

HENRY SCHEIN INC
Form 10-Q
November 05, 2013

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 September 28, 2013

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: 0-27078

HENRY SCHEIN, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

11-3136595
(I.R.S. Employer Identification No.)

135 Duryea Road
Melville, New York
(Address of principal executive offices)
11747
(Zip Code)

(631) 843-5500
(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 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer

Accelerated filer

Non-accelerated (Do not check if a smaller reporting
filer 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 October 25, 2013, there were 85,854,069 shares of the registrant's common stock outstanding.

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PART I. FINANCIAL INFORMATION
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HENRY SCHEIN, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	September 28, 2013 (unaudited)	December 29, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 69,915	\$ 122,080
Accounts receivable, net of reserves of \$76,007 and \$75,240	1,103,272	1,015,194
Inventories, net	1,123,107	1,203,507
Deferred income taxes	66,766	64,049
Prepaid expenses and other	272,360	299,547
Total current assets	2,635,420	2,704,377
Property and equipment, net	265,273	273,458
Goodwill	1,634,480	1,601,046
Other intangibles, net	431,504	462,182
Investments and other	311,412	292,934
Total assets	\$ 5,278,089	\$ 5,333,997
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 723,905	\$ 787,658
Bank credit lines	15,751	27,166
Current maturities of long-term debt	80,588	17,992
Accrued expenses:		
Payroll and related	181,444	207,381
Taxes	156,945	132,774
Other	287,812	299,738
Total current liabilities	1,446,445	1,472,709
Long-term debt	311,458	488,121
Deferred income taxes	205,263	196,814
Other liabilities	128,937	125,314
Total liabilities	2,092,103	2,282,958
Redeemable noncontrolling interests	475,021	435,175
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value, 1,000,000 shares authorized, none outstanding	-	-

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Common stock, \$.01 par value, 240,000,000 shares
authorized,

86,029,175 outstanding on September 28, 2013 and		
87,850,671 outstanding on December 29, 2012	860	879
Additional paid-in capital	328,657	375,946
Retained earnings	2,328,174	2,183,905
Accumulated other comprehensive income	51,151	52,855
Total Henry Schein, Inc. stockholders' equity	2,708,842	2,613,585
Noncontrolling interests	2,123	2,279
Total stockholders' equity	2,710,965	2,615,864
Total liabilities, redeemable noncontrolling interests and stockholders' equity	\$ 5,278,089	\$ 5,333,997

See accompanying notes.

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HENRY SCHEIN, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 28, 2013	September 29, 2012	September 28, 2013	September 29, 2012
Net sales	\$ 2,348,956	\$ 2,231,058	\$ 7,034,277	\$ 6,531,529
Cost of sales	1,709,309	1,622,014	5,077,783	4,687,511
Gross profit	639,647	609,044	1,956,494	1,844,018
Operating expenses:				
Selling, general and administrative	479,170	459,422	1,466,323	1,391,207
Restructuring costs	-	-	-	15,192
Operating income	160,477	149,622	490,171	437,619
Other income (expense):				
Interest income	3,236	3,283	9,744	10,222
Interest expense	(5,051)	(7,308)	(22,668)	(22,659)
Other, net	1,263	988	859	2,343
Income before taxes and equity in earnings of affiliates	159,925	146,585	478,106	427,525
Income taxes	(34,660)	(44,709)	(135,287)	(133,750)
Equity in earnings of affiliates	3,642	3,434	6,209	7,898
Loss on sale of equity investment	(12,535)	-	(12,535)	-
Net income	116,372	105,310	336,493	301,673
Less: Net income attributable to noncontrolling interests	(8,994)	(8,539)	(29,207)	(26,064)
Net income attributable to Henry Schein, Inc.	\$ 107,378	\$ 96,771	\$ 307,286	\$ 275,609
Earnings per share attributable to Henry Schein, Inc.:				
Basic	\$ 1.25	\$ 1.11	\$ 3.56	\$ 3.14
Diluted	\$ 1.23	\$ 1.08	\$ 3.49	\$ 3.06
Weighted-average common shares outstanding:				
Basic	85,646	87,465	86,208	87,802
Diluted	87,404	89,647	87,967	90,075

See accompanying notes.

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HENRY SCHEIN, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(unaudited)

	Three Months Ended		Nine Months Ended
September		September	
28,	September 29,	28,	September 29,
2013	2012		