

SCHICK TECHNOLOGIES INC
Form DEFA14A
May 26, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material Pursuant to §240.14a-12

Schick Technologies, Inc.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- | | |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1) | Title of each class of securities to which transaction applies: |
| (2) | Aggregate number of securities to which transaction applies: |
| (3) | Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): |
| (4) | Proposed maximum aggregate value of transaction: |
| (5) | Total fee paid: |
- Fee paid previously with preliminary materials.
 Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- | | |
|-----|-----------------------------------------------|
| (1) | Amount Previously Paid: |
| (2) | Form, Schedule or Registration Statement No.: |
| (3) | Filing Party: |
| (4) | Date Filed: |

Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

On September 25, 2005, Schick Technologies, Inc. (Schick), Sirona Holding GmbH (Sirona) and Sirona Holdings Luxco S.C.A. (Luxco) entered into an Exchange Agreement, as amended, pursuant to which Schick will acquire all of the issued and outstanding share capital of Sirona and the existing indebtedness of Sirona owed to Luxco, in exchange for shares of Schick s common stock, and Sirona will become a subsidiary of Schick. On May 25, 2006, Sirona issued the following press release announcing its financial results for its second fiscal quarter and the six months ended March 31, 2006. This press release contains disclosure relating to Sirona s revenue on a constant currency basis. Although the U.S. dollar is Sirona s reporting currency, its functional currency varies depending on the country of operation. Approximately 64% of Sirona s revenue is in Euros. During the periods under review, the U.S. dollar/Euro exchange rate has fluctuated significantly, thereby impacting Sirona s financial results. Fluctuations in currency exchange rates are reflected within Sirona s statements of operations. These fluctuations may be significant in any period. Sirona believes that providing information to investors relating to revenues on a constant currency basis provides useful information regarding the underlying trends in its revenues. This information should not be considered an alternative to revenue as reported under U.S. GAAP and should be viewed as supplemental information only.

Where to Find Additional Information

Schick filed a definitive Proxy Statement with the Securities and Exchange Commission (the SEC) in connection with the proposed transaction. Shareholders of Schick are urged to read the Proxy Statement and any other relevant documents filed with the SEC because they contain important information about Sirona, Schick and the proposed transaction. The definitive Proxy Statement has been mailed to Schick s shareholders. Investors are able to obtain the documents free of charge at the SEC s website, www.sec.gov. In addition, documents filed with the SEC by Schick are available free of charge from Schick Technologies, Inc., Attn: Legal Department, 30 00 47th Avenue, Long Island City, New York, 11101, Tel: (718) 937 5765.

Participants in the Solicitation

Schick and its directors and executive officers and other members of its management and employees, may be deemed to be participants in the solicitation of proxies from shareholders of Schick in connection with the proposed transaction. Information about the directors and executive officers of Schick and their ownership of Schick stock is set forth in Schick s Proxy Statement filed with the SEC in connection with its Annual Shareholders Meeting for fiscal 2005. Additional information regarding the interests of participants in the solicitation is set forth in the Proxy Statement filed with the SEC in connection with the proposed transaction.

All of the information contained in this Schedule 14A concerning Sirona has been supplied by Sirona and has not been independently verified by Schick.

Press Release

Sirona Reports Fiscal 2006 Second Quarter Results

Revenue increases 9.5%

Operating income increases 17.9%

Merger with Schick Technologies Inc. expected to close on June 20, 2006

Bensheim/Germany, May 25, 2006 Sirona, one of the world's leading manufacturers of dental equipment today reported its financial results prepared in accordance with U.S. GAAP for the second fiscal quarter ended March 31, 2006.

Revenue for the quarter was \$ 131.8 million, an increase of \$ 11.4 million, or 9.5%, as compared with the same period last year. Total revenue increased 13.3% on a constant currency basis, with growth rates in the Instruments segment of 24%, the Dental CAD/CAM Systems and the Imaging Systems segments each at 17%, and the Treatment Center segment revenue unchanged.

