

TRIMBLE NAVIGATION LTD /CA/

Form 10-Q

May 10, 2011

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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 APRIL 1, 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: 001-14845

TRIMBLE NAVIGATION LIMITED

(Exact name of registrant as specified in its charter)

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California
(State or other jurisdiction of

94-2802192
(I.R.S. Employer Identification Number)

incorporation or organization)

935 Stewart Drive, Sunnyvale, CA 94085

(Address of principal executive offices) (Zip Code)

Telephone Number (408) 481-8000

(Registrant's telephone number, including area code)

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 definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer (Do not check if a smaller reporting company)

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

As of May 6, 2011, there were 122,627,594 shares of Common Stock (no par value) outstanding.

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TRIMBLE NAVIGATION LIMITED

FORM 10-Q for the Quarter Ended April 1, 2011

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PART I FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TRIMBLE NAVIGATION LIMITED
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (UNAUDITED)

	April 1, 2011	December 31, 2010
<i>(In thousands)</i>		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 244,342	\$ 220,788
Accounts receivable, net	265,693	222,820
Other receivables	25,983	21,069
Inventories, net	203,014	192,852
Deferred income taxes	36,620	36,924
Other current assets	20,279	19,917
Total current assets	795,931	714,370
Property and equipment, net	51,634	50,692
Goodwill	863,459	828,737
Other purchased intangible assets, net	215,394	204,948
Other non-current assets	73,286	68,145
Total assets	\$ 1,999,704	\$ 1,866,892
LIABILITIES		
Current liabilities:		
Current portion of long-term debt	\$ 153,029	\$ 1,993
Accounts payable	89,357	72,349
Accrued compensation and benefits	51,987	60,976
Deferred revenue	81,501	73,888
Accrued warranty expense	12,829	12,868
Other current liabilities	32,977	29,741
Total current liabilities	421,680	251,815
Non-current portion of long-term debt	271	151,160
Non-current deferred revenue	7,736	10,777
Deferred income taxes	31,447	24,598
Other non-current liabilities	49,569	42,843
Total liabilities	510,703	481,193
Commitments and contingencies		
EQUITY		
Shareholders' equity:		
Preferred stock, no par value; 3,000 shares authorized; none outstanding	826,495	781,779

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Common stock, no par value; 180,000 shares authorized; 122,561 and 120,939 shares issued and outstanding at April 1, 2011 and December 31, 2010, respectively		
Retained earnings	575,968	536,350
Accumulated other comprehensive income	67,826	48,027
Total Trimble Navigation Ltd. shareholders' equity	1,470,289	1,366,156
Noncontrolling interests	18,712	19,543
Total equity	1,489,001	1,385,699
Total liabilities and equity	\$ 1,999,704	\$ 1,866,892

See accompanying Notes to the Condensed Consolidated Financial Statements.

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TRIMBLE NAVIGATION LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)

	Three Months Ended	
	April 1, 2011	April 2, 2010
<i>(In thousands, except per share data)</i>		
Revenue (1)	\$ 384,293	\$ 319,015
Cost of sales (1)	192,763	160,018
Gross margin	191,530	158,997
Operating expenses		
Research and development	43,232	35,890
Sales and marketing	61,207	49,768
General and administrative	33,472	28,547
Restructuring charges	767	631
Amortization of purchased intangible assets	9,177	8,046
Total operating expenses	147,855	122,882
Operating income	43,675	36,115
Non-operating income, net		
Interest income	285	399
Interest expense	(496)	(398)
Foreign currency transaction gain, net	306	746
Income from equity method investments, net	2,763	2,474
Other income (expense), net	(252)	314
Total non-operating income, net	2,606	3,535
Income before taxes	46,281	39,650
Income tax provision	7,409	11,498
Net income	38,872	28,152
Less: Net income (loss) attributable to noncontrolling interests	(831)	254
Net income attributable to Trimble Navigation Ltd.	\$ 39,703	\$ 27,898
Basic earnings per share	\$ 0.33	\$ 0.23
Shares used in calculating basic earnings per share	121,819	120,760
Diluted earnings per share	\$ 0.32	\$ 0.23
Shares used in calculating diluted earnings per share	125,856	123,829

(1) Sales to Caterpillar Trimble Control Technologies Joint Venture (CTCT) and Nikon-Trimble Joint Venture (Nikon-Trimble) were \$5.8 million and \$5.5 million for the three months ended April 1, 2011 and April 2, 2010, respectively, with associated cost of sales to those

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related parties of \$3.9 million and \$3.7 million, respectively. In addition, cost of sales associated with related party net inventory purchases was \$7.9 million and \$6.1 million for the three months ended April 1, 2011 and April 2, 2010, respectively. See Note 4 regarding joint ventures for further information about related party transactions.

See accompanying Notes to the Condensed Consolidated Financial Statements.

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TRIMBLE NAVIGATION LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Three Months Ended	
	April 1, 2011	April 2, 2010
<i>(Dollars in thousands)</i>		
Cash flow from operating activities:		
Net income	\$ 38,872	\$ 28,152
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	4,603	4,451
Amortization expense	16,065	13,817
Provision for doubtful accounts	359	1,038
Deferred income taxes	(1,393)	103
Stock-based compensation	6,798	5,641
Income from equity method investments, net	(2,763)	(2,474)
Excess tax benefit for stock-based compensation	(8,357)	(482)
Provision for excess and obsolete inventories	2,489	1,902
Other non-cash items	577	(1,760)
Add decrease (increase) in assets:		
Accounts receivable	(40,624)	(31,546)
Other receivables	5,776	8,060
Inventories	(8,717)	(9,441)
Other current and non-current assets	4,927	(2,103)
Add increase (decrease) in liabilities:		
Accounts payable	16,377	27,319
Accrued compensation and benefits	(10,241)	4,741
Accrued liabilities	4,398	2,617
Deferred revenue	(1,219)	5,468
Net cash provided by operating activities	27,927	55,503
Cash flow from investing activities:		
Acquisitions of businesses, net of cash acquired	(38,979)	(21,571)
Acquisitions of property and equipment	(4,036)	(5,299)
Acquisitions of intangible assets	(250)	(297)
Purchases of equity method investments		(2,750)
Other	44	1
Net cash used in investing activities	(43,221)	(29,916)
Cash flow from financing activities:		
Issuances of common stock, net	27,785	8,649
Excess tax benefit for stock-based compensation	8,357	482
Payments on long-term debt and revolving credit lines	(672)	(54)
Net cash provided by financing activities	35,470	9,077
Effect of exchange rate changes on cash and cash equivalents	3,378	(1,439)

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Net increase in cash and cash equivalents	23,554	33,225
Cash and cash equivalents, beginning of period	220,788	273,848
