

DENTSPLY SIRONA Inc.  
Form 10-Q  
May 07, 2018

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, 2018

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 (I.R.S. Employer  
incorporation or organization) 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)

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, 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. (Check one):

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.

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, 2018, DENTSPLY SIRONA Inc. had 227,438,501 shares of Common Stock outstanding, with a par value of \$.01 per share.

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DENTSPLY SIRONA Inc.

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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,	
	2018	2017
Net sales	\$956.1	\$900.5
Cost of products sold	442.0	408.5
Gross profit	514.1	492.0
Selling, general and administrative expenses	435.2	404.7
Restructuring and other costs	10.2	3.1
Operating income	68.7	84.2
Other income and expenses:		
Interest expense	8.6	9.3
Interest income	(0.6)	(0.7)
Other expense (income), net	(34.1)	(1.0)
Income before income taxes	94.8	76.6
Provision for income taxes	13.7	16.9
Net income	81.1	59.7
Less: Net loss attributable to noncontrolling interests	(0.1)	(0.1)
Net income attributable to Dentsply Sirona	\$81.2	\$59.8
Net income per common share attributable to Dentsply Sirona:		
Basic	\$0.36	\$0.26
Diluted	\$0.35	\$0.26
Weighted average common shares outstanding:		
Basic	227.2	230.1
Diluted	229.9	234.0
Dividends declared per common share:	\$0.0875	\$0.0875

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.



DENTSPLY SIRONA INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(In millions)  
(unaudited)

	Three Months Ended March 31,	
	2018	2017
Net income	\$81.1	\$59.7
Other comprehensive income, net of tax:		
Foreign currency translation gain	65.7	49.7
Net loss on derivative financial instruments	(12.0 )	(3.3 )
Net unrealized holding gain on available for sale securities	(44.3 )	—
Pension liability gain	1.2	1.2
Total other comprehensive income, net of tax	10.6	47.6
Total comprehensive income	91.7	107.3
Less: Comprehensive income (loss) attributable to noncontrolling interests	0.5	(0.2 )
Comprehensive income attributable to Dentsply Sirona	\$91.2	\$107.5

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

DENTSPLY SIRONA INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(In millions, except per share amounts)  
(unaudited)

	March 31, 2018	December 31, 2017
Assets		
Current Assets:		
Cash and cash equivalents	\$317.1	\$ 320.6
Accounts and notes receivables-trade, net	670.4	746.2
Inventories, net	696.6	623.1
Prepaid expenses and other current assets, net	316.4	312.6
Total Current Assets	2,000.5	2,002.5
Property, plant and equipment, net	888.2	876.0
Identifiable intangible assets, net	2,811.4	2,800.7
Goodwill, net	4,573.2	4,539.2
Other noncurrent assets, net	99.5	156.1
Total Assets	\$10,372.8	\$ 10,374.5
Liabilities and Equity		
Current Liabilities:		
Accounts payable	\$286.8	\$ 284.4
Accrued liabilities	531.7	585.8
Income taxes payable	54.3	54.2
Notes payable and current portion of long-term debt	22.6	30.1
Total Current Liabilities	895.4	954.5
Long-term debt	1,645.5	1,611.6
Deferred income taxes	641.4	718.0
Other noncurrent liabilities	485.3	462.5
Total Liabilities	3,667.6	3,746.6
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, 2018 and December 31, 2017, respectively 227.4 million and 226.8 million shares outstanding at March 31, 2018 and December 31, 2017, respectively	2.6	2.6
Capital in excess of par value	6,531.7	6,543.9
Retained earnings	2,375.9	2,316.2
Accumulated other comprehensive loss	(281.0 )	(291.0 )
Treasury stock, at cost, 37.1 million and 37.7, million shares at March 31, 2018 and December 31, 2017, respectively	(1,936.1 )	(1,955.4 )

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Total Dentsply Sirona Equity	6,693.1	6,616.3
Noncontrolling interests	12.1	11.6
Total Equity	6,705.2	6,627.9
Total Liabilities and Equity	\$10,372.8	\$ 10,374.5

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

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DENTSPLY SIRONA INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(In millions)  
(unaudited)

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total Dentsply Sirona Equity	Dentsply Noncontrolling Interests	Total Equity
Balance at December 31, 2016	\$ 2.6	\$6,516.7	\$3,948.0	\$ (705.7 )	\$(1,647.3)	\$ 8,114.3	\$ 11.6	\$8,125.9
Net income	—	—	59.8	—	—	59.8	(0.1 )	59.7
Other comprehensive income	—	—	—	47.7	—	47.7	(0.1 )	47.6
Exercise of stock options	—	4.9	—	—	24.5	29.4	—	29.4
Stock based compensation expense	—	10.8	—	—	—	10.8	—	10.8
Reclassification on adoption of ASU No. 2016-09	—	1.0	(1.0 )	—	—	—	—	—
Funding of Employee Stock Ownership Plan	—	3.3	—	—	3.3	6.6	—	6.6
Treasury shares purchased	—	—	—	—	(84.6 )	(84.6 )	—	(84.6 )
RSU distributions	—	(20.7 )	—	—	9.1	(11.6 )	—	(11.6 )
RSU dividends	—	0.2	(0.2 )	—	—	—	—	—
Cash dividends	—	—	(20.2 )	—	—	(20.2 )	—	(20.2 )
Balance at March 31, 2017	\$ 2.6	\$6,516.2						