Revenue for the three months ended March 31, 2006 outside the U.S. increased 20% on a constant currency basis with all business segments contributing to this growth. Revenue in the U.S. was unchanged as compared to the same period last year. This region was coming off a challenging year-over-year comparison as revenues were very strong in the second quarter of fiscal 2005, increasing 37.4% from the second quarter of 2004. In the first half year of the fiscal year 2006 revenue in the U.S. increased by 10.2% compared to the same period last year.

Operating income for the quarter increased 17.9%, to \$ 20.0 million, compared to \$ 16.9 million in the same period last year. Net income for the quarter increased to \$ 4.4 million from \$ 2.7 million in the same period last year.

Jost Fischer, Chairman, President and Chief Executive Officer, commented, "After a strong start to our fiscal year, we had another solid quarter with revenue up 13.3%, on a constant currency basis. We believe this growth demonstrates the strength of our global business. Our customers continue to respond positively to Sirona's innovative product lines while our strategy to enhance our local market presence is showing results."

Sirona's revenue has traditionally been strongest in the first six months of the fiscal year. Revenues for the six months ended March 31, 2006 were \$ 267.7 million, an increase of \$ 15.8 million, or 6.3%, compared to \$ 251.9 million in the same period last year. On a constant currency basis revenue increased by 12.5%.

For the six months operating income increased 23.4% to \$ 46.8 million, compared to \$ 37.9 million in the same period last year. Net income for the six months decreased to \$7.8 million from \$ 20.9 million in the same period last year. The decrease was primarily due to increased interest expense as a result of higher average debt balances following the change in ownership in June 2005 as well as foreign currency transaction loss compared to a gain in the same period last year.

As at March 31, 2006 the company had cash and cash equivalents of \$ 68.3 million and long term debt (including current portion) of \$ 555.8 million, as compared to \$ 65.9 million of cash and cash equivalents and long term debt (including current portion) of \$ 586.7 million, at September 30, 2005. In December 2005, Sirona prepaid a portion of its long term debt in the amount of \$ 36.2 million.

Commenting on the upcoming merger with Schick Technologies Inc., Mr. Fischer added, "Our proposed combination with Schick is progressing as planned and will be presented for approval at a Special Meeting of Schick Stockholders on June 14, 2006. We anticipate that the merger will close on or about June 20, 2006.

Please do not hesitate to contact us for further information:

Sirona Group
Jost Fischer / Simone Blank
Fabrikstrasse 31
D-64625 Bensheim, Germany
Phone: +49 (0) 62 51 / 16 2401
Fax: +49 (0) 62 51 / 16 2412
E-Mail: vorstand@sirona.de
www.sirona.com

About Sirona

Sirona is one of the world's leading manufacturers of dental equipment. The company produces treatment centers, imaging systems, handpieces and hygiene systems as well as systems for computer-aided ceramic restoration (dental CAD/CAM systems). The products are marketed in over 100 countries worldwide.

The company has subsidiary and representative offices in 16 countries and its global headquarters in Bensheim/Germany. Sirona has been pioneering innovative products in the dental industry for more than 125 years and currently employs a staff of 1,738.

The company believes as to any information in this announcement which is not historical, constitute forward-looking statements. The matters discussed in this news release are subject to various factors which could cause actual events and results to differ materially from such statements. Such factors include uncertainties as to the future sales volume of Sirona Group products, the closing of the company's merger with Schick Technologies Inc., the possibility of changing economic, market and competitive conditions, dependence on products, dependence on key personnel, technological developments, intense competition, market uncertainties, dependence on distributors, ability to manage growth, dependence on key suppliers, fluctuation in results, seasonality and other risks and uncertainties.

