

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q/A

Quarterly report pursuant to sections 13 or 15(d) [amend]

Filing Date: **1995-05-10** | Period of Report: **1995-04-01**
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FILER

THERMO ELECTRON CORP

CIK: **97745** | IRS No.: **042209186** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q/A** | Act: **34** | File No.: **001-08002** | Film No.: **95536257**
SIC: **3829** Measuring & controlling devices, nec

Business Address
81 WYMAN ST
P O BOX 9046
WALTHAM MA 02254
6176221000

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

AMENDMENT NO. 1 ON FORM 10-Q/A

(mark one)

- Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Quarter Ended April 1, 1995.
- Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Commission File Number 1-8002

THERMO ELECTRON CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

04-2209186
(I.R.S. Employer
Identification No.)

81 Wyman Street, P.O. Box 9046
Waltham, Massachusetts
(Address of principal executive offices)

02254-9046
(Zip Code)

Registrant's telephone number, including area code: (617)622-1000

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 the number of shares outstanding of each of the issuer's classes of Common Stock, as of the latest practicable date.

Class	Outstanding at April 28, 1995
-----	-----
Common Stock, \$1.00 par value	55,263,148

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Amendment to Item 1 - Financial Statements

The amounts shown for "Cost of products" and "Cost of services" in the Consolidated Statement of Income for the three months ended April 1, 1995 have been amended. This amended information replaces the corresponding information filed originally in the Form 10-Q.

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PART I - Financial Information

Item 1 - Financial Statements

(a) Consolidated Balance Sheet - Assets as of April 1, 1995 and December 31, 1994 (In thousands)

	April 1, 1995	December 31, 1994
	-----	-----
Current Assets:		
Cash and cash equivalents	\$ 406,346	\$ 383,005
Short-term available-for-sale investments, at quoted market value (amortized cost of \$498,509 and \$617,837)	500,756	614,915
Accounts receivable, less allowances of \$24,096 and \$21,664	378,620	353,436
Unbilled contract costs and fees	73,380	53,914
Inventories:		
Raw materials and supplies	140,417	128,876
Work in process	50,194	44,711
Finished goods	65,674	59,795
Prepaid income taxes	53,606	57,824
Prepaid expenses	20,988	15,148
	-----	-----
	1,689,981	1,711,624
	-----	-----
Property, Plant and Equipment, at Cost	839,632	811,325

Less: Accumulated depreciation and amortization	195,837	186,437
	-----	-----
	643,795	624,888
	-----	-----
Long-term Available-for-sale Investments, at Market Value (amortized cost of \$82,630 and \$65,218)	81,756	62,451
	-----	-----
Long-term Held-to-maturity Investments (quoted market value of \$22,810)	22,569	-
	-----	-----
Other Assets	85,393	85,338
	-----	-----
Cost in Excess of Net Assets of Acquired Companies	621,096	577,634
	-----	-----
	\$3,144,590	\$3,061,935
	=====	=====

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

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THERMO ELECTRON CORPORATION

(a) Consolidated Balance Sheet - Liabilities and Shareholders' Investment as of April 1, 1995 and December 31, 1994 (In thousands except share amounts)

	April 1, 1995	December 31, 1994
	-----	-----
Current Liabilities:		
Notes payable and current maturities of long-term obligations	\$ 88,015	\$ 85,697
Accounts payable	120,655	125,074
Accrued payroll and employee benefits	79,473	79,849
Accrued income taxes	32,143	35,845
Accrued installation and warranty costs	35,772	33,442
Other accrued expenses	213,532	200,985
	-----	-----
	569,590	560,892

Deferred Income Taxes and Other Items	118,292	115,973
Long-term Obligations:		
Senior convertible obligations	586,233	620,000
Subordinated convertible obligations	177,124	186,661
Tax-exempt obligations	131,000	130,985
Nonrecourse tax-exempt obligations	95,300	95,300
Other	41,322	16,904
	1,030,979	1,049,850
Minority Interest	340,084	327,734
Common Stock of Subsidiary Subject to Redemption (\$18,450 redemption value)	17,288	-
Shareholders' Investment:		
Common stock, \$1 par value, 175,000,000 shares authorized; 54,814,197 and 53,558,248 shares issued	54,814	53,558
Capital in excess of par value	514,096	493,058
Retained earnings	501,944	472,396
Treasury stock at cost, 136,417 and 38,318 shares	(6,439)	(1,631)
Cumulative translation adjustment	5,408	(3,557)
Deferred compensation	(2,354)	(2,657)
Net unrealized gain (loss) on available- for-sale investments	888	(3,681)
	1,068,357	1,007,486
	\$3,144,590	\$3,061,935

