

Acadia Healthcare Company, Inc.

Form 10-Q

November 06, 2018

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 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 September 30, 2018

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: 001-35331

ACADIA HEALTHCARE COMPANY, INC.

(Exact name of registrant as specified in its charter)

Delaware 45-2492228
(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification No.)

6100 Tower Circle, Suite 1000

Franklin, Tennessee 37067

(Address, including zip code, of registrant's principal executive offices)

(615) 861-6000

(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 every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
Emerging growth company	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At November 6, 2018, there were 88,256,115 shares of the registrant's common stock outstanding.

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ACADIA HEALTHCARE COMPANY, INC.

QUARTERLY REPORT ON FORM 10-Q

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Acadia Healthcare Company, Inc.

Condensed Consolidated Balance Sheets

(Unaudited)

	September 30,	December 31,
	2018	2017
	(In thousands, except share and per	
	share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$48,928	\$ 67,290
Accounts receivable, net	345,659	296,925
Other current assets	96,146	107,335
Total current assets	490,733	471,550
Property and equipment, net	3,126,642	3,048,130
Goodwill	2,729,941	2,751,174
Intangible assets, net	91,259	87,348
Deferred tax assets	3,630	3,731
Derivative instrument assets	33,084	12,997
Other assets	54,295	49,572
Total assets	\$6,529,584	\$ 6,424,502
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	\$33,264	\$ 34,830
Accounts payable	133,914	102,299
Accrued salaries and benefits	109,151	99,047
Other accrued liabilities	114,414	141,213
Total current liabilities	390,743	377,389
Long-term debt	3,181,962	3,205,058
Deferred tax liabilities	82,269	80,333
Other liabilities	165,663	166,434
Total liabilities	3,820,637	3,829,214
Redeemable noncontrolling interests	28,698	22,417
Equity:		
Preferred stock, \$0.01 par value; 10,000,000 shares authorized, no shares issued	—	—
Common stock, \$0.01 par value; 180,000,000 shares authorized; 87,363,357	874	871

and 87,060,114 issued and outstanding at September 30, 2018 and December 31, 2017, respectively

Additional paid-in capital	2,535,377	2,517,545
Accumulated other comprehensive loss	(440,462)	(374,118)
Retained earnings	584,460	428,573
Total equity	2,680,249	2,572,871
Total liabilities and equity	\$6,529,584	\$ 6,424,502

See accompanying notes.

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Acadia Healthcare Company, Inc.

Condensed Consolidated Statements of Income

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2018	2017	2018	2017
	(In thousands, except per share amounts)			
Revenue before provision for doubtful accounts	\$760,916	\$728,712	\$2,268,895	\$2,143,696
Provision for doubtful accounts	—	(11,998)	—	(31,892)
Revenue	760,916	716,714	2,268,895	2,111,804
Salaries, wages and benefits (including equity-based compensation expense of \$5,225, \$4,175, \$19,273 and \$19,007, respectively)	417,917	385,562	1,246,186	1,145,578
Professional fees	59,509	53,042	166,988	142,772
Supplies	29,461	28,652	88,958	85,000
Rents and leases	19,866	19,049	60,390	57,455
Other operating expenses	90,464	82,328	265,977	249,161
Depreciation and amortization	39,659	36,442	119,360	105,256
Interest expense, net	46,651	44,515	137,706	130,777
Debt extinguishment costs	—	—	940	810
Transaction-related expenses	2,353	5,665	10,008	18,836
Total expenses	705,880	655,255	2,096,513	1,935,645
Income before income taxes	55,036	61,459	172,382	176,159
Provision for income taxes	8,757	15,970	16,339	46,259
Net income	46,279	45,489	156,043	129,900
Net (income) loss attributable to noncontrolling interests	(47)	129	(156)	306
Net income attributable to Acadia Healthcare Company, Inc.	\$46,232	\$45,618	\$155,887	\$130,206
Earnings per share attributable to Acadia Healthcare Company, Inc. stockholders:				
Basic	\$0.53	\$0.52	\$1.79	\$1.50
Diluted	\$0.53	\$0.52	\$1.78	\$1.50
Weighted-average shares outstanding:				
Basic	87,344	87,017	87,233	86,912
Diluted	87,537	87,172	87,386	87,038

See accompanying notes.

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Acadia Healthcare Company, Inc.

Condensed Consolidated Statements of Comprehensive Income

(Unaudited)

	Three Months Ended Nine Months Ended			
	September 30,		September 30,	
	2018	2017	2018	2017
	(In thousands)			
Net income	\$46,279	\$45,489	\$156,043	\$129,900
Other comprehensive (loss) income:				
Foreign currency translation (loss) gain	(31,959)	69,622	(82,778)	188,744
Gain (loss) on derivative instruments, net of tax of \$2.4 million, \$(6.7) million, \$5.6 million and \$(18.8) million, respectively	7,380	(9,402)	16,434	