SIRONA HOLDING GMBH & SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

| \$ 000s | March 31, 2006 (unaudited) | September 30, 2005 |
|----------------------------------------------------------------------------------------------|-------------------------------|---------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 68,251 | \$ 65,941 |
| Restricted cash | 628 | 674 |
| Restricted short term investments | | 745 |
| Accounts receivable, net of allowance for doubtful accounts of \$591 and \$402, respectively | 65,221 | 47,631 |
| Inventories, net | 51,176 | 47,340 |
| Deferred tax assets | 5,487 | 3,242 |
| Prepaid expenses and other current assets | 13,070 | 33,856 |
| Total current assets | \$ 203,833 | \$ 199,429 |
| Property, plant and equipment | 48,405 | 49,180 |
| Goodwill | 470,175 | 468,769 |
| Intangible assets | 467,943 | 489,442 |
| Other non-current assets | 20,901 | 21,981 |
| Deferred tax assets | 1,984 | 9,874 |
| Total assets | \$ 1,213,241 | \$ 1,238,675 |
| LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS EQUITY | | |
| Current liabilities | | |
| Trade accounts payable | \$ 20,826 | \$ 22,173 |
| Current portion of long-term debt | 17,836 | 10,103 |
| Income taxes payable | 11,081 | 1,531 |
| Deferred tax liabilities | 4,053 | 3,219 |
| Accrued liabilities and deferred income | 52,135 | 63,757 |
| Total current liabilities | \$ 105,931 | \$ 100,783 |
| Long-term debt | 537,976 | 576,622 |
| Deferred tax liabilities | 186,446 | 196,392 |
| Other non-current liabilities | 10,895 | 9,585 |
| Indebtedness to related parties | 192,215 | 184,712 |
| Pension related provisions | 45,808 | 43,847 |
| Deferred income | 100,000 | 100,000 |
| Total liabilities | \$ 1,179,271 | \$ 1,211,941 |
| Commitments and contingencies | | |
| Minority interest | 64 | 42 |
| Shareholders equity | | |
| Common share capital | 30 | 30 |
| Additional paid-in capital | 123,696 | 123,696 |
| Excess of purchase price over predecessor basis | (49,103) | (49,103) |
| Accumulated deficit | (40,407) | (48,161) |
| Accumulated other comprehensive income (loss) | (310) | 230 |
| Total shareholders equity | \$ 33,906 | \$ 26,692 |
| Total liabilities, minority interest and shareholders equity | \$ 1,213,241 | \$ 1,238,675 |

SIRONA HOLDING GMBH & SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

(UNAUDITED)

| \$ 000s | January 1, 2006 to March 31, 2006 | January 1, 2005 to March 31, 2005 | October 1, 2005 to March 31, 2006 | October 1, 2004 to March 31, 2005 |
|-------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Revenue | \$ 131,843 | \$ 120,385 | \$ 267,725 | \$ 251,913 |
| Cost of sales | 66,816 | 65,959 | 136,480 | 138,417 |
| Gross profit | \$ 65,027 | \$ 54,426 | \$ 131,245 | \$ 113,496 |
| Selling, general and administrative expense | 35,339 | 30,082 | 67,642 | 60,560 |
| Research and development | 8,026 | 7,829 | 14,973 | 14,960 |
| Provision for doubtful accounts and notes receivable | 322 | 144 | 182 | 3 |
| Other operating expense (income), net | 1,376 | (560) | 1,684 | 87 |
| Operating income | \$ 19,964 | \$ 16,931 | \$ 46,764 | \$ 37,886 |
| Foreign currency transaction (gain) loss | (3,377) | 3,437 | 1,880 | (7,829) |
| (Gain) Loss on derivative instruments | (1,647) | 1,093 | (1,372) | 79 |
| Interest expense, net | 13,545 | 7,725 | 29,000 | 15,739 |
| Income before income taxes and minority interest | \$ 11,443 | \$ 4,676 | \$ 17,256 | \$ 29,897 |
| Provision for income taxes | 6,976 | 1,722 | 9,480 | 8,678 |
| Minority interest | 23 | 286 | 22 | 286 |
| Net income | \$ 4,444 | \$ 2,668 | \$ 7,754 | \$ 20,933 |

