

Steris plc
Form 10-Q
August 09, 2016
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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 June 30, 2016
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 1-37614
STERIS plc
(Exact name of registrant as specified in its charter)

United Kingdom
(State or other jurisdiction of
incorporation or organization)

98-1203539
(IRS Employer
Identification No.)

Chancery House, 190 Waterside Road, Hamilton Industrial Park Leicester LE51QZ
(Address of principal executive offices) (Zip code)
44-116-276-8636
(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 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
(Do not check if a smaller reporting company)

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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

The number of ordinary shares outstanding as of July 29, 2016: 86,148,639

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PART 1—FINANCIAL INFORMATION

As used in this Quarterly Report on Form 10-Q, STERIS plc and its subsidiaries together are called “STERIS,” the “Company,” “we,” “us,” or “our,” unless otherwise noted.

ITEM 1. FINANCIAL STATEMENTS

STERIS PLC AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 (in thousands)

	June 30, 2016 (Unaudited)	March 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$242,423	\$248,841
Accounts receivable (net of allowances of \$9,420 and \$11,185, respectively)	439,845	471,523
Inventories, net	209,645	192,792
Prepaid expenses and other current assets	53,972	59,369
Total current assets	945,885	972,525
Property, plant, and equipment, net	1,055,706	1,064,319
Goodwill and intangibles, net	3,258,546	3,279,942
Other assets	33,034	29,630
Total assets	\$5,293,171	\$5,346,416
Liabilities and equity		
Current liabilities:		
Accounts payable	\$123,253	\$139,572
Accrued income taxes	14,882	13,683
Accrued payroll and other related liabilities	70,523	93,976
Accrued expenses and other	150,802	153,375
Total current liabilities	359,460	400,606
Long-term indebtedness	1,551,838	1,567,796
Deferred income taxes, net	250,932	254,824
Other liabilities	82,456	84,298
Total liabilities	\$2,244,686	\$2,307,524
Commitments and contingencies (see note 9)		
Preferred shares, with £0.10 par value; 100 shares authorized; 100 issued and outstanding	15	15
Ordinary shares, with £0.10 par value; £17,006 shares aggregate par amount authorized; 86,151 and 85,920 ordinary shares issued and outstanding, respectively	2,161,050	2,151,719
Retained earnings	961,924	939,459
Accumulated other comprehensive (loss) income	(85,718)	(68,159)
Total shareholders' equity	3,037,271	3,023,034
Noncontrolling interests	11,214	15,858
Total equity	3,048,485	3,038,892
Total liabilities and equity	\$5,293,171	\$5,346,416

See notes to consolidated financial statements.

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STERIS PLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended	
	June 30,	
	2016	2015
Revenues:		
Product	\$271,750	\$232,307
Service	366,628	207,595
Total revenues	638,378	439,902
Cost of revenues:		
Product	142,698	129,856
Service	255,690	125,956
Total cost of revenues	398,388	255,812
Gross profit	239,990	184,090
Operating expenses:		
Selling, general, and administrative	151,886	126,835
Research and development	14,428	13,765
Restructuring expenses	154	(726)
Total operating expenses	166,468	139,874
Income from operations	73,522	44,216
Non-operating expenses, net:		
Interest expense	11,071	6,120
Interest income and miscellaneous expense	(493)	(482)
Total non-operating expenses, net	10,578	5,638
Income before income tax expense	62,944	38,578
Income tax expense	14,234	14,267
Net income	48,710	24,311
Less: Net income attributable to noncontrolling interests	309	20
Net income attributable to shareholders	\$48,401	\$24,291
Net income per share		
Basic	\$0.56	\$