

HENRY SCHEIN INC
Form 10-Q
May 03, 2011

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 26, 2011

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).

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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.

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 April 25, 2011, there were 92,251,522 shares of the registrant's common stock outstanding.

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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)

	March 26, 2011 (unaudited)	December 25, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 116,712	\$ 150,348
Accounts receivable, net of reserves of \$58,745 and \$56,267	934,952	885,784
Inventories, net	930,341	870,206
Deferred income taxes	51,363	48,951
Prepaid expenses and other	228,143	214,013
Total current assets	2,261,511	2,169,302
Property and equipment, net	271,750	252,573
Goodwill	1,499,689	1,424,794
Other intangibles, net	458,480	405,468
Investments and other	303,564	295,334
Total assets	\$4,794,994	\$4,547,471
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 579,474	\$ 590,029
Bank credit lines	97,194	41,508
Current maturities of long-term debt	8,357	4,487
Accrued expenses:		
Payroll and related	153,892	172,746
Taxes	131,387	91,581
Other	263,899	267,736
Total current liabilities	1,234,203	1,168,087
Long-term debt	407,462	395,309
Deferred income taxes	196,358	190,225
Other liabilities	82,711	76,753
Total liabilities	1,920,734	1,830,374
Redeemable noncontrolling interests	426,060	304,140
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, 92,261,494 outstanding on March 26, 2011 and 91,939,477 outstanding on December 25, 2010	923	919
Additional paid-in capital	518,842	601,014

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Retained earnings	1,837,229	1,779,178
Accumulated other comprehensive income	89,836	30,514
Total Henry Schein, Inc. stockholders' equity	2,446,830	2,411,625
Noncontrolling interests	1,370	1,332
Total stockholders' equity	2,448,200	2,412,957
Total liabilities, redeemable noncontrolling interests and stockholders' equity	\$4,794,994	\$4,547,471

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 26, 2011	March 27, 2010
Net sales	\$1,947,761	\$1,760,310
Cost of sales	1,381,939	1,247,277
Gross profit	565,822	513,033
Operating expenses:		
Selling, general and administrative	441,522	396,989
Restructuring costs	-	12,285
Operating income	124,300	103,759
Other income (expense):		
Interest income	3,933	3,388
Interest expense	(8,085)	(9,087)
Other, net	323	(115)
Income before taxes, equity in earnings of affiliates and noncontrolling interests	120,471	97,945
Income taxes	(39,153)	(32,224)
Equity in earnings of affiliates	1,653	1,531
Net income	82,971	67,252
Less: Net income attributable to noncontrolling interests	(6,476)	(6,352)
Net income attributable to Henry Schein, Inc.	\$76,495	\$60,900
Earnings per share attributable to Henry Schein, Inc.:		
Basic	\$0.84	\$0.68
Diluted	\$0.82	\$0.66
Weighted-average common shares outstanding:		
Basic	90,615	89,508
Diluted	93,161	92,721

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)

	Common Stock \$.01 Par Value		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Noncontrolling Interests	Total Stockholders' Equity
	Shares	Amount					
Balance, December 25, 2010	91,939,477	\$ 919	\$ 601,014	\$ 1,779,178	\$ 30,514	\$ 1,332	\$ 2,412,957
Net income (excluding \$6,381 attributable to Redeemable noncontrolling interests)	-	-	-	76,495	-	95	76,590
Foreign currency translation gain (excluding \$1,892 attributable to Redeemable noncontrolling interests)	-	-	-	-	57,817	-	57,817
Unrealized gain from foreign currency hedging activities, net of tax of \$406	-	-	-	-	1,887	-	1,887
Unrealized investment gain, net of tax benefit of \$100	-	-	-	-	136	-	136
Pension adjustment loss, net of tax benefit of \$31	-	-	-	-	(518)	-	(518)
Total comprehensive income							135,912
Dividends paid	-	-	-	-	-	(103)	(103)
Other adjustments	-	-	-	-	-	46	46
Change in fair value of redeemable securities	-	-	(101,033)	-	-	-	(101,033)
Initial noncontrolling interests and adjustments related to business acquisitions	-						