

Edgar Filing: THERMO ELECTRON CORP - Form 8-K

THERMO ELECTRON CORP  
Form 8-K  
May 15, 2001

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

-----  
FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of Report  
(Date of earliest event reported):

April 27, 2001  
-----

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

Delaware (State or other jurisdiction of incorporation or organization)	1-8002 (Commission File Number)	04-2209186 (I.R.S. Employer Identification Number)
---	---------------------------------------	---

81 Wyman Street, P.O. Box 9046 Waltham, Massachusetts (Address of principal executive offices)	02454-9046 (Zip Code)
--	--------------------------

(781) 622-1000  
(Registrant's telephone number  
including area code)

This Current Report on Form 8-K contains forward-looking statements that involve a number of risks and uncertainties. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are set forth under the heading "Risk Factors" in the Registrant's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. These include risks and uncertainties relating to: integration of the company's instrument businesses, the ability to improve internal growth, liquidity and prospective performance of the subsidiaries to be spun off, the company's guarantee of obligations of the subsidiaries to be spun off, the effect of exchange rate fluctuations on international operations, potential impairment of goodwill, the need to develop new products and adapt to significant technological change, dependence on customers that operate in cyclical

## Edgar Filing: THERMO ELECTRON CORP - Form 8-K

industries, the effect of changes in governmental regulations, and dependence on customers' capital spending policies and government funding policies.

### Item 5. Other Events

On April 26, 2001, the Registrant issued a press release, attached hereto as Exhibit 99, regarding its financial results for the quarter ended March 31, 2001.

### Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

- (a) Financial Statements of Business Acquired: Not applicable.
- (b) Pro Forma Financial Information: Not applicable.
- (c) Exhibits

99 Press Release dated April 26, 2001.

### SIGNATURE

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, on this 15th day of May, 2001.

THERMO ELECTRON CORPORATION

By: /s/ Theo Melas-Kyriazi  
-----  
Theo Melas-Kyriazi  
Vice President and Chief Financial  
Officer

Thermo Electron Reports Cash EPS of \$.21 and  
Internal Revenue Growth of 14 Percent

WALTHAM, Mass., April 26, 2001 - Thermo Electron Corporation (NYSE:TMO) today reported that diluted cash operating EPS rose 31 percent to \$.21 for the first quarter of 2001, up from \$.16 in the year-ago period. Internal revenue growth was 14 percent, excluding unfavorable foreign currency effects of 4 percent. First quarter cash operating margins rose to 10.9 percent from 10.5 percent.\*

"Once again, we have delivered strong organic revenue and earnings growth, even as market conditions have become more challenging," said Richard F. Syron, chairman and chief executive officer of Thermo Electron. "We have a lot of momentum coming out of last month's successful Pittcon tradeshow, where we received significant attention from customers and competitors alike for our unified branding strategy and new-product introductions. And we are focused

## Edgar Filing: THERMO ELECTRON CORP - Form 8-K

squarely on serving our customers better by continuing to integrate the businesses. For example, we have embarked upon an intensive review of our real estate holdings around the world to combine locations. One benefit is to reduce costs and improve our operating margins. Another is to make it easier for our employees to collaborate, which, in turn, will enable us to be ever more responsive to our customers' needs."

Commenting on economic and market conditions and prospects, Mr. Syron said, "We had another solid quarter. While there are uncertainties in the global economy, we are maintaining our targets of 8 percent top-line growth and \$1.00 cash operating EPS for the year. We believe our spectrum of instrument technologies, products, and service offerings is a natural hedge against a slowdown in any particular industry. However, we are keeping a watchful eye on developments in the markets we serve and are taking swift action to adjust our spending plans in those businesses that are adversely affected. That said, we are not sacrificing our investments in opportunities that will lead to future growth."

The company's revenues for the quarter were \$573 million, compared with \$577 million in 2000. Comparative results were affected by the inclusion in 2000 of businesses subsequently sold, and, to a lesser extent, foreign currency effects. These decreases were substantially offset by internal sales growth. In its discontinued operations, the company recorded a \$66 million aftertax charge, representing a decline in the market value of the Thoratec Corporation shares that Thermo Electron received from the sale of Thermo Cardiosystems. This resulted in a net loss of \$45 million for the quarter.

