

STERICYCLE INC  
Form 10-Q  
May 08, 2014  
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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 March 31, 2014 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)

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)

36-3640402

(IRS Employer Identification Number)

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 May 2, 2014 there were 84,690,834 shares of the registrant's Common Stock outstanding.

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PART I. – FINANCIAL INFORMATION  
 ITEM 1. FINANCIAL STATEMENTS  
 STERICYCLE, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 (Unaudited)

In thousands, except share and per share data

	March 31, 2014	December 31, 2013
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$43,058	\$61,991
Short-term investments	353	413
Accounts receivable, less allowance for doubtful accounts of \$18,687 in 2014 and \$19,134 in 2013	383,304	388,996
Deferred income taxes	14,401	18,031
Prepaid expenses	25,807	28,379
Other current assets	35,963	37,279
Total Current Assets	502,886	535,089
Property, plant and equipment, net	359,329	358,967
Goodwill	2,240,597	2,231,582
Intangible assets, less accumulated amortization of \$95,451 in 2014 and \$88,098 in 2013	724,978	720,035
Other assets	37,789	37,124
Total Assets	\$3,865,579	\$3,882,797
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$124,307	\$150,380
Accounts payable	94,118	89,146
Accrued liabilities	118,606	107,445
Deferred revenues	21,998	18,826
Other current liabilities	44,152	45,211
Total Current Liabilities	403,181	411,008
Long-term debt, net of current portion	1,246,071	1,280,663
Deferred income taxes	398,909	396,119
Other liabilities	31,871	27,469
Equity:		
Common stock (par value \$.01 per share, 120,000,000 shares authorized, 85,008,833 issued and outstanding in 2014 and 85,500,037 issued and outstanding in 2013)	850	855
Additional paid-in capital	212,847	195,110
Accumulated other comprehensive loss	(57,128)	(56,468)
Retained earnings	1,611,780	1,610,964
Total Stericycle, Inc.'s Equity	1,768,349	1,750,461
Noncontrolling interest	17,198	17,077
Total Equity	1,785,547	1,767,538
Total Liabilities and Equity	\$3,865,579	\$3,882,797

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  
 (Unaudited)

In thousands, except share and per share data

	Three Months Ended March 31,	
	2014	2013
Revenues	\$569,955	\$513,804
Costs and Expenses:		
Cost of revenues (exclusive of depreciation shown below)	301,760	269,673
Depreciation - cost of revenues	12,726	12,037
Selling, general and administrative expenses (exclusive of depreciation and amortization shown below)	112,180	91,046
Depreciation – selling, general and administrative expenses	3,315	2,809
Amortization	7,315	6,642
Total Costs and Expenses	437,296	382,207
Income from Operations	132,659	131,597
Other Income (Expense):		
Interest income	20	167
Interest expense	(14,918)	) (13,546 )
Other expense, net	(700)	) (1,013 )
Total Other Expense	(15,598)	) (14,392 )
Income Before Income Taxes	117,061	117,205
Income Tax Expense	37,291	41,983
Net Income	\$79,770	\$75,222
Less: Net Income Attributable to Noncontrolling Interests	621	605
Net Income Attributable to Stericycle, Inc.	\$79,149	\$74,617
Earnings Per Common Share Attributable to Stericycle, Inc. Common Shareholders:		
Basic	\$0.93	\$0.87
Diluted	\$0.91	\$0.85
Weighted Average Number of Common Shares Outstanding:		
Basic	85,270,046	86,093,301
Diluted	86,613,843	87,459,497

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 COMPREHENSIVE INCOME  
(Unaudited)

In thousands

	Three Months Ended March 31,	
	2014	2013
Net Income	\$ 79,770	