

IDEX CORP /DE/
Form 10-Q
April 26, 2019
Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2019

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-10235

IDEX CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware 36-3555336
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

1925 West Field Court, Suite 200, Lake Forest, Illinois 60045
(Address of principal executive offices) (Zip Code)

Registrant's telephone number: (847) 498-7070

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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 to 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

Number of shares of common stock of IDEX Corporation outstanding as of April 23, 2019: 75,707,118.

Table of Contents

TABLE OF CONTENTS

Part I. Financial Information

Item 1. <u>Financial Statements</u>	<u>1</u>
<u>Condensed Consolidated Balance Sheets</u>	<u>1</u>
<u>Condensed Consolidated Statements of Operations</u>	<u>2</u>
<u>Condensed Consolidated Statements of Comprehensive Income</u>	<u>3</u>
<u>Condensed Consolidated Statements of Shareholders' Equity</u>	<u>4</u>
<u>Condensed Consolidated Statements of Cash Flows</u>	<u>5</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>6</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>27</u>
<u>Cautionary Statement Under the Private Securities Litigation Reform Act</u>	<u>27</u>
<u>Overview and Outlook</u>	<u>27</u>
<u>Results of Operations</u>	<u>29</u>
<u>Liquidity and Capital Resources</u>	<u>32</u>
<u>Non-GAAP Disclosures</u>	<u>33</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>36</u>
Item 4. <u>Controls and Procedures</u>	<u>37</u>

Part II. Other Information

Item 1. <u>Legal Proceedings</u>	<u>38</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>38</u>
Item 6. <u>Exhibits</u>	<u>39</u>
<u>Signatures</u>	<u>40</u>



Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

IDEX CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands except share and per share amounts)

(unaudited)

	March 31, 2019	December 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	\$456,130	\$466,407
Receivables, less allowance for doubtful accounts of \$7,385 at March 31, 2019 and \$6,709 at December 31, 2018	333,782	312,192
Inventories	298,327	279,995
Other current assets	40,989	33,938
Total current assets	1,129,228	1,092,532
Property, plant and equipment - net	271,920	281,220
Goodwill	1,694,408	1,697,955
Intangible assets - net	372,740	383,327
Other noncurrent assets	83,164	18,823
Total assets	\$3,551,460	\$3,473,857
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable	\$160,594	\$143,196
Accrued expenses	178,198	187,536
Short-term borrowings	455	483
Dividends payable	—	33,446
Total current liabilities	339,247	364,661
Long-term borrowings	848,437	848,335
Deferred income taxes	130,881	128,007
Other noncurrent liabilities	177,663	138,214
Total liabilities	1,496,228	1,479,217
Commitments and contingencies		
Shareholders' equity		
Preferred stock:		
Authorized: 5,000,000 shares, \$.01 per share par value; Issued: None	—	—
Common stock:		
Authorized: 150,000,000 shares, \$.01 per share par value		
Issued: 89,967,159 shares at March 31, 2019 and 90,112,028 shares at December 31, 2018	900	901
Additional paid-in capital	743,743	738,339
Retained earnings	2,452,375	2,342,079
Treasury stock at cost: 14,264,971 shares at March 31, 2019 and 14,159,251 shares at December 31, 2018	(1,011,769)	(957,454)
Accumulated other comprehensive income (loss)	(130,017)	(129,225)
Total shareholders' equity	2,055,232	1,994,640

Total liabilities and shareholders' equity	\$3,551,460	\$3,473,857
See Notes to Condensed Consolidated Financial Statements		

1

Table of ContentsIDEX CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands except per share amounts)

(unaudited)

	Three Months Ended	
	March 31,	
	2019	2018
Net sales	\$622,231	\$612,324
Cost of sales	338,397	335,672
Gross profit	283,834	276,652
Selling, general and administrative expenses	136,052	138,327
Restructuring expenses	—	1,642
Operating income	147,782	136,683
Other (income) expense - net	(140)	(4,449)
Interest expense	10,921	11,000
Income before income taxes	137,001	130,132
Provision for income taxes	26,733	31,174
Net income	\$110,268	\$98,958
Basic earnings per common share	\$1.46	\$1.29
Diluted earnings per common share	\$1.44	\$1.27
Share data:		
Basic weighted average common shares outstanding	75,442	76,419
Diluted weighted average common shares outstanding	76,284	77,739
See Notes to Condensed Consolidated Financial Statements		

Table of Contents

IDEX CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

(unaudited)

	Three Months Ended March 31,	
	2019	2018
Net income	\$110,268	\$98,958
Other comprehensive income (loss):		
Reclassification adjustments for derivatives, net of tax	1,227	1,261
Pension and other postretirement adjustments, net of tax	1,262	1,413