,402,463, respectively	1,131,887	1,108,634
Other assets	509,606	507,550
Goodwill	9,463,471	9,241,011
Other intangible assets, net	2,697,923	2,564,973
Total assets	\$ 17,994,614	\$ 17,471,935
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current Liabilities:		
Notes payable and current portion of long-term debt	\$ 312,647	\$ 330,480
Trade accounts payable	1,193,576	1,125,600
Accrued expenses	1,587,298	1,443,773
Total current liabilities	3,093,521	2,899,853
Other liabilities	2,086,756	2,090,630
Long-term debt	2,740,056	3,395,764
Stockholders' equity:		
Common stock \$0.01 par value	3,536	3,526
Additional paid-in capital	1,804,008	1,718,716
Retained earnings	7,436,616	6,820,756
Accumulated other comprehensive income	830,121	542,690
Total stockholders' equity	10,074,281	9,085,688
Total liabilities and stockholders' equity	\$ 17,994,614	\$ 17,471,935

See the accompanying Notes to Consolidated Condensed Financial Statements.

Table of Contents**DANAHER CORPORATION****CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS**

(\$ and shares in thousands, except per share amounts)

(unaudited)

	Three Months Ended		Six Months Ended	
	June 27, 2008	June 29, 2007	June 27, 2008	June 29, 2007
Sales	\$ 3,283,895	\$ 2,631,885	\$ 6,312,769	\$ 5,153,589
Operating costs and expenses:				
Cost of sales	1,723,596	1,430,634	3,334,754	2,812,435
Selling, general and administrative expenses	859,969	642,689	1,678,359	1,288,514
Research and development expenses	189,866	130,009	375,970	253,970
Other (income) expense		(14,335)		(14,335)
Total operating expenses	2,773,431	2,188,997	5,389,083	4,340,584
Operating profit	510,464	442,888	923,686	813,005
Interest expense	(33,854)	(23,948)	(74,523)	(51,239)
Interest income	1,412	952	4,934	2,540
Earnings from continuing operations before income taxes	478,022	419,892	854,097	764,306
Income taxes	(114,574)	(112,236)	(214,144)	(205,034)
Earnings from continuing operations	363,448	307,656	639,953	559,272
Earnings from discontinued operations, net of income taxes		3,498		6,686
Net earnings	\$ 363,448	\$ 311,154	\$ 639,953	\$ 565,958
Earnings per share from continuing operations:				
Basic	\$ 1.14	\$ 1.00	\$ 2.01	\$ 1.81
Diluted	\$ 1.09	\$ 0.95	\$ 1.92	\$ 1.72
Earnings per share from discontinued operations:				
Basic		\$ 0.01		\$ 0.02
Diluted		\$ 0.01		\$ 0.02
Net earnings per share:				
Basic	\$ 1.14	\$ 1.01	\$ 2.01	\$ 1.83
Diluted	\$ 1.09	\$ 0.96	\$ 1.92	\$ 1.74
Average common stock and common equivalent shares outstanding:				
Basic	319,233	309,471	319,018	309,570
Diluted	336,551	327,736	336,263	327,843

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See the accompanying Notes to Consolidated Condensed Financial Statements.

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(\$ and shares in thousands)

(unaudited)

	Common Stock		Additional	Retained	Accumulated	Comprehensive
	Shares	Par Value	Paid-In Capital	Earnings	Other Comprehensive Income	Comprehensive Income
Balance, December 31, 2007	352,608	\$ 3,526	\$ 1,718,716	\$ 6,820,756	\$ 542,690	
Net income				639,953		\$ 639,953
Dividends declared				(19,120)		
Common stock based award activity	951	10	84,650			
Common stock issued in connection with LYON's conversion	13		642			
Cumulative impact of change in measurement date for post-employment benefit obligations, net of taxes (SFAS No. 158 - see Note 7)				(4,973)	978	978
Increase from translation of foreign financial statements					286,453	286,453
Balance, June 27, 2008	353,572	\$ 3,536	\$ 1,804,008	\$ 7,436,616	\$ 830,121	\$ 927,384

See the accompanying Notes to Consolidated Condensed Financial Statements.

Table of Contents**DANAHER CORPORATION****CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS**

(\$ in thousands)

(unaudited)

	Six Months Ended	
	June 27, 2008	June 29, 2007
Cash flows from operating activities:		
Net earnings	\$ 639,953	\$ 565,958
Less: earnings from discontinued operations, net of tax		6,686
Net earnings from continuing operations	639,953	559,272
Non-cash items, net of the effect of discontinued operations:		
Depreciation	97,775	83,662
Amortization	72,755	42,890
Stock compensation expense	42,399	35,049
Change in trade accounts receivable, net	(37,234)	(22,681)
Change in inventories	(68,148)	(10,916)
Change in accounts payable	34,025	11,931
Change in prepaid expenses and other assets	91,230	90,749
Change in accrued expenses and other liabilities	42,175	(102,656)
Total operating cash flows from continuing operations	914,930	687,300
Total operating cash flows from discontinued operations		4,364
Net cash flows from operating activities	914,930	691,664
Cash flows from investing activities:		
Payments for additions to property, plant and equipment	(83,867)	(69,666)
Proceeds from disposals of property, plant and equipment	499	11,738
Cash paid for acquisitions	(101,550)	(349,758)
Cash paid for investment in acquisition target and other marketable securities		(23,219)
Proceeds from refundable escrowed purchase price	48,504	