F-2

SIRONA HOLDING GMBH & SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

| \$ 000s | Successor October 1, 2005 to March 31, 2006 | Predecessor 2 October 1, 2004 to March 31, 2005 |
|-----------------------------------------------------------------------------------------|---------------------------------------------------|-------------------------------------------------------|
| Cash flows from operating activities | | |
| Net income | \$ 7,754 | \$ 20,933 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation and amortization | 30,035 | 29,579 |
| Foreign currency transactions loss (gain) | 1,880 | (7,829) |
| (gain) loss on derivative instruments | (1,372) | 79 |
| Accreted interest on long term debt | 11,318 | 3,862 |
| Deferred income taxes | (3,975) | 1,297 |
| Amortization of debt issuance costs | 4,078 | 1,220 |
| Changes in assets and liabilities | | |
| Accounts receivable | (19,825) | (4,508) |
| Inventories | (3,684) | (353) |
| Prepaid expenses and other current assets | 20,714 | 713 |
| Restricted cash | 47 | (34) |
| Changes in other non-current assets | (2,953) | (163) |
| Trade accounts payable and accounts payable to related parties | (1,383) | (7,376) |
| Accrued liabilities | (10,665) | 3,560 |
| Other non-current liabilities | 3,228 | (7,260) |
| Income taxes payable | 9,457 | 2,314 |
| Net cash provided by operating activities | \$ 44,654 | \$ 36,034 |
| Cash flows from investing activities | | |
| Investment in property, plant and equipment | (6,011) | (7,787) |
| Proceeds from sale of property, plant and equipment | 6 | 156 |
| Restricted short term investments | 741 | 5 |
| Purchase of intangible assets | (372) | 0 |
| Payment of deferred purchase price | | (25,700) |
| Net cash used in investing activities | \$ (5,636) | \$ (33,326) |
| Cash flows from financing activities | | |
| Repayment of long-term debt | (36,153) | (10,247) |
| Net cash used in financing activities | \$ (36,153) | (10,247) |
| Change in cash and cash equivalents | 2,863 | (7,539) |
| Effect of exchange rate change on cash and cash equivalents | (553) | (3,664) |
| Cash and cash equivalents at beginning of period | 65,941 | 38,877 |
| Cash and cash equivalents at end of period | \$ 68,251 | \$ 27,674 |
| Supplemental information | | |
| Interest paid | 14,939 | 10,923 |
| Interest capitalized | 69 | 34 |
| Income taxes paid | 3,268 | 4,500 |

SIRONA HOLDING GMBH & SUBSIDIARIES

SUPPLEMENTARY FINANCIAL INFORMATION
(UNAUDITED)