### Life Sciences

Internal revenue growth for the Life Sciences sector was 12 percent for the first quarter, with revenues of \$209 million. Growth was driven by strong sales of drug discovery tools, including our ion trap mass spectrometers, which increased 26 percent, as well as double-digit sales growth in sample-preparation equipment. Also contributing to sector growth were higher sales of our rapid diagnostic tests, which increased 21 percent. Cash operating income margin for the sector was 16.1 percent for the 2001 quarter, compared with 16.9 percent in 2000. Improved margins in sample-preparation equipment, biosciences, and clinical diagnostics were offset by substantial new investments in proteomics.

-----  
\* Cash operating EPS and cash operating margin, except where otherwise noted, exclude amortization of goodwill and intangibles, restructuring and unusual items, the results of discontinued operations, the cumulative effect of change in accounting principle, and in 2000, extraordinary item. Internal revenue growth excludes the effects of foreign currency.

### Optical Technologies

Internal revenue growth for the Optical Technologies sector was 36 percent for the first quarter, with revenues of \$140 million. Revenues at Spectra-Physics rose 44 percent, with growth in the balance of the sector up 31 percent. Growth drivers included strong demand for solid-state lasers used in industrial, R&D, and life sciences applications; increased sales of photonics products, particularly diffraction gratings for photolithography and fiber-optic systems; as well as increased sales of molecular beam epitaxy systems. Cash operating income margin for Optical Technologies was 9.8 percent for the 2001 quarter, compared with 9.3 percent in 2000. Margins improved significantly in our Photonics and Semiconductor divisions, offset in part by lower margins at Spectra-Physics due to heavy investments in new-product introductions.

## Edgar Filing: THERMO ELECTRON CORP - Form 8-K

### Measurement and Control

Internal revenue growth in the Measurement and Control sector was 6 percent for the quarter, with revenues of \$228 million. Growth was driven by strong sales of environmental-monitoring instruments used in emissions-trading programs and utility plant upgrades, and increased demand for natural gas flow-monitoring instruments to the energy industry. This was offset by weakness in sales of process instruments to the U.S. steel industry and the food processing market. Cash operating income margin increased substantially to 11.3 percent for the quarter, up from 9.4 percent in 2000, due to sales growth and cost-reduction measures initiated in the fall of 2000, as well as a favorable comparison resulting from the divestiture of lower-margin businesses.

-more-

Thermo Electron will hold its earnings conference call on Friday, April 27, 2001, at 11 a.m. EDT. To listen, dial 888-872-9028 within the U.S., or 973-633-6740 outside the U.S. A recording of this call will be available until Monday, May 7, 2001. Please call 877-519-4471 within the U.S., or 973-341-3080 outside the U.S., and enter code 2528847. At the close of business today, an audio archive will also be available on [www.thermo.com](http://www.thermo.com) under "Investors."

Thermo Electron Corporation is a global leader in providing technology-based instruments, components, and systems that offer total solutions for markets ranging from life sciences to telecommunications to food, drug, and beverage production. The company's powerful technologies help researchers sift through data to make discoveries that will fight disease or prolong life. They allow manufacturers to fabricate ever-smaller components required to increase the speed and quality of communications. And they automatically monitor and control online production to ensure that critical quality standards are met safely and efficiently. Thermo Electron, based in Waltham, Massachusetts, reported \$2.3 billion in revenues in 2000 and employed approximately 13,000 people worldwide. For more information on Thermo Electron, visit <http://www.thermo.com>.

The following constitutes a "Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995: This press release contains forward-looking statements that involve a number of risks and uncertainties. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are set forth under the heading "Risk Factors" in the company's Annual Report on Form 10-K for the fiscal year ended December 30, 2000. These include risks and uncertainties relating to: integration of the company's instrument businesses, the ability to improve internal growth, liquidity and prospective performance of the subsidiaries to be spun off, the company's guarantee of obligations of the subsidiaries to be spun off, the effect of exchange rate fluctuations on international operations, potential impairment of goodwill, the need to develop new products and adapt to significant technological change, dependence on customers that operate in cyclical industries, the effect of changes in governmental regulations, and dependence on customers' capital spending policies and government funding policies.

