PERKINELMER INC
Form 10-K
February 28, 2012
Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-K
(Mark One)

þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended January 1, 2012

or

o 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 001-5075

PerkinElmer, Inc.
(Exact name of registrant as specified in its charter)

Massachusetts	04-2052042
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
940 Winter Street, Waltham, Massachusetts	02451
(Address of Principal Executive Offices)	(Zip Code)

(Registrant's telephone number, including area code): (781) 663-6900

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $1 Par Value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o
No þ

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or Section 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 þ No o

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 þ No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements

incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

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 the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o

No þ

The aggregate market value of the common stock, $1 par value per share, held by non-affiliates of the registrant on July 1, 2011, was $3,074,832,814 based upon the last reported sale of $27.46 per share of common stock on July 1, 2011.

As of February 23, 2012, there were outstanding 113,464,999 shares of common stock, $1 par value per share.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of PerkinElmer, Inc.’s Definitive Proxy Statement for its Annual Meeting of Shareholders to be held on April 24, 2012 are incorporated by reference into Part III of this Form 10-K.

Table of Contents

TABLE OF CONTENTS

Table of Contents

PART I

Item 1. Business

Overview

We are a leading provider of technology, services and solutions to the diagnostics, research, environmental, industrial and laboratory services markets. Through our advanced technologies, solutions, and services, we address critical issues that help to improve the health and safety of people and their environment.

We are a Massachusetts corporation, founded in 1947. Our headquarters are in Waltham, Massachusetts, and we market our products and services in more than 150 countries. As of January 1, 2012, we employed approximately 7,200 employees in our continuing operations. Our common stock is listed on the New York Stock Exchange under the symbol "PKI" and we are a component of the S&P 500 Index.

We maintain a website with the address http://www.perkinelmer.com. We are not including the information contained in our website as part of, or incorporating it by reference into, this annual report on Form 10-K. We make available free of charge through our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports, as soon as reasonably practicable after we electronically file these materials with, or otherwise furnish them to, the Securities and Exchange Commission.

Our Strategy

Our strategy is to provide innovative products, solutions and services that drive productivity improvements in targeted high growth market segments and to develop value-added applications and solutions to foster further development and expansion of the markets we serve. To execute on our strategy and drive higher revenue growth, we focus on broadening our product and service offerings through the acquisition of innovative technology and expenditures for research and development. Our strategy includes:

- Achieving significant growth in both of our core business segments, Human Health and Environmental Health, through strategic acquisitions and licensing;
- Accelerating innovation through both internal research and development and third-party collaborations and alliances;
- Strengthening our position within key markets, by expanding our product and service offerings and maintaining superior product quality;
- Utilizing our share repurchase programs to help drive shareholder value; and
- Attracting, retaining and developing talented and engaged employees.

Recent Developments

As part of our strategy to grow our core businesses, we have recently acquired the following businesses:

Business Combinations:

Acquisition of Caliper Life Sciences, Inc. In November 2011, we acquired all of the outstanding stock of Caliper Life Sciences, Inc. ("Caliper"). Caliper is a provider of imaging and detection solutions for life sciences research, diagnostics and environmental markets. Caliper develops and sells integrated systems, consisting of instruments, software, reagents, laboratory automation tools, and assay development and discovery services, primarily to pharmaceutical, biotechnology, and diagnostics companies, and government and other not-for-profit research institutions. We expect this acquisition to enhance our molecular imaging and detection technologies and to complement our offerings in life science, diagnostics, environmental and food markets. We paid the shareholders of Caliper $646.3 million in cash for the stock of Caliper. We financed the acquisition by issuing $500.0 million aggregate principal amount of senior unsecured notes due 2021 (the "2021 Notes") in a registered public offering and received approximately $496.9 million

of net proceeds from the issuance, with the remainder of the purchase price paid from available cash. We have reported the operations for this acquisition within the results of our Human Health segment from the acquisition date.

Acquisition of Dexela Limited. In June 2011, we acquired all of the outstanding stock of Dexela Limited ("Dexela"). Dexela is a provider of flat panel complementary metal-oxide-semiconductor ("CMOS") x-ray detection technologies and services. We expect this acquisition to expand our current medical imaging portfolio in key areas including surgery, dental, cardiology and mammography, as well as non-destructive testing. With the addition of the CMOS technology to our imaging portfolio, customers will be able to choose between two complementary x-ray detector technologies to optimize their system performance and meet their specific application needs. We paid the shareholders of Dexela $26.1 million in cash for the stock

Table of Contents

of Dexela. We may pay additional contingent consideration of up to $12.2 million, with an estimated fair value of $4.6 million as of the closing date. We have reported the operations for this acquisition within the results of our Human Health segment from the acquisition date.

