

STERICYCLE INC
Form 10-Q
August 08, 2012
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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 June 30, 2012 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 0-21229

Stericycle, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

36-3640402

(IRS Employer Identification Number)

28161 North Keith Drive

Lake Forest, Illinois 60045

(Address of principal executive offices, including zip code)

(847) 367-5910

(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 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 (§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 definition 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

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 August 1, 2012 there were 85,651,695 shares of the registrant's Common Stock outstanding.

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In thousands, except share and per share data

	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 54,213	\$ 22,511
Short-term investments	418	416
Accounts receivable, less allowance for doubtful accounts of \$18,612 in 2012 and \$18,905 in 2011	294,890	290,854
Deferred income taxes	23,005	19,314
Prepaid expenses	23,347	22,466
Other current assets	40,255	35,035
Total Current Assets	436,128	390,596
Property, Plant and Equipment, net	309,443	293,912
Goodwill	1,962,849	1,913,703
Intangible assets, less accumulated amortization of \$51,816 in 2012 and \$42,050 in 2011	596,128	546,618
Other assets	37,106	32,261
Total Assets	\$ 3,341,654	\$ 3,177,090
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 82,074	\$ 100,526
Accounts payable	77,240	66,635
Accrued liabilities	117,845	140,521
Deferred revenues	16,030	12,855
Other current liabilities	8,793	6,377
Total Current Liabilities	301,982	326,914
Long-term debt, net of current portion	1,282,462	1,284,113
Deferred income taxes	341,511	313,733
Other liabilities	26,523	25,079
Equity:		
Common stock (par value \$.01 per share, 120,000,000 shares authorized, 85,478,988 issued and outstanding in 2012 and 84,696,227 issued and outstanding in 2011)	855	847
Additional paid-in capital	51,787	0
Accumulated other comprehensive loss	(57,736)	(45,984)
Retained earnings	1,372,808	1,243,303
Total Stericycle, Inc. s Equity	1,367,714	1,198,166
Noncontrolling interest	21,462	29,085
Total Equity	1,389,176	1,227,251

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Total Liabilities and Equity	\$ 3,341,654	\$ 3,177,090
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The accompanying notes are an integral part of these condensed consolidated financial statements.

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STERICYCLE, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND

COMPREHENSIVE INCOME (Unaudited)

In thousands, except share and per share data

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenues	\$ 468,950	\$ 410,441	\$ 929,027	\$ 808,567
Costs and Expenses:				
Cost of revenues (exclusive of depreciation shown below)	248,832	213,530	493,014	419,408
Depreciation cost of revenues	10,630	10,170	21,218	19,988
Selling, general and administrative expenses (exclusive of depreciation and amortization shown below)	84,365	79,012	166,280	153,744
Depreciation SG&A	2,261	2,235	4,412	4,173
Amortization	5,135	3,546	10,114	6,893
Total Costs and Expenses	351,223	308,493	695,038	604,206
Income from Operations	117,727	101,948	233,989	204,361
Other Income (Expense):				
Interest income	124	63	216	247
Interest expense	(12,783)	(13,007)	(25,549)	(24,379)
Other income/ (expense), net	490	(819)	(68)	(1,082)
Total Other Expense	(12,169)	(13,763)	(25,401)	(25,214)
Income Before Income Taxes	105,558	88,185	208,588	179,147
Income Tax Expense	37,186	32,295	74,901	66,671
Net Income	\$ 68,372	\$ 55,890	\$ 133,687	\$ 112,476
Less: Net Income Attributable to Noncontrolling Interests	779	348	1,237	1,260
Net Income Attributable to Stericycle, Inc.	\$ 67,593	\$ 55,542	\$ 132,450	\$ 111,216
Earnings Per Common Share Attributable to Stericycle, Inc.				
Common Shareholders:				
Basic	\$ 0.79	\$ 0.65	\$ 1.56	\$ 1.30
Diluted	\$ 0.78	\$ 0.63	\$ 1.53	\$ 1.27

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Weighted Average Number of Common Shares Outstanding:				
Basic	85,170,255	85,936,036	84,999,268	85,698,985
Diluted	86,835,615	87,935,310	86,714,407	87,738,638
Comprehensive Income	\$ 39,136	\$ 60,778	\$ 121,963	\$ 130,440
Less: Comprehensive (Loss)/ Income Attributable to Noncontrolling Interests	(259)	1,592	1,265	