

PharMerica CORP  
Form 10-Q  
August 05, 2014  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 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, 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: 001-33380

PHARMERICA CORPORATION  
(Exact name of registrant as specified in its charter)

Delaware 87-0792558  
(State or Other Jurisdiction of Incorporation or Organization) (I.R.S. Employer Identification No.)

1901 Campus Place 40299  
Louisville, KY  
(Address of Principal Executive Offices) (Zip Code)

(502) 627-7000  
(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 and posted pursuant to Rule 405 of Regulation S-T 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.

Accelerated filer  Non-accelerated filer

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Large accelerated filer

Smaller reporting company

..

..

(Do not check if a 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class of Common Stock	Outstanding at July 25, 2014
Common stock, \$0.01 par value	30,060,499 shares

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PHARMERICA CORPORATION  
FORM 10-Q  
TABLE OF CONTENTS

	Page
<b>PART I. FINANCIAL INFORMATION</b>	
Item 1. Financial Statements (Unaudited)	
Condensed Consolidated Statements of Operations - For the Three and Six Months Ended June 30, 2013 and 2014	1
Condensed Consolidated Balance Sheets - As of December 31, 2013 (As Adjusted) and June 30, 2014	2
Condensed Consolidated Statements of Cash Flows - For the Three and Six Months Ended June 30, 2013 and 2014	3
Condensed Consolidated Statement of Stockholders' Equity - For the Six Months Ended June 30, 2014	4
Notes to Condensed Consolidated Financial Statements	5
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	14
Item 3. Quantitative and Qualitative Disclosures About Market Risk	26
Item 4. Controls and Procedures	26
<b>PART II. OTHER INFORMATION</b>	
Item 1. Legal Proceedings	27
Item 1A Risk Factors	27
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	27
Item 4. Mine Safety Disclosures	27
Item 6. Exhibits	28
SIGNATURES	29
Exhibit Index	30

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## PHARMERICA CORPORATION

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

For the Three and Six Months Ended June 30, 2013 and 2014

(Unaudited)

(In millions, except share and per share amounts)

	Three Months Ended		Six Months Ended	
	June 30, 2013	2014	June 30, 2013	2014
Revenues	\$430.8	\$ 448.6	\$870.6	\$ 900.8
Cost of goods sold	348.2	367.1	703.7	739.3
Gross profit	82.6	81.5	166.9	161.5
Selling, general and administrative expenses	55.5	57.5	112.2	114.7
Amortization expense	3.9	4.3	8.0	8.7
Merger, acquisition, integration costs and other charges	2.7	1.5	5.5	6.5
Settlement, litigation and other related charges	0.1	26.6	0.2	27.8
Restructuring and impairment charges	-	1.2	-	3.1
Hurricane Sandy disaster costs	(0.9 )	0.1	(0.3 )	0.1
Operating income (loss)	21.3	(9.7 )	41.3	0.6
Interest expense, net	2.9	2.3	5.5	4.8
Income (loss) before income taxes	18.4	(12.0 )	35.8	(4.2 )
Provision (benefit) for income taxes	8.2	(2.3 )	15.1	0.7
Net income (loss)	\$10.2	\$ (9.7 )	\$20.7	\$ (4.9 )
Earnings (loss) per common share:				
Basic	\$0.34	\$ (0.32 )	\$0.70	\$ (0.16 )
Diluted	\$0.34	\$ (0.32 )	\$0.69	\$ (0.16 )
Shares used in computing earnings (loss) per common share:				
Basic	29,713,010	30,004,950	29,640,388	29,879,683
Diluted	30,134,944	30,004,950	30,141,730	29,879,683

See accompanying Notes to Condensed Consolidated Financial Statements

## PHARMERICA CORPORATION

## CONDENSED CONSOLIDATED BALANCE SHEETS

As of December 31, 2013 and June 30, 2014

(Unaudited)

(In millions, except share and per share amounts)

	(As Adjusted)	
	December 31, 2013	June 30, 2014
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 24.2	\$ 11.1
Accounts receivable, net	199.8	188.1
Inventory	110.2	141.4
Deferred tax assets, net	36.9	35.8
Income taxes receivable	1.9	9.1
Prepays and other assets	38.6	50.4
	411.6	435.9
Equipment and leasehold improvements	179.4	182.9
Accumulated depreciation	(117.6 )	(117.8)
	61.8	65.1
Goodwill	282.7	286.9
Intangible assets, net	136.3	130.3
Other	9.3	5.2
	\$ 901.7	\$ 923.4
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 79.6	\$ 59.1
Salaries, wages and other compensation	38.7	30.7
Current portion of long-term debt	12.5	