

MYR GROUP INC.
Form 10-Q
May 07, 2014
Table of Contents

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 March 31, 2014

OR

o 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: 1-08325

MYR GROUP INC.

Edgar Filing: MYR GROUP INC. - Form 10-Q

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-3158643
(I.R.S. Employer Identification No.)

1701 Golf Road, Suite 3-1012
Rolling Meadows, IL
(Address of principal executive offices)

60008-4210
(Zip Code)

(847) 290-1891

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

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

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 April 25, 2014, there were 21,308,836 outstanding shares of the registrant's \$0.01 par value common stock.

WEBSITE ACCESS TO COMPANY'S REPORTS

Edgar Filing: MYR GROUP INC. - Form 10-Q

MYR Group Inc. s internet website address is www.myrgroup.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to section 13(a) or 15(d) of the Exchange Act will be available free of charge through our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission (SEC).

Table of Contents

INDEX

| | Page |
|---|-------------|
| Part I Financial Information | |
| Item 1. | |
| Financial Statements | |
| <u>Consolidated Balance Sheets As of March 31, 2014 (unaudited) and December 31, 2013</u> | 1 |
| <u>Unaudited Consolidated Statements of Operations For the Three Months Ended March 31, 2014 and 2013</u> | 2 |
| <u>Unaudited Consolidated Statements of Cash Flows For the Three Months Ended March 31, 2014 and 2013</u> | 3 |
| <u>Notes to Consolidated Financial Statements</u> | 4 |
| Item 2. | |
| <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | 11 |
| Item 3. | |
| <u>Quantitative and Qualitative Disclosures About Market Risk</u> | 19 |
| Item 4. | |
| <u>Controls and Procedures</u> | 20 |
| Part II Other Information | |
| Item 1. | |
| <u>Legal Proceedings</u> | 20 |
| Item 1A. | |
| <u>Risk Factors</u> | 20 |
| Item 2. | |
| <u>Unregistered Sales of Equity Securities and Use of Proceeds</u> | 20 |
| Item 3. | |
| <u>Defaults Upon Senior Securities</u> | 20 |
| Item 4. | |
| <u>Mine Safety Disclosures</u> | 20 |
| Item 5. | |
| <u>Other Information</u> | 20 |
| Item 6. | |
| <u>Exhibits</u> | 20 |

Throughout this report, references to MYR Group, the Company, we, us and our refer to MYR Group Inc. and its consolidated subsidiaries, except as otherwise indicated or as the context otherwise requires.

Table of Contents**MYR GROUP INC.****CONSOLIDATED BALANCE SHEETS**

| (In thousands, except share and per share data) | March 31, 2014 (unaudited) | December 31, 2013 |
|---|---|------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 54,375 | \$ 76,454 |
| Accounts receivable, net of allowances of \$1,144 and \$1,132, respectively | 173,344 | 173,468 |
| Costs and estimated earnings in excess of billings on uncompleted contracts | 47,637 | 40,519 |
| Deferred income tax assets | 14,550 | 14,550 |
| Receivable for insurance claims in excess of deductibles | 12,084 | 11,389 |
| Refundable income taxes | | 1,286 |
| Other current assets | 6,495 | 6,283 |
| Total current assets | 308,485 | 323,949 |
| Property and equipment, net of accumulated depreciation of \$123,537 and \$115,679, respectively | 149,877 | 142,931 |
| Goodwill | 46,599 | 46,599 |
| Intangible assets, net of accumulated amortization of \$2,977 and \$2,893, respectively | 10,115 | 10,199 |
| Other assets | 1,707 | 1,744 |
| Total assets | \$ 516,783 | \$ 525,422 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 67,896 | \$ 79,605 |
| Billings in excess of costs and estimated earnings on uncompleted contracts | 48,752 | 52,952 |
| Accrued self insurance | 39,734 | 39,111 |
| Accrued income taxes | 1,817 | |
| Other current liabilities | 31,146 | 32,711 |
| Total current liabilities | 189,345 | 204,379 |
| Deferred income tax liabilities | 23,719 | 23,719 |
| Other liabilities | 1,242 | 1,233 |
| Total liabilities | 214,306 | 229,331 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Preferred stock \$0.01 par value per share; 4,000,000 authorized shares; none issued and outstanding at March 31, 2014 and December 31, 2013 | | |
| Common stock \$0.01 par value per share; 100,000,000 authorized shares; 21,298,836 and 21,223,076 shares issued and outstanding at March 31, 2014 and December 31, 2013, respectively | 211 | 210 |
| Additional paid-in capital | 161,315 | 161,202 |
| Retained earnings | 140,951 | 134,679 |
| Total stockholders' equity | 302,477 | 296,091 |
| Total liabilities and stockholders' equity | \$ 516,783 | \$ 525,422 |

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

MYR GROUP INC.

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

| (In thousands, except per share data) | Three months ended | | | |
|---|--------------------|---------|-----------|---------|
| | | 2014 | March 31, | 2013 |
| Contract revenues | \$ | 215,638 | \$ | 201,342 |
| Contract costs | | 188,558 | | 174,039 |
| Gross profit | | 27,080 | | 27,303 |
| Selling, general and administrative expenses | | 16,875 | | 16,007 |
| Amortization of intangible assets | | 84 | | 84 |
| Gain on sale of property and equipment | | (11) | | (178) |
| Income from operations | | 10,132 | | 11,390 |
| Other income (expense) | | | | |
| Interest income | | 3 | | 3 |
| Interest expense | | (178) | | (183) |
| Other, net | | 54 | | 5 |
| Income before provision for income taxes | | 10,011 | | 11,215 |
| Income tax expense | | 3,739 | | 4,255 |
| Net income | \$ | 6,272 | \$ | 6,960 |
| Income per common share: | | | | |
| Basic | \$ | 0.30 | \$ | 0.33 |
| Diluted | \$ | 0.29 | \$ | 0.32 |
| Weighted average number of common shares and potential common shares outstanding: | | | | |
| Basic | | 21,036 | | 20,661 |
| Diluted | | 21,513 | | 21,311 |