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

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(b) Consolidated Statement of Income for the three months ended April 1, 1995 and April 2, 1994 (In thousands except per share amounts)

Three Months Ended

	April 1, 1995	April 2, 1994
Revenues:		
Product revenues	\$388,025	\$311,208
Service revenues	43,908	32,386
Research and development contract revenues	46,612	40,130
	-----	-----
	478,545	383,724
	-----	-----
Costs and Expenses:		
Cost of products	227,876	184,676
Cost of services	30,571	23,388
Expenses for research and development and new lines of business (a)	63,143	53,658
Selling, general and administrative expenses	109,583	83,788
Costs associated with divisional and product restructuring	1,522	-
	-----	-----
	432,695	345,510
	-----	-----
Operating Income	45,850	38,214
Gain on Issuance of Stock by Subsidiaries (Note 2)	12,883	8,494
Other Expense, Net (Note 3)	(3,347)	(3,700)
	-----	-----
Income Before Income Taxes and Minority Interest	55,386	43,008
Provision for Income Taxes	18,434	14,535
Minority Interest Expense	7,404	5,548
	-----	-----
Net Income	\$ 29,548	\$ 22,925
	=====	=====
Earnings per Share:		
Primary	\$.55	\$.45
	=====	=====
Fully diluted	\$.49	\$.41
	=====	=====
Weighted Average Shares:		
Primary	53,721	50,492
	=====	=====
Fully diluted	69,624	61,853
	=====	=====
(a) Includes costs of:		
Research and development contracts	\$ 40,803	\$ 35,640
Internally funded research and development	21,532	17,015
Other expenses for new lines of business	808	1,003
	-----	-----
	\$ 63,143	\$ 53,658
	=====	=====

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

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(c) Condensed Consolidated Statement of Cash Flows for the three months ended April 1, 1995 and April 2, 1994 (In thousands)

	Three Months Ended	
	April 1, 1995	April 2, 1994
	-----	-----
Operating Activities:		
Net cash provided by operating activities	\$ 2,398	\$ 18,058
	-----	-----
Investing Activities:		
Acquisitions, net of cash acquired	(49,467)	(133,508)
Purchases of available-for-sale investments	(104,765)	(132,464)
Purchases of held-to-maturity investments	(22,300)	-
Proceeds from sale and maturities of available-for-sale investments	207,146	148,539
Purchases of property, plant and equipment	(12,724)	(13,272)
Proceeds from sale of property, plant and equipment	1,225	1,269
Decrease in net restricted funds	-	23,420
Other	(1,539)	(7,106)
	-----	-----
Net cash provided by (used in) investing activities	17,576	(113,122)
	-----	-----
Financing Activities:		
Net proceeds from issuance of long-term obligations	313	32,138
Repayment and repurchase of long-term obligations	(6,654)	(10,332)
Proceeds from issuance of Company and subsidiary common stock	51,272	24,181
Purchases of subsidiary common stock	(44,257)	(19,068)
Other	730	(469)
	-----	-----
Net cash provided by financing activities	1,404	26,450
	-----	-----
Exchange Rate Effect on Cash	1,963	520

Increase (Decrease) in Cash and Cash Equivalents	23,341	(68,094)
Cash and Cash Equivalents at Beginning of Period	383,005	325,989
Cash and Cash Equivalents at End of Period	\$ 406,346	\$ 257,895

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(c) Condensed Consolidated Statement of Cash Flows for the three months ended April 1, 1995 and April 2, 1994 (In thousands) (continued)

	Three Months Ended	
	April 1, 1995	April 2, 1994
Supplemental Cash Flow Information:		
Provision for losses on accounts receivable	\$ 1,641	\$ 1,027
Cash paid for:		
Interest	\$ 22,250	\$ 15,926
Income taxes	\$ 11,108	\$ 7,724
Noncash activities:		
Conversions of convertible obligations	\$ 41,115	\$ 11,855
Issuance of long-term debt in connection with acquisition	\$ 22,300	\$ -

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

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(d) Notes to Consolidated Financial Statements - April 1, 1995

1. General

The interim consolidated financial statements presented have been prepared by Thermo Electron Corporation (the Company) without audit and, in the opinion of management, reflect all adjustments of a normal recurring nature necessary for a fair statement of (a) the results of operations for the three-month periods ended April 1, 1995 and April 2, 1994, (b) the financial position at April 1, 1995, and (c) the cash flows for the three-month periods ended April 1, 1995 and April 2, 1994. Interim results are not necessarily indicative of results for a full year.