Acquisition of Labtronics, Inc. In May 2011, we acquired all of the outstanding stock of Labtronics, Inc. ("Labtronics"). Labtronics is a provider of procedures-based Electronic Laboratory Notebook ("ELN") solutions for laboratories performing routine analysis in multiple industries. We expect this acquisition to extend our ELN and data integration software offerings into laboratories following strict routine procedures, late stage product or method development laboratories and environmental and food testing laboratories. Labtronics tools can be applied to procedure-based problems, including laboratory analysis, equipment calibration and validation, cleaning validation and other problems. We paid the shareholders of Labtronics $11.4 million in cash for the stock of Labtronics. We have reported the operations for this acquisition within the results of our Environmental Health segment from the acquisition date.

Acquisition of Geospiza, Inc. In May 2011, we acquired all of the outstanding stock of Geospiza, Inc. ("Geospiza"). Geospiza is a developer of software systems for the management of genetic analysis and laboratory workflows. Geospiza primarily services biotechnology and pharmaceutical companies, universities, researchers, contract core and diagnostic laboratories involved in genetic testing and manufacturing bio-therapeutics by meeting their combined laboratory, data management and analytical needs. We expect this acquisition to enhance our software offerings, which will enable researchers to explore the genomic origins of disease effectively, and help address customers' growing needs to manage knowledge and improve scientific productivity. We paid the shareholders of Geospiza $13.2 million in cash for the stock of Geospiza. We have reported the operations for this acquisition within the results of our Human Health segment from the acquisition date.

Acquisition of CambridgeSoft Corporation. In April 2011, we acquired all of the outstanding stock of CambridgeSoft Corporation ("CambridgeSoft"). CambridgeSoft is a provider of discovery, collaboration and knowledge enterprise solutions, scientific databases and professional services. CambridgeSoft primarily services pharmaceutical, biotechnology and chemical industries with solutions that help customers create, analyze and communicate scientific data while improving the speed, quality, efficiency and predictability of research and development investments. We expect this acquisition to enhance our focus on knowledge management in laboratory settings by expanding our software offerings, enabling customers to share data used for scientific decisions. We paid the shareholders of CambridgeSoft $227.4 million in cash at the closing for the stock of CambridgeSoft. We have recorded a receivable of $4.2 million from the shareholders of CambridgeSoft as a reduction of purchase price for the settlement of contingencies. We have reported the operations for this acquisition within the results of our Environmental Health segment from the acquisition date.

Acquisition of ID Biological Systems, Inc. In March 2011, we acquired specified assets and assumed specified liabilities of ID Biological Systems, Inc. ("IDB"). IDB is a manufacturer of filter paper-based sample collection devices for neonatal screening and prenatal diagnostics. We expect this acquisition to enhance our market position in the prenatal and neonatal markets. We paid $7.7 million in cash at the closing for this transaction. We may pay additional contingent consideration of up to $3.3 million, with an estimated fair value of $0.3 million as of the closing date. We have reported the operations for this acquisition within the results of our Human Health segment from the acquisition date.

Acquisition of ArtusLabs, Inc. In March 2011, we acquired all of the outstanding stock of ArtusLabs, Inc. ("ArtusLabs"). ArtusLabs offers the Ensemble® scientific knowledge platform, to accelerate research and development in the pharmaceutical, chemical, petrochemical and related industries. Ensemble® integrates disparate data from customers' ELNs and informatics systems and databases. We expect this acquisition to enhance our focus on knowledge management in laboratory settings by expanding our informatics offerings, enabling customers to rapidly

access enterprise-wide data. We paid the shareholders of ArtusLabs $15.2 million in cash at the closing for the stock of ArtusLabs. We may pay additional contingent consideration of up to $15.0 million, with an estimated fair value of $7.5 million as of the closing date. We have reported the operations for this acquisition within the results of our Environmental Health segment from the acquisition date.

Acquisition of chemagen Biopolymer-Technologie AG. In February 2011, we acquired all of the outstanding stock of chemagen Biopolymer-Technologie AG (“chemagen”). chemagen manufactures and sells nucleic acid sample preparation systems and reagents utilizing magnetic bead technology. We expect this acquisition to enhance our diagnostics business by expanding our product offerings to diagnostics, academic and industrial end markets. We paid the shareholders of chemagen $34.6 million in cash for the stock of chemagen. We may pay additional contingent consideration of up to $20.3 million, with an estimated fair value of $7.7 million as of the closing date. We have reported the operations for this acquisition within the results of our Human Health segment from the acquisition date.

