

Great Lakes Dredge & Dock CORP
Form 10-Q
November 05, 2013
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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, 2013

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	20-5336063 (I.R.S. Employer
incorporation or organization)	Identification No.)
2122 York Road, Oak Brook, IL (Address of principal executive offices)	60523 (Zip Code)
(630) 574-3000 (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 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 November 1, 2013, 59,625,043 shares of the Registrant's Common Stock, par value \$.0001 per share, were outstanding.

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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, 2013

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Table of Contents**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, 2013	December 31, 2012
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 41,322	\$ 24,440
Accounts receivable net	143,437	149,142
Contract revenues in excess of billings	83,759	69,574
Inventories	32,321	28,726
Prepaid expenses and other current assets	56,867	41,808
Total current assets	357,706	313,690
PROPERTY AND EQUIPMENT Net	358,350	346,540
GOODWILL AND OTHER INTANGIBLE ASSETS Net	81,684	104,031
INVENTORIES Noncurrent	37,812	37,392
INVESTMENTS IN JOINT VENTURES	7,518	7,047
OTHER	13,353	17,695
TOTAL	\$ 856,423	\$ 826,395
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 128,330	\$ 123,082
Accrued expenses	44,146	38,490
Billings in excess of contract revenues	4,341	11,280
Current portion of long term debt	2,509	13,098
Total current liabilities	179,326	185,950
7 3/8% SENIOR NOTES	250,000	250,000
REVOLVING CREDIT FACILITY	45,000	
DEFERRED INCOME TAXES	106,481	106,767
OTHER	23,097	10,253
Total liabilities	603,904	552,970

COMMITMENTS AND CONTINGENCIES (Note 10)

EQUITY:

Common stock \$.0001 par value; 90,000 authorized, 59,625 and 59,359 shares issued and outstanding at September 30, 2013 and December 31, 2012, respectively.

	6	6
Additional paid-in capital	274,279	271,418
Retained earnings (accumulated deficit)	(20,769)	2,591
Accumulated other comprehensive loss	(633)	(380)
Total Great Lakes Dredge & Dock Corporation equity	252,883	273,635
NONCONTROLLING INTERESTS	(364)	(210)
Total equity	252,519	273,425
TOTAL	\$ 856,423	\$ 826,395

See notes to unaudited condensed consolidated financial statements.

Table of Contents**Great Lakes Dredge & Dock Corporation and Subsidiaries****Condensed Consolidated Statements of Operations****(Unaudited)****(in thousands, except per share amounts)**

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Contract revenues	\$ 198,826	\$ 162,484	\$ 540,536	\$ 480,498
Costs of contract revenues	176,510	154,664	487,256	433,950
Gross profit	22,316	7,820	53,280	46,548
General and administrative expenses	19,219	11,667	56,717	36,390
Proceeds from loss of use claim