-more-

Edgar Filing: THERMO ELECTRON CORP - Form 8-K

Consolidated Statement of Operations (Unaudited)

	Three Months Ended		
	March 31, 2001		
(In thousands except per share amounts)	Reported	Adjusted (a)	Re
Revenues	\$573,089	\$573,089	\$5
Costs and Operating Expenses:			
Cost of revenues	317,835	317,835	3
Selling, general, and administrative expenses	160,167	160,167	1
Research and development expenses	44,365	44,365	
Restructuring and other unusual costs (income), net	10,882	-	
	-----	-----	-----
	533,249	522,367	5
Operating Income	39,840	50,722	
Interest Income	18,461	18,461	
Interest Expense	(20,230)	(20,230)	(
Other Income (Expense), Net	(1,977)	6	
	-----	-----	-----
Income from Continuing Operations Before Provision for Income Taxes, Minority Interest, Extraordinary Item, and Cumulative Effect of Change in Accounting Principle	36,094	48,959	
Provision for Income Taxes	14,257	19,339	
Minority Interest Expense	18	74	
	-----	-----	-----
Income from Continuing Operations Before Extraordinary Item and Cumulative Effect of Change in Accounting Principle	21,819	29,546	
Income from Discontinued Operations (net of income tax provision and minority interest of \$1,446)	-	-	
Provision for Loss on Disposal of Discontinued Operations (net of income tax benefit of \$40,000)	(66,000)	-	
	-----	-----	-----
Income (Loss) Before Extraordinary Item and Cumulative Effect of Change in Accounting Principle	(44,181)	29,546	
Extraordinary Item (net of income tax proviision of \$333)	-	-	
	-----	-----	-----
Income (Loss) Before Cumulative Effect of Change in Accounting Principle	(44,181)	29,546	
Cumulative Effect of Change in Accounting Principle (net of income tax benefit and minority interest of \$663 and \$8,986)	(994)	-	(
	-----	-----	-----
Net Income (Loss)	\$ (45,175)	\$ 29,546	\$
	=====	=====	=====
Earnings per Share from Continuing Operations Before Extraordinary Item and Cumulative Effect of Change in Accounting Principle:			
Basic	\$ .12	\$ .16	\$
	=====	=====	=====
Diluted	\$ .12	\$ .16	\$
	=====	=====	=====

Edgar Filing: THERMO ELECTRON CORP - Form 8-K

Earnings (Loss) per Share:			
Basic	\$ ( .25)	\$ .16	\$
	=====	=====	=====
Diluted	\$ ( .24)	\$ .16	\$
	=====	=====	=====
Diluted Cash Operating Earnings per Share (b)		\$ .21	
		=====	
Weighted Average Shares:			
Basic	182,856	182,856	1
	=====	=====	=====
Diluted	187,177	187,655	1
	=====	=====	=====

(a) Excludes restructuring and unusual items, the cumulative effect of change in accounting principle, results of discontinued operations, and in 2000, extraordinary item.

(b) Excludes items from (a) and amortization of goodwill and other intangibles.

Segment Data (Unaudited) (c)

	Three Months Ended	
(In thousands except percentage amounts)	March 31, 2001	April 1, 2001
	-----	-----
Life Sciences		
Revenues	\$209,147	\$190,839
Operating Income	28,016	28,206
Operating Income Margin	13.4%	14.8%
Cash Operating Income Margin	16.1%	16.9%
	-----	-----
Optical Technologies		
Revenues	\$139,964	\$106,178
Operating Income	11,778	8,593
Operating Income Margin	8.4%	8.1%
Cash Operating Income Margin	9.8%	9.3%
	-----	-----
Measurement and Control		
Revenues	\$228,260	\$284,175
Operating Income	21,659	22,123
Operating Income Margin	9.5%	7.8%
Cash Operating Income Margin	11.3%	9.4%
	-----	-----

(c) Operating income and operating income margins as stated exclude

Edgar Filing: THERMO ELECTRON CORP - Form 8-K

restructuring and unusual items. Cash operating income margins as stated exclude restructuring and unusual items, and amortization of goodwill and other intangibles.