Table of Contents

We recently took the following additional actions to further strengthen our core businesses:

Restructuring:
During fiscal year 2011, we recorded a $5.6 million pre-tax restructuring charge in our Human Health segment related to a workforce reduction from reorganization activities, the closure of excess facility space, and contract termination costs. We also recognized an $8.1 million pre-tax restructuring charge in our Environmental Health segment related to a workforce reduction from reorganization activities and the closure of excess facility space. Our management approved these plans principally to shift resources to higher growth geographic regions and end markets and to reduce resources in response to the continued economic downturn and its impact on demand in certain other end markets. We also recorded a pre-tax restructuring reversal of $0.3 million relating to our previous restructuring plans due to lower than expected costs associated with workforce reductions in Europe within both our Human Health and Environmental Health segments, partially offset by a reduction in the estimated sublease rental payments reasonably expected to be obtained for our excess facility space within both our Human Health and Environmental Health segments. The pre-tax restructuring activity associated with these plans has been reported as restructuring expenses and is included as a component of operating expenses from continuing operations. We expect the impact of immediate cost savings from these restructuring plans on operating results and cash flows to approximately offset the increased spending in higher growth regions and the decline in revenue from certain products, respectively. We expect the impact of future cost savings from these restructuring activities on operating results and cash flows to be negligible, as we will incur offsetting costs.

As part of our ongoing business strategy, we also took the following action:

Share Repurchase Program:
On October 23, 2008, we announced that our Board of Directors (our “Board”) authorized us to repurchase up to 10.0 million shares of common stock under a stock repurchase program (the “Repurchase Program”). On August 31, 2010, we announced that our Board had authorized us to repurchase an additional 5.0 million shares of common stock under the Repurchase Program. The Repurchase Program will expire on October 22, 2012 unless terminated earlier by our Board, and may be suspended or discontinued at any time. During fiscal year 2011, we repurchased approximately 4.0 million shares of common stock in the open market at an aggregate cost of $107.8 million, including commissions, under the Repurchase Program. During fiscal year 2010, we repurchased approximately 3.0 million shares of common stock in the open market at an aggregate cost of $71.5 million, including commissions, under the Repurchase Program. During fiscal year 2009, we repurchased approximately 1.0 million shares of common stock in the open market at an aggregate cost of $14.2 million, including commissions, under the Repurchase Program. As of January 1, 2012, approximately 6.0 million shares of common stock remained available for repurchase from the 15.0 million shares authorized by our Board under the Repurchase Program.

Business Segments and Products
We report our business in two segments: Human Health and Environmental Health. We performed our annual impairment testing on January 3, 2011, the annual impairment date for our reporting units, and based on the first step of the impairment process (the comparison of the fair value to the carrying value of the reporting unit to determine if the carrying value exceeds the fair value), we concluded that there was no goodwill impairment.

Human Health Segment
Our Human Health segment concentrates on developing diagnostics, tools and applications to help detect diseases earlier and more accurately and to accelerate the discovery and development of critical new therapies. Within the Human Health segment, we serve both the diagnostics and research markets. Our Human Health segment generated revenue of $887.2 million in fiscal year 2011.

Diagnostics Market:

We provide early detection for genetic disorders from pre-conception to early childhood, as well as digital x-ray flat panel detectors and infectious disease testing for the diagnostics market. Our screening products are designed to provide early and accurate insights into the health of expectant mothers during pregnancy and into the health of their newborns. Our instruments, reagents and software test and screen for disorders and diseases, including Down syndrome, infertility, anemia and diabetes. Our digital x-ray flat panel detectors are used by physicians to make fast and accurate diagnoses of conditions ranging from broken bones to reduced blood flow in vascular systems. In addition, our digital x-ray flat panel detectors improve oncology treatments by focusing radiation directly at tumors.

Table of Contents

Research Market:
In the research market, we provide a broad suite of solutions including reagents, liquid handling and detection technologies that enable researchers to improve the drug discovery process. These applications, solutions and services enable pharmaceutical companies to create better therapeutics by helping to bring products to market faster and more efficiently. Our research portfolio includes a wide range of systems consisting of instrumentation for automation and detection solutions, in vitro and in vivo imaging and analysis hardware and software, and a portfolio of consumable products, including drug discovery and research reagents. We sell our research solutions to pharmaceutical, biotechnology and academic research customers globally.

