

HENRY SCHEIN INC
Form 10-Q
May 08, 2018

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 March 31, 2018

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 11-3136595
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

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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, 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.

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

7(a)(2)(B) of the Securities Act.

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

Yes ___

No X

As of May 2, 2018, there were 154,025,003 shares of the registrant's common stock outstanding.

HENRY SCHEIN, INC.
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PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

HENRY SCHEIN, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

ASSETS

Current assets:

Cash and cash equivalents

Accounts receivable, net of reserves of \$57,351 and \$53,832

Inventories, net

Prepaid expenses and other

Total current assets

Property and equipment, net

Goodwill

Other intangibles, net

Investments and other

Total assets

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable

Bank credit lines

Current maturities of long-term debt

Accrued expenses:

Payroll and related

Taxes

Other

Total current liabilities

Long-term debt	.....
Deferred income taxes	.....
Other liabilities	.....
Total liabilities	.....
Redeemable noncontrolling interests	.....
Commitments and contingencies	.....
Stockholders' equity:	
Preferred stock, \$.01 par value, 1,000,000 shares authorized, none outstanding	.....
Common stock, \$.01 par value, 240,000,000 shares authorized, 154,025,003 outstanding on March 31, 2018 and 153,690,146 outstanding on December 30, 2017	.....
Retained earnings	.....
Accumulated other comprehensive loss	.....
Total Henry Schein, Inc. stockholders' equity	.....
Noncontrolling interests	.....
Total stockholders' equity	.....
Total liabilities, redeemable noncontrolling interests and stockholders' equity

See accompanying notes.

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

	Three Months Ended	
	March 31, 2018	April 1, 2017
Net sales	\$3,220,439	\$2,922,948
Cost of sales	2,324,847	2,100,028
Gross profit	895,592	822,920
Operating expenses:		
Selling, general and administrative	685,688	628,952
Restructuring costs	3,762	-
Operating income	206,142	193,968
Other income (expense):		
Interest income	5,158	4,304
Interest expense	(17,538)	(11,430)
Other, net	(338)	(45)
Income before taxes and equity in earnings of affiliates	193,424	186,797
Income taxes	(47,764)	(38,630)
Equity in earnings of affiliates	2,971	2,086

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Net income	148,631	150,253
.....		
Less: Net income attributable to noncontrolling interests	(8,413)	(9,505)
.....		
Net income attributable to Henry Schein, Inc.	\$ 140,218	\$ 140,748
.....		

Earnings per share attributable to Henry Schein, Inc.:

Basic	\$0.92	\$0.89
.....		
Diluted	\$0.91	\$0.88
.....		

Weighted-average common shares outstanding:

Basic	153,106	157,715
.....		
Diluted	154,130	159,758
.....		

See accompanying notes.

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

Net income

Other comprehensive income, net of tax:
Foreign currency translation gain.....

Unrealized loss from foreign currency hedging activities

Pension adjustment gain (loss).....

Other comprehensive income, net of tax

Comprehensive income

Comprehensive income attributable to noncontrolling interests:
Net income

Foreign currency translation gain

Comprehensive income attributable to noncontrolling interests

Comprehensive income attributable to Henry Schein, Inc.
.....

See accompanying notes.

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HENRY SCHEIN, INC.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(in thousands, except share and per share data)

(unaudited)

Common Stock	Additional	Accumulated		Total
\$.01 Par Value	Paid-in	Other	Retained	Noncontrolling
Shares		Comprehensive	Income	Stockholders'