

METTLER TOLEDO INTERNATIONAL INC/
Form 10-Q
November 09, 2018
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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, 2018, 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, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer. ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

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 25,045,028 shares of Common Stock outstanding at September 30, 2018.

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, 2018 and 2017

(In thousands, except share data)

(unaudited)

	September 30, 2018	September 30, 2017
Net sales		
Products	\$ 576,340	\$ 544,408
Service	158,506	154,391
Total net sales	734,846	698,799
Cost of sales		
Products	232,851	216,496
Service	82,741	81,328
Gross profit	419,254	400,975
Research and development	34,838	32,203
Selling, general and administrative	202,451	207,033
Amortization	11,856	10,716
Interest expense	9,003	8,248
Restructuring charges	2,222	3,385
Other charges (income), net	(1,479)) (237)
Earnings before taxes	160,363	139,627
Provision for taxes	33,710	34,677
Net earnings	\$ 126,653	\$ 104,950
Basic earnings per common share:		
Net earnings	\$ 5.04	\$ 4.10
Weighted average number of common shares	25,126,061	25,613,433
Diluted earnings per common share:		
Net earnings	\$ 4.93	\$ 3.99
Weighted average number of common and common equivalent shares	25,683,365	26,303,529
Comprehensive income, net of tax (Note 9)	\$ 108,845	\$ 125,699

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, 2018 and 2017

(In thousands, except share data)

(unaudited)

	September 30, 2018	September 30, 2017
Net sales		
Products	\$ 1,649,762	\$ 1,514,516
Service	467,901	432,506
Total net sales	2,117,663	1,947,022
Cost of sales		
Products	657,167	591,395
Service	253,684	235,651
Gross profit	1,206,812	1,119,976
Research and development	104,866	95,985
Selling, general and administrative	611,149	588,313
Amortization	35,561	31,010
Interest expense	25,671	24,160
Restructuring charges	13,956	8,840
Other charges (income), net	(5,795)	(8,654)
Earnings before taxes	421,404	380,322
Provision for taxes	89,979	81,326
Net earnings	\$ 331,425	\$ 298,996
Basic earnings per common share:		
Net earnings	\$ 13.10	\$ 11.60
Weighted average number of common shares	25,296,680	25,764,472
Diluted earnings per common share:		
Net earnings	\$ 12.81	\$ 11.31
Weighted average number of common and common equivalent shares	25,877,979	26,446,677
Comprehensive income, net of tax (Note 9)	\$ 313,302	\$ 376,357

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, 2018 and December 31, 2017

(In thousands, except share data)

(unaudited)

	September 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 137,448	\$ 148,687
Trade accounts receivable, less allowances of \$16,515 at September 30, 2018 and \$15,549 at December 31, 2017	494,887	528,615
Inventories	277,266	255,390
Other current assets and prepaid expenses	61,898	74,031
Total current assets	971,499	1,006,723
Property, plant and equipment, net	697,689	668,271
Goodwill	537,862	539,838
Other intangible assets, net	220,904	226,718
Deferred tax assets, net	36,423	41,425
Other non-current assets	93,287	66,830
Total assets	\$ 2,557,664	\$ 2,549,805
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$ 156,447	\$ 167,627
Accrued and other liabilities	128,760	152,834
Accrued compensation and related items	142,500	170,159
Deferred revenue and customer prepayments	123,526	107,166
Taxes payable	90,483	72,210
Short-term borrowings and current maturities of long-term debt	55,753	19,677
Total current liabilities	697,469	689,673
Long-term debt	988,894	960,170
Deferred tax liabilities, net	50,216	51,230
Other non-current liabilities	289,470	301,452
Total liabilities	2,026,049	2,002,525
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 25,045,028 and 25,541,393 shares at September 30, 2018 and December 31, 2017, respectively	448	448
Additional paid-in capital	759,643	747,138
Treasury stock at cost (19,740,983 shares at September 30, 2018, and 19,244,618 shares at December 31, 2017)	(3,708,805)	(3,368,182)
Retained earnings	3,763,858	3,433,282
Accumulated other comprehensive loss	(283,529)	(265,406)
Total shareholders' equity	531,615	547,280
Total liabilities and shareholders' equity	\$ 2,557,664	\$ 2,549,805

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, 2018 and twelve months ended December 31, 2017

(In thousands, except share data)

(unaudited)

Insert Title Here

	Common Stock Shares	Amount	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2016	26,020,234	\$ 448	\$ 730,556	\$(3,006,771)	\$ 3,065,708	\$ (354,998)	\$ 434,943
Exercise of stock options and restricted stock units	270,413	—	—	38,586	(9,937)	—	28,649
Repurchases of common stock	(749,254)	—	—	(399,997)	—	—	(399,997)
Effect of accounting change	—	—	—	—	1,539	—	1,539
Share-based compensation	—	—	16,582	—	—	—	16,582
Net earnings	—	—	—	—	375,972	—	375,972
Other comprehensive income (loss), net of tax	—	—	—	—	—	89,592	89,592
Balance at December 31, 2017	25,541,393	\$ 448	\$ 747,138	\$(3,368,182)	\$ 3,433,282	\$ (265,406)	\$ 547,280
Exercise of stock options and restricted stock units	102,174	—	—	15,626	(849)	—	14,777
Repurchases of common stock	(598,539)	—	—	(356,249)	—	—	(356,249)
Share-based compensation	—	—	—	—	—	—	—