Principal Products:
Our principal products for Human Health applications include the following:

Diagnostics:
- The DELFIA® Xpress screening platform is a complete solution for prenatal screening, including a fast, continuous loading system supported by kits for both first and second trimester analyses, and clinically validated LifeCycle™ software.
- The NeoGram™ MS/MS AAAC in vitro diagnostic kit is used to support detection of metabolic disorders in newborns by tandem mass spectrometry.
- The Ultra-Screen® screening protocol is used to provide a first trimester prenatal screening service by combining ultrasound measurement of the fluid accumulation behind the neck of the fetus with maternal serum markers. It is designed to assess patient-specific risk for Down syndrome, trisomy 18 and other chromosomal abnormalities.
- The GSP® Neonatal hTSH, 17µ-OHP, GALT and IRT kits are used for screening congenital neonatal conditions from a drop of blood.
- The NeoBase Non-derivatized MS/MS kit analyzes newborn blood samples for measurement of amino acids and analytes for specific diseases.
- BACs-on-Beads™ (“BoBs™”) technology rapidly and cost effectively detects chromosomal abnormalities.
- The amorphous silicon digital x-ray flat panel detectors contain an enabling technology for digital x-ray imaging that replaces film and produces improved image resolution and diagnostic capability in applications such as radiography, cardiology, angiography and cancer treatments.
- The DELFIA® Xpress PlGF assay, a new part of our DELFIA® Xpress System, is designed to help clinicians screen pregnant women for early-onset pre-eclampsia during their first trimester of pregnancy.
- The prenatal BoBs™ in vitro diagnostic (“IVD”) assay for rapid prenatal testing of multiple genetic diseases, for use in the European Union, is the first IVD product from the BoBs™ proprietary multiplexed bead-based technology product family.
- The new XRD 0822 and XRD 1622 digital x-ray flat panel detectors provide non-destructive testing applications including pipeline inspection, film replacement, manufacturing inspection, 3D Cone Beam CT and PCB inspection.

Research:
- The radiometric detection solutions, including over 1,100 NEN® radiochemicals, the Tri-carb® and MicroBeta^{2}® families of liquid scintillation counters, which are used for beta, gamma and luminescence counting in microplate formats, are utilized in research, environmental and drug discovery applications.
- The Columbus™ image data storage and analysis system provides a single solution to the storage and analysis of high content data from any major HCS system. With the Columbus system, everyone in the lab can access, visualize and analyze all high content images from anywhere via the Internet.
- The Opera® high content screening system and Operetta® high content imaging system enables automated imaging and analysis for cell-based assays, providing reliable and meaningful results for decision making to drug discovery and basic cellular science research laboratories.
-

The UltraVIEW® VoX 3D™ live cell imaging system is a high-resolution, high speed, confocal imaging system that allows for the observation and measurement of cellular and molecular processes in real time.

- The EnVision® multi-label reader can be used in a wide range of high-throughput screening applications, including those utilizing AlphaLISA® and/or AlphaScreen® technology, and features two detectors (enabling simultaneous dual wavelength reading), below emission reading, barcode readers, a high speed laser and flash lamp light sources, and adjustment of measurement height function.

Table of Contents

- The JANUS® Automated Workstation, an automation and liquid handling system, is designed for the efficient automation of sample preparation procedures utilized in pharmaceutical, biotech, and research applications.
- The cell::explorer™ and plate::handler™ automated workstations allow integration of multiple laboratory instrumentation using a centralized robotic interface, allowing higher throughput and turnkey-application focused solutions.
- A wide range of homogeneous biochemical and cellular assay reagents, including LANCE® Ultra and Alpha Technology assay platforms, are used for the major drug discovery targets such as G-protein coupled receptors ("GPCR"), kinases, antibodies and epigenetic modification enzymes. A broad portfolio of recombinant GPCR and Ion Channel cell lines includes over 300 products and 120 ready-to-use frozen cell lines for a wide range of disease areas.
- TSA™ Plus biotin kits can increase sensitivity of histochemistry and cytochemistry as much as 10 to 20 times.
- The Fluorescent Pre-clinical Imaging Agent portfolio and Fluorescence Molecular Tomography (FMT®) Quantitative Pre-clinical Imaging Systems, acquired through the purchase of VisEn Medical, provide quantitative imaging data that can be useful for identifying and characterizing a range of disease biomarkers and therapeutic efficacy in living animal models.

