

SIRONA DENTAL SYSTEMS, INC.
Form 10-Q
May 10, 2013
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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, 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 000-22673

Sirona Dental Systems, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of

incorporation or organization)

30-30 47th Avenue, Suite 500, Long Island City,

New York
(Address of principal executive offices)

Registrant's telephone number, including area code: (718) 482-2011

11-3374812
(I.R.S. Employer

Identification No.)

11101
(Zip 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

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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. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer 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 30, 2013, the number of shares outstanding of the Registrant's Common Stock, par value \$.01 per share, was 54,937,784.

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FORM 10-Q

FOR THE THREE MONTHS ENDED MARCH 31, 2013

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(UNAUDITED)

	Financial Statement Notes	March 31, 2013 (unaudited) \$ 000s (except per share amounts)	September 30, 2012
ASSETS			
Current assets			
Cash and cash equivalents		\$ 156,088	\$ 151,088
Restricted cash		167	
Accounts receivable, net of allowance for doubtful accounts of \$1,535 and \$1,408, respectively		126,311	132,569
Inventories, net	6	106,376	81,007
Deferred tax assets	10	28,271	24,781
Prepaid expenses and other current assets		24,211	17,622
Income tax receivable	10	1,946	2,213
Total current assets		443,370	409,280
Property, plant and equipment, net of accumulated depreciation and amortization of \$139,845 and \$125,706, respectively		146,496	143,351
Goodwill	7	644,134	631,077
Intangible assets, net of accumulated amortization of \$463,173 and \$446,447, respectively	7	309,924	288,556
Other non-current assets		4,337	9,382
Deferred tax assets	10	13,011	12,888
Total assets		\$ 1,561,272	\$ 1,494,534
LIABILITIES AND SHAREHOLDERS EQUITY			
Current liabilities			
Trade accounts payable		\$ 67,442	\$ 51,961
Short-term debt and current portion of long-term debt	8	344	478
Income taxes payable	10	10,729	14,906
Deferred tax liabilities	10	336	817
Accrued liabilities and deferred income		115,753	118,075
Total current liabilities		194,604	186,237
Long-term debt	9	75,000	75,000
Deferred tax liabilities	10	131,350	122,441
Other non-current liabilities		24,372	16,852
Pension related provisions	13	61,313	61,629
Deferred income		35,000	40,000

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Total liabilities	521,639	502,159
Shareholders equity		
Preferred stock (\$0.01 par value; 5,000,000 shares authorized; none issued and outstanding)	0	0
Common stock (\$0.01 par value; 95,000,000 shares authorized; 56,868,619 shares issued and 54,937,167 shares outstanding at Mar. 31, 2013; 56,598,045 shares issued and 55,051,673 shares outstanding at Sept. 30, 2012)	569	566
Additional paid-in capital	708,241	699,279
Treasury stock (at cost)		
1,931,452 shares held at cost at Mar. 31, 2013;		
1,546,372 shares held at cost at Sept. 30, 2012	(92,926)	(69,058)
Excess of purchase price over predecessor basis	(49,103)	(49,103)
Retained earnings	507,431	437,471
Accumulated other comprehensive income/(loss)	5 (36,420)	(29,797)
Total Sirona Dental Systems, Inc. shareholders equity	1,037,792	989,358
Noncontrolling interests	1,841	3,017
Total shareholders equity	1,039,633	992,375
Total liabilities and shareholders equity	\$ 1,561,272	\$ 1,494,534

The accompanying notes are an integral part of these financial statements.

Table of Contents**SIRONA DENTAL SYSTEMS, INC.****AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(UNAUDITED)

	Financial Statement Notes	Three months ended March 31,		Six months ended March 31,	
		2013 \$ 000s (except per share amounts)	2012 \$ 000s (except per share amounts)	2013 \$ 000s (except per share amounts)	2012 \$ 000s (except per share amounts)
Revenue		\$ 267,326	\$ 231,864	\$ 539,730	\$ 489,980
Cost of sales		122,620	107,215	243,153	226,548
Gross profit		144,706	124,649	296,577	263,432
Selling, general and administrative expense		83,992	72,667	169,775	146,313
Research and development		15,102	13,638	29,197	26,924
Provision for doubtful accounts and notes receivable		547	728	617	767
Net other operating income		(2,500)	(2,500)	(9,414)	(5,000)
Operating income		47,565	40,116	106,402	94,428
(Gain)/loss on foreign currency transactions, net		1,417	1,350	5,997	3,580
(Gain)/loss on derivative instruments	15	2,564	(2,936)	1,218	(2,500)
Interest expense, net		830	1,014	1,800	1,917
Other expense/(income)		342	228	682	490
Income before taxes		42,412	40,460	96,705	90,941
Income tax provision	10	10,179	9,305	25,405	20,916
Net income		32,233	31,155	71,300	70,025
Less: Net income attributable to noncontrolling interests		575	634	1,340	1,227
Net income attributable to Sirona Dental Systems, Inc.		\$ 31,658	\$ 30,521	\$ 69,960	\$ 68,798
Income per share (attributable to Sirona Dental Systems, Inc. common shareholders):	11				
- Basic		\$ 0.58	\$ 0.55	\$ 1.27	\$ 1.23
- Diluted		\$ 0.56			