| \$ 000s | January 1, 2006 to March 31, 2006 | January 1, 2005 to March 31, 2005 | October 1, 2005 to March 31, 2006 | October 1, 2004 to March 31, 2005 |
|----------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Revenues External | | | | |
| Dental CAD/CAM Systems | 52,804 | 46,365 | 111,476 | 98,697 |
| Imaging Systems | 27,500 | 23,929 | 57,119 | 47,100 |
| Treatment Centers | 33,615 | 34,709 | 63,008 | 68,529 |
| Instruments | 19,594 | 16,578 | 36,146 | 33,114 |
| Total | \$ 133,513 | \$ 121,581 | \$ 267,749 | \$ 247,440 |
| Revenues Internal | | | | |
| Dental CAD/CAM Systems | 0 | 0 | 0 | 0 |
| Imaging Systems | 20 | 14 | 38 | 78 |
| Treatment Centers | 24 | 0 | 36 | 0 |
| Instruments | 3,110 | 3,183 | 5,847 | 6,791 |
| Intercompany elimination | (3,154) | (3,197) | (5,921) | (6,869) |
| Total | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Revenues Total | | | | |
| Dental CAD/CAM Systems | 52,804 | 46,365 | 111,476 | 98,697 |
| Imaging Systems | 27,520 | 23,943 | 57,157 | 47,178 |
| Treatment Centers | 33,639 | 34,709 | 63,044 | 68,529 |
| Instruments | 22,704 | 19,761 | 41,994 | 39,905 |
| Total | \$ 136,667 | \$ 124,778 | \$ 273,671 | \$ 254,309 |
| Segment performance measure | | | | |
| Dental CAD/CAM Systems | 40,016 | 34,998 | 84,019 | 71,968 |
| Imaging Systems | 13,376 | 10,195 | 27,028 | 19,235 |
| Treatment Centers | 12,691 | 12,084 | 23,355 | 23,942 |
| Instruments | 10,271 | 6,876 | 18,777 | 15,487 |
| Total | \$ 76,354 | \$ 64,153 | \$ 153,179 | \$ 130,632 |
| Depreciation and amortization expense | | | | |
| Dental CAD/CAM systems | 470 | 628 | 944 | 1,256 |
| Imaging Systems | 604 | 783 | 1,245 | 1,729 |
| Treatment Centers | 634 | 741 | 1,203 | 1,420 |
| Instruments | 572 | 657 | 1,179 | 1,161 |
| Total | \$ 2,280 | \$ 2,809 | \$ 4,571 | \$ 5,566 |

SIRONA HOLDING GMBH & SUBSIDIARIES

SUPPLEMENTARY FINANCIAL INFORMATION
(UNAUDITED)

| \$000 s | January 1, 2006 to March 31, 2006 | January 1, 2005 to March 31, 2005 | October 1, 2005 to March 31, 2006 | October 1, 2004 to March 31, 2005 |
|---------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Revenues | | | | |
| Total Segments | \$ 133,513 | \$ 121,581 | \$ 267,749 | \$ 247,440 |
| Electronic centre and corporate | 11 | 286 | 30 | 711 |
| Differences management accounts vs. US GAAP | (1,681) | (1,482) | (54) | 3,762 |
| Consolidated revenues | \$ 131,843 | \$ 120,385 | \$ 267,725 | \$ 251,913 |
| Depreciation and amortization expenses | | | | |
| Total Segments | 2,280 | 2,809 | 4,571 | 5,566 |
| Electronic centre and corporate | 475 | 483 | 901 | 888 |
| Differences management accounts vs. US GAAP | 13,698 | 10,774 | 25,111 | 23,125 |
| Consolidated depreciation and amortization expenses | \$ 16,453 | \$ 14,066 | \$ 30,583 | \$ 29,579 |
| Segment performance measure | | | | |
| Total Segments | 76,354 | 64,153 | 153,179 | 130,632 |
| Electronic centre and corporate | 913 | 558 | 776 | 1,265 |
| Differences management accounts vs. US GAAP | (12,240) | (10,285) | (22,710) | (18,401) |
| Consolidated gross profit | \$ 65,027 | \$ 54,426 | \$ 131,245 | \$ 113,496 |
| Selling, general and administrative | 35,339 | 30,082 | 67,642 | 60,560 |
| Research and development | 8,026 | 7,829 | 14,973 | 14,960 |
| Provision for doubtful accounts and notes receivable | 322 | 144 | 182 | 3 |
| Net other operating expense (income) | 1,376 | (560) | 1,684 | 87 |
| Foreign currency transaction (gain) loss | (3,377) | 3,437 | 1,880 | (7,829) |
| (Gain) loss on derivative instruments | (1,647) | 1,093 | (1,372) | 79 |
| Interest expense, net | 13,545 | 7,725 | 29,000 | 15,739 |
| Income before income taxes and minority interest | \$ 11,443 | \$ 4,676 | \$ 17,256 | \$ 29,897 |