New Products:
Significant new products introduced or acquired for Human Health applications in fiscal year 2011 include the following:

Diagnostics:
- The Signature Precision Panel™ prenatal diagnostic test is used for the rapid detection of 15 chromosomal disorders to determine genetic abnormalities during pregnancy.
- Oncology testing services utilize OncoChip™ microarray technology for early diagnoses of hematological malignancies.
- Umbilical cord tissue stem cell banking services from ViaCord® are the first and only service for the banking of stem cells harvested from umbilical cord tissue for an increased chance of a successful therapeutic application if needed.
- The newborn testing and diagnostics portfolio was expanded to include a panel to screen for six Lysosomal Storage Disorders ("LSDs"). The panel tests for Krabbe disease, Gaucher's disease, Niemann-Pick disease (Type A and Type B), Pompe disease, Fabry disease and MPS 1.

Research:
- Microfluidics lab automation and liquid handling, optical imaging technologies and discovery and development outsourcing solutions acquired through the acquisition of Caliper.
- EnSpire® Multimode Plate Reader with label free detection technology for drug discovery research is the only benchtop detection platform to combine Corning® Epic® optical label free technology and traditional labeled read technologies for the identification of new therapeutic targets.
- The MultiSpecies Imaging Module for the Fluorescence Molecular Tomography Quantitative Pre-clinical Imaging Systems enables researchers to generate 3D in vivo animal models relevant to disease research.
- The AlphaLISA® research assays were expanded to over 100 no-wash biomarker kits for both biotherapeutics and small molecule development in a variety of therapeutic areas including cancer, neurodegeneration, and virology.
- The Operetta® High Content Imaging System with new PhenoLOGIC™, machine-learning technology for intuitive cell classification to enable improved live cell imaging assays for more efficient drug discovery and life sciences research workflow.
- The epigenetic detection reagents portfolio specifically validated for drug discovery and life sciences research was expanded and now covers nine different histone marks, as well as p53, with more than 15 validated in vitro and cell-based assays to help researchers discover novel drug compounds directed against several epigenetic targets.
- Volocity® 6.0 3D image analysis software allows scientists to gain a better understanding of intracellular and intercellular relationships adding to the software's power capabilities for 3D data visualization, publication, restoration and analysis of images from a range of fluorescence microscopy and high content image systems.
-

The HCA ImagAmp™ reagent kit for high content screening and cellular analysis applications is used in a variety of research areas including cell differentiation, cell toxicity, programmed cell death, drug discovery, protein expression and signaling pathway analysis.

Table of Contents

- Hardware and software upgrades for the Opera® high content screening system have enhanced live cell imaging and analysis capabilities which enable biopharmaceutical and academic researchers to perform more precise live cell imaging assays and to have a more efficient drug discovery and life science research workflow.
- The Vectra™ 2 automated slide imaging system is an integrated solution to advance the identification and validation of new drug targets to improve the assessment of drug response.
- The FMT 1000 Quantitative Pre-clinical Imaging System is designed for the individual laboratory and measures a broad range of biomarkers, disease pathways and therapeutic responses in small animals in vivo.
- The HypoxiSense™ Fluorescent Pre-clinical Imaging Agent is used to detect hypoxia to assess the therapeutic efficacy in drug screening of tumor models and fluorescence microscopy of disease tissues.
- AlphaScreen® SureFire® Assays provide a cell-based environment for assaying modulation of receptor activation as well as measure responses of intracellular kinase inhibitors for drug discovery.
- Western Lighting ECL Pro, a non radioactive light-emitting system, detects proteins immobilized on a membrane in Western blots.
- The IVIS Spectrum CT, a preclinical imaging system that integrates, into a single instrument system, advanced optical imaging and low dose micro computed tomography. The instrument provides insights into complex biological systems in small animals to develop new, clinically translatable discoveries.

Brand Names:

Our Human Health segment offers additional products under various brand names, including AlphaLISA®, AlphaScreen®, AutoDELFIA®, Columbus™, EnSpire®, EnVision®, Evolution™, FMT®, Genoglyphix®, Geospizer®, inForm™, IVIS®, JANUS®, LabChip®, LANCE®, LifeCycle™, Living Image®, Maestro™, MultiPROBE®, NEN®, NTD Labs®, Nuance™, Oncoglyphix™, Opera®, Operetta®, Packard®, Pannoramic™, Quantum™, ScanArray™, Sciclone SignatureChip®, Signature Precision Panel™, Specimen