The consolidated balance sheet presented as of December 31, 1994, has been derived from the consolidated financial statements that have been audited by the Company's independent public accountants. The

consolidated financial statements and notes are presented as permitted by Form 10-Q and do not contain certain information included in the annual financial statements and notes of the Company. The consolidated financial statements and notes included herein should be read in conjunction with the financial statements and notes included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1994, filed with the Securities and Exchange Commission.

2. Transactions in Stock of Subsidiaries

"Gain on issuance of stock by subsidiaries" in the accompanying statement of income for the three-month period ended April 1, 1995, resulted primarily from the following:

An initial public offering of 2,333,556 shares of Thermo Ecotek Corporation common stock in February 1995 at \$12.75 per share for net proceeds of \$27.5 million resulted in a gain of \$7.9 million.

A private placement of 700,000 shares of Thermo BioAnalysis Corporation common stock in March 1995 at \$10.00 per share for net proceeds of \$6.5 million resulted in a gain of \$4.7 million that was recorded by the Company's Thermo Instrument Systems Inc. subsidiary.

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THERMO ELECTRON CORPORATION

(d) Notes to Consolidated Financial Statements - April 1, 1995
(continued)

3. Other Expense, Net

The components of "Other expense, net" in the accompanying statement of income are:

(In thousands)	Three Months Ended	
	April 1, 1995	April 2, 1994
Interest income	\$ 14,514	\$ 7,199
Interest expense	(18,391)	(10,347)
Equity in income (loss) of unconsolidated subsidiaries	5	(1,207)
Gain on sale of investments	1,187	611
Other income (expense), net	(662)	44
	-----	-----
	\$ (3,347)	\$ (3,700)
	=====	=====

4. Acquisition

On March 15, 1995, the Company acquired Coleman Research Corporation in exchange for 2,668,149 shares of Company common stock, including 135,241 shares reserved for issuance upon exercise of stock options. Coleman Research provides systems integration, systems engineering, and analytical services to government customers in the fields of information technology, energy and the environment, software engineering, launch systems, advanced radar and imaging, and healthcare systems. The acquisition has been accounted for under the pooling-of-interests method. Accordingly, all historical financial information presented has been restated to include the acquisition of Coleman Research. Revenues and net income for the three-month period ended April 2, 1994, as previously reported by the separate entities prior to the acquisition and as restated for the combined Company, are as follows:

(In thousands)	Three Months Ended
	April 2, 1994
Revenues:	
Previously reported	\$350,476
Coleman Research	33,248

	\$383,724
	=====
Net Income:	
Previously reported	\$ 22,541
Coleman Research	384

	\$ 22,925
	=====

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(d) Notes to Consolidated Financial Statements - April 1, 1995
 (continued)

5. Subsequent Event

In March 1995, the Company declared a three-for-two stock split in the form of a 50% stock dividend, which is payable on May 24, 1995, to shareholders of record as of April 26, 1995. Common shares outstanding as of April 1, 1995, on a pro forma basis to reflect the stock split would have been 82,016,670 shares. The following table presents other selected financial data on a pro forma basis to reflect the stock split.

(In thousands except per share amounts)	Three Months Ended	
	April 1, 1995	April 2, 1994

Earnings Per Share:		
Primary	\$.37	\$.30
Fully diluted	\$.32	\$.27
Weighted Average Shares:		
Primary	80,582	75,737
Fully diluted	104,436	92,780

Financial results for the three months ended April 1, 1995 and prior periods will be restated in the second quarter of 1995 to reflect the stock split.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized as of the 10th day of May 1995.

THERMO ELECTRON CORPORATION

Paul F. Kelleher

Paul F. Kelleher
Vice President, Finance

John N. Hatsopoulos

John N. Hatsopoulos
Chief Financial Officer

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EXHIBIT INDEX

Exhibit Number	Document	Page
-----	-----	----
27	Financial Data Schedule.	

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THERMO ELECTRON CORPORATION'S AMENDMENT NO. 1 ON FORM 10-Q/A FOR THE QUARTER ENDED APRIL 1, 1995.

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<F2>THIS LINE IS MADE UP OF THE FOLLOWING INCOME STATEMENT ACCOUNTS: "COSTS ASSOCIATED WITH DIVISIONAL AND PRODUCT RESTRUCTURING", "INTERNALLY FUNDED RESEARCH AND DEVELOPMENT" AND "OTHER EXPENSES FOR NEW LINES OF BUSINESS".
</FN>

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