

Great Lakes Dredge & Dock CORP
Form 10-Q
November 04, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2015

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: 001-33225

Great Lakes Dredge & Dock Corporation

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	20-5336063 (I.R.S. Employer Identification No.)
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2122 York Road, Oak Brook, IL (Address of principal executive offices)	60523 (Zip Code)
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(630) 574-3000

(Registrant's telephone number, including area code)

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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 "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

As of October 30, 2015, 60,446,628 shares of the Registrant's Common Stock, par value \$.0001 per share, were outstanding.

Great Lakes Dredge & Dock Corporation and Subsidiaries

Quarterly Report Pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934

For the Quarterly Period ended September 30, 2015

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PART I — Financial Information

Item 1. Financial Statements.

GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(Unaudited)

(in thousands, except per share amounts)

	September 30, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 9,421	\$ 42,389
Accounts receivable—net	143,884	113,188
Contract revenues in excess of billings	66,759	82,557
Inventories	37,250	34,735
Prepaid expenses and other current assets	76,871	69,375
Total current assets	334,185	342,244
PROPERTY AND EQUIPMENT—Net	423,157	399,445
GOODWILL AND OTHER INTANGIBLE ASSETS—Net	86,900	95,289
INVENTORIES—Noncurrent	37,508	36,262
INVESTMENTS IN JOINT VENTURES	12,319	7,889
OTHER	11,902	12,105
TOTAL	\$ 905,971	\$ 893,234
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 109,961	\$ 119,971
Accrued expenses	63,978	70,041
Billings in excess of contract revenues	6,451	4,639
Current portion of long term debt	8,369	5,859
Total current liabilities	188,759	200,510
7 3/8% SENIOR NOTES	274,902	274,880
REVOLVING CREDIT FACILITY	28,000	—
NOTES PAYABLE	52,108	49,497
DEFERRED INCOME TAXES	89,255	92,007
OTHER	20,864	20,377
Total liabilities	653,888	637,271
COMMITMENTS AND CONTINGENCIES (Note 9)		
EQUITY:		
Common stock—\$.0001 par value; 90,000 authorized, 60,447 and 60,170 shares	6	6

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issued and outstanding at September 30, 2015 and December 31, 2014, respectively.

Treasury stock, at cost	(1,107)	—
Additional paid-in capital	282,141	278,166
Accumulated deficit	(26,829)	(21,475)
Accumulated other comprehensive loss	(2,128)	(734)
Total equity	252,083	255,963
TOTAL	\$ 905,971	\$ 893,234

See notes to unaudited condensed consolidated financial statements.

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Great Lakes Dredge & Dock Corporation and Subsidiaries

Condensed Consolidated Statements of Operations

(Unaudited)

(in thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Contract revenues	\$220,802	\$202,198	\$634,236	\$561,289
Costs of contract revenues	196,717	177,739	567,182	489,720
Gross profit	24,085	24,459	67,054	71,569
General and administrative expenses	15,277	16,062	48,768	49,850
Impairment of goodwill	—	—	2,750	—
(Gain) loss on sale of assets—net	(884)	390	(887)	558
Operating income	9,692	8,007	16,423	21,161
Interest expense—net	(7,293)	(4,702)	(18,490)	(14,730)
Equity in loss of joint ventures	(2,051)	(5,785)	(5,765)	(9,063)
Gain on bargain purchase acquisition	—	—	—	2,197
Other income (expense)	706	384	(353)	410
Income (loss) from continuing operations before income taxes	1,054	(2,096)	(8,185)	(25)
Income tax (provision) benefit	(742)	1,069	2,831	425
Income (loss) from continuing operations	312	(1,027)	(5,354)	400
Loss from discontinued operations, net of income taxes	—	(1,059)	—	(9,118)
Net income (loss)	\$312	\$(2,086)	\$(5,354)	\$(8,718)
Basic earnings (loss) per share attributable to continuing				
operations	—	(0.01)	(0.09)	0.01
Basic loss per share attributable to discontinued operations, net of tax	—	(0.02)	—	(0.15)
Basic loss per share	\$—	\$(0.03)	\$(0.09)	\$(0.14)
Basic weighted average shares	60,496	60,040	60,411	59,870
Diluted earnings (loss) per share attributable to continuing operations				
Diluted loss per share attributable to discontinued operations, net	—	(0.01)	(0.09)	0.01
of tax	—	(0.02)	—	(0.15)
Diluted loss per share	\$—	\$(0.03)	\$(0.09)	\$(0.14)
Diluted weighted average shares	60,841	60,040	60,411	60,491

See notes to unaudited condensed consolidated financial statements.

Great Lakes Dredge & Dock Corporation and Subsidiaries

Condensed Consolidated Statements of Comprehensive Loss

(Unaudited)

(in thousands)

	Three Months		Nine Months Ended	
	Ended		September 30,	
	September 30,	September 30,	September 30,	September 30,
	2015	2014	2015	2014
Net income (loss)	\$312	\$(2,086)	\$(5,354)	\$(8,718)
Currency translation adjustment—net of tax (1)	(639)	(416)	(1,394)	(389)
Net unrealized gain on derivatives—net of tax (2)	—	(169)	—	(199)
Other comprehensive loss—net of tax	(639)	(585)	(1,394)	(588)
Comprehensive loss	\$(327)	\$(2,671)	\$(6,748)	\$(9,306)

(1) Net of income tax benefit of \$422 and \$276 for the three months ended September 30, 2015 and 2014, respectively and \$922 and \$259 for nine months ended September 30, 2015 and 2014, respectively.

(2) Net of income tax expense of \$111 and \$132 for the three and nine months ended September 30, 2014, respectively.

See notes to unaudited condensed consolidated financial statements.

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Great Lakes Dredge & Dock Corporation and Subsidiaries

Condensed Consolidated Statements of Equity

(Unaudited)

(in thousands)

	Great Lakes Dredge & Dock Corporation shareholders							
	Shares of Common Stock	Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
BALANCE—January 1, 2015	60,170	\$ 6	\$—	\$278,166	\$(21,475)	\$(734)	\$ —	\$255,963
Share-based compensation	124	—	—	2,897	—	—	—	2,897
Vesting of restricted stock units, including impact of shares withheld								
for taxes	98	—	—	(265)	—	—	—	(265)
Exercise of options and purchases from employee stock plans	268	—	—	1,356	—	—	—	1,356
Excess income tax benefit from share-based compensation	—	—	—	(13)	—	—	—	(13)
Purchase of treasury stock	(213)	—	(1,107)	—	—	—	—	(1,107)
Net loss	—	—	—	—	(5,354)	—	—	(5,354)
Other comprehensive loss—net of tax	—	—	—	—	—	(1,394)	—	(1,394)