

DENTSPLY SIRONA Inc.

Form 10-Q

May 03, 2019

DENTSPLY SIRONA Inc.Large Accelerated

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2019

Commission File Number 0-16211

DENTSPLY SIRONA Inc.

(Exact name of registrant as specified in its charter)

Delaware 39-1434669

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer

Identification No.)

221 West Philadelphia Street, York, PA 17401-2991

(Address of principal executive offices) (Zip Code)

(717) 845-7511
(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$.01 per share	XRAY	The Nasdaq Stock Market LLC

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

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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 every Interactive Data File required to be submitted 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 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 <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
	Emerging growth company <input type="checkbox"/>

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 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date: At April 26, 2019, DENTSPLY SIRONA Inc. had 233,977,496 shares of Common Stock outstanding.

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PART I – FINANCIAL INFORMATION**Item 1 – Financial Statements****DENTSPLY SIRONA INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS**

(in millions, except per share amounts)

(unaudited)

	Three Months Ended March	
	31,	
	2019	2018
Net sales	\$ 946.2	\$ 956.1
Cost of products sold	446.5	442.0
Gross profit	499.7	514.1
Selling, general and administrative expenses	431.9	435.2
Restructuring and other costs	20.5	10.2
Operating income	47.3	68.7
Other income and expenses:		
Interest expense	8.4	8.6
Interest income	(1.1)	(0.6)
Other expense (income), net	(13.8)	(34.1)
Income before income taxes	53.8	94.8
Provision for income taxes	14.6	13.7
Net income	39.2	81.1
Less: Net loss attributable to noncontrolling interest	—	(0.1)
Net income attributable to Dentsply Sirona	\$ 39.2	\$ 81.2

Net income per
common share
attributable to
Dentsply Sirona:

Basic	\$ 0.18	\$ 0.36
Diluted	\$ 0.17	\$ 0.35

Weighted
average
common shares
outstanding:

Basic	223.3	227.2
Diluted	225.0	229.9

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

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DENTSPLY SIRONA INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)

(unaudited)

	Three Months Ended March 31,	
	2019	2018
Net income	\$ 39.2	\$ 81.1
Other comprehensive (loss) income, net of tax		
Foreign currency translation (loss) gain	(61.0)	65.7
Net gain (loss) on derivative financial instruments	1.7	(12.0)
Net realized holding gain on available for sale securities	—	(44.3)
Pension liability gain	0.9	1.2
Total other comprehensive (loss) income, net of tax	(58.4)	10.6
Total comprehensive (loss) income	(19.2)	91.7
Less: Comprehensive income attributable to noncontrolling interests	0.3	0.5
Total comprehensive (loss) income attributable to Dentsply Sirona	\$ (19.5)	\$ 91.2

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

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DENTSPLY SIRONA INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in millions, except per share amounts)
(unaudited)

	March 31, 2019	December 31, 2018
Assets		
Current Assets:		
Cash and cash equivalents	\$ 225.4	\$ 309.6
Accounts and notes receivables-trade, net	658.5	701.9
Inventories, net	618.2	598.9
Prepaid expenses and other current assets	293.5	277.6
Total Current Assets	1,795.6	1,888.0
Property, plant and equipment, net	853.9	870.6
Operating lease right-of-use assets, net	163.9	—
Identifiable intangible assets, net	2,324.7	2,420.3
Goodwill, net	3,399.2	3,431.3
Other noncurrent assets, net	67.2	76.8
Total Assets	\$ 8,604.5	\$ 8,687.0
Liabilities and Equity		
Current Liabilities:		
Accounts payable	\$ 269.0	\$ 283.9
Accrued liabilities	511.1	578.9
Income taxes payable	69.8	58.1
Notes payable and current portion of long-term debt	20.7	92.4
Total Current Liabilities	870.6	1,013.3
Long-term debt	1,545.1	1,564.9

Operating lease liabilities	125.5	—
Deferred income taxes	535.1	552.8
Other noncurrent liabilities	418.7	423.0
Total Liabilities	3,495.0	3,554.0
Commitments and contingencies	—	—
Equity:		
Preferred stock, \$1.00 par value; 0.25 million shares authorized; no shares issued	—	—
Common stock, \$0.01 par value; 400.0 million shares authorized and 264.5 million shares issued at March 31, 2019 and December 31, 2018, respectively	2.6	2.6
223.8 million and 223.0 million shares outstanding at March 31, 2019 and December 31, 2018, respectively		
Capital in excess of par value	6,520.4	6,522.3
Retained earnings	1,245.0	1,225.9
Accumulated other comprehensive loss	(537.4)	(478.7)
Treasury stock, at cost, 40.7 million and 41.5 million shares at March 31, 2019 and December 31, 2018, respectively	(2,122.9)	(2,151.0)
Total Dentsply Sirona Equity	5,107.7	5,121.1
Noncontrolling interests	1.8	11.9

Total Equity	5,109.5	5,133.0
Total Liabilities and Equity		