

HENRY SCHEIN INC
Form 10-Q
August 02, 2012

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 June 30, 2012

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

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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

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 July 23, 2012, there were 88,529,318 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)

	June 30, 2012 (unaudited)	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$87,896	\$147,284
Accounts receivable, net of reserves of \$63,988 and \$65,853	972,292	888,248
Inventories, net	976,996	947,849
Deferred income taxes	60,693	54,970
Prepaid expenses and other	233,267	234,157
Total current assets	2,331,144	2,272,508
Property and equipment, net	255,715	262,088
Goodwill	1,523,446	1,497,108
Other intangibles, net	425,038	409,612
Investments and other	299,913	298,828
Total assets	\$4,835,256	\$4,740,144
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$619,936	\$621,468
Bank credit lines	83,454	55,014
Current maturities of long-term debt	17,129	22,819
Accrued expenses:		
Payroll and related	179,186	191,173
Taxes	126,703	121,234
Other	257,046	259,932
Total current liabilities	1,283,454	1,271,640
Long-term debt	434,417	363,524
Deferred income taxes	185,247	188,739
Other liabilities	82,980	80,568
Total liabilities	1,986,098	1,904,471
Redeemable noncontrolling interests	359,114	402,050
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,		

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88,904,637 outstanding on June 30, 2012 and		
89,928,082 outstanding on December 31, 2011	889	899
Additional paid-in capital	398,819	401,262
Retained earnings	2,076,060	2,007,477
Accumulated other comprehensive income	12,880	22,584
Total Henry Schein, Inc. stockholders' equity	2,488,648	2,432,222
Noncontrolling interests	1,396	1,401
Total stockholders' equity	2,490,044	2,433,623
Total liabilities, redeemable noncontrolling interests and stockholders' equity	\$4,835,256	\$4,740,144

See accompanying notes.

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

	Three Months Ended		Six Months Ended	
	June 30, 2012	June 25, 2011	June 30, 2012	June 25, 2011
Net sales	\$2,201,452	\$2,130,640	\$4,300,471	\$4,078,401
Cost of sales	1,577,057	1,518,416	3,065,497	2,900,355
Gross profit	624,395	612,224	1,234,974	1,178,046
Operating expenses:				
Selling, general and administrative	466,333	461,009	931,785	902,531
Restructuring costs	3,360	-	15,192	-
Operating income	154,702	151,215	287,997	275,515
Other income (expense):				
Interest income	3,609	4,192	6,939	8,125
Interest expense	(7,711)	(7,902)	(15,351)	(15,987)
Other, net	830	758	1,355	1,081
Income before taxes and equity in earnings of affiliates	151,430	148,263	280,940	268,734
Income taxes	(47,201)	(47,340)	(89,041)	(86,493)
Equity in earnings of affiliates	3,073	4,133	4,464	5,786
Net income	107,302	105,056	196,363	188,027
Less: Net income attributable to noncontrolling interests	(9,216)	(10,581)	(17,525)	(17,057)
Net income attributable to Henry Schein, Inc.	\$98,086	\$94,475	\$178,838	\$170,970
Earnings per share attributable to Henry Schein, Inc.:				
Basic	\$1.11	\$1.04	\$2.03	\$1.88
Diluted	\$1.08	\$1.01	\$1.98	\$1.83
Weighted-average common shares outstanding:				
Basic	88,490	90,766	88,161	90,710
Diluted	90,553	93,446	90,431	93,330

See accompanying notes.

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

	Three Months Ended		Six Months Ended	
	June 30, 2012	June 25, 2011	June 30, 2012	June 25, 2011
Net income	\$107,302	\$105,056	\$196,363	\$188,027
Other comprehensive income, net of tax:				
Foreign currency translation gain (loss)	(42,004)	13,238		