

MCKESSON CORP
Form 10-Q
October 25, 2018
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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 September 30, 2018

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: 1-13252

MCKESSON CORPORATION

(Exact name of registrant as specified in its charter)

Delaware 94-3207296
(State or other jurisdiction (I.R.S. Employer
of incorporation or organization) Identification No.)

One Post Street, San Francisco, California 94104
(Address of principal executive offices) (Zip Code)

(415) 983-8300
(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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) 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 company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer 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 13(a) of the Exchange Act.

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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.

| Class | Outstanding as of September 30, 2018 |
|--------------------------------|--------------------------------------|
| Common stock, \$0.01 par value | 195,376,222 shares |

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PART I—FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share amounts)

(Unaudited)

| | Quarter Ended | | Six Months Ended | |
|--|---------------|-----------|------------------|-----------|
| | September 30, | | September 30, | |
| | 2018 | 2017 | 2018 | 2017 |
| Revenues | \$53,075 | \$52,061 | \$105,682 | \$103,112 |
| Cost of Sales | (50,271) | (49,227) | (100,099) | (97,718) |
| Gross Profit | 2,804 | 2,834 | 5,583 | 5,394 |
| Operating Expenses | (2,033) | (2,009) | (4,063) | (3,936) |
| Goodwill Impairment Charges | — | (350) | (570) | (350) |
| Restructuring and Asset Impairment Charges | (82) | (236) | (178) | (236) |
| Total Operating Expenses | (2,115) | (2,595) | (4,811) | (4,522) |
| Operating Income | 689 | 239 | 772 | 872 |
| Other Income, Net | 20 | 69 | 60 | 82 |
| Loss from Equity Method Investment in Change Healthcare | (56) | (61) | (112) | (181) |
| Interest Expense | (66) | (69) | (127) | (137) |
| Income from Continuing Operations Before Income Taxes | 587 | 178 | 593 | 636 |
| Income Tax Expense | (35) | (122) | (122) | (217) |
| Income from Continuing Operations | 552 | 56 | 471 | 419 |
| Income from Discontinued Operations, Net of Tax | 1 | — | 2 | 2 |
| Net Income | 553 | 56 | 473 | 421 |
| Net Income Attributable to Noncontrolling Interests | (54) | (55) | (112) | (111) |
| Net Income Attributable to McKesson Corporation | \$499 | \$1 | \$361 | \$310 |
| Earnings Per Common Share Attributable to McKesson Corporation | | | | |
| Diluted | | | | |
| Continuing operations | \$2.51 | \$0.01 | \$1.79 | \$1.46 |
| Discontinued operations | — | — | 0.01 | 0.01 |
| Total | \$2.51 | \$0.01 | | |