

OWENS & MINOR INC/VA/
Form 10-Q
July 30, 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 June 30, 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 1-9810

Owens & Minor, Inc.
(Exact name of Registrant as specified in its charter)

Virginia 54-1701843
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

9120 Lockwood Boulevard, 23116
Mechanicsville, Virginia (Zip Code)
(Address of principal executive offices)

Post Office Box 27626, 23261-7626
Richmond, Virginia (Zip Code)
(Mailing address of principal executive offices)
Registrant's telephone number, including area code (804) 723-7000

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 (§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 "larger accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

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

The number of shares of Owens & Minor, Inc.'s common stock outstanding as of July 25, 2014, was 63,066,654 shares.

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Part I. Financial Information

Item 1. Financial Statements

Owens & Minor, Inc. and Subsidiaries

Consolidated Statements of Income

(unaudited)

(in thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net revenue	\$2,305,858	\$2,236,077	\$4,562,239	\$4,482,461
Cost of goods sold	2,023,586	1,962,646	3,998,771	3,929,979
Gross margin	282,272	273,431	563,468	552,482
Selling, general and administrative expenses	225,838	212,548	451,448	430,269
Acquisition-related and exit and realignment charges	7,593	638	10,855	2,648
Depreciation and amortization	13,892	12,276	27,756	24,905
Other operating income, net	(2,152	) (2,081	) (9,978	) (3,274
Operating earnings	37,101	50,050	83,387	97,934
Interest expense, net	3,342	3,248	6,589	6,446
Income before income taxes	33,759	46,802	76,798	91,488
Income tax provision	13,883	17,930	31,436	36,518
Net income	\$19,876	\$28,872	\$45,362	\$54,970
Net income per common share:				
Basic	\$0.32	\$0.46	\$0.72	\$0.87
Diluted	\$0.32	\$0.46	\$0.72	\$0.87
Cash dividends per common share	\$0.25	\$0.24	\$0.50	\$0.48

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Comprehensive Income
(unaudited)

(in thousands)	Three Months Ended		June 30,		Six Months Ended		June 30,	
	2014	2013	2014	2013	2014	2013	2014	2013
Net income	\$19,876	\$28,872	\$45,362	\$54,970				
Other comprehensive income (loss), net of tax:								
Currency translation adjustments (net of income tax of \$0 in 2014 and income tax expense of \$56 and benefit of \$539 in 2013)	(570	) 1,683	(103	) (6,144))))
Change in unrecognized net periodic pension costs (net of income tax expense of \$90 and \$187 in 2014 and \$132 and \$266 in 2013)	112	209	219	417				
Other (net of income tax benefit of \$8 and \$16 in 2014 and \$8 and \$16 in 2013)	15	(12	) 6	(25))))
Total other comprehensive income (loss), net of tax	(443	) 1,880	122	(5,752))))
Comprehensive income	\$19,433	\$30,752	\$45,484	\$49,218				

See accompanying notes to consolidated financial statements.

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Consolidated Balance Sheets
(unaudited)

(in thousands, except per share data)	June 30, 2014	December 31, 2013
Assets		
Current assets		
Cash and cash equivalents	\$92,027	\$101,905
Accounts and notes receivable, net of allowances of \$15,328 and \$15,030	545,179	572,854
Merchandise inventories	820,882	771,663
Other current assets	287,844	279,510
Total current assets	1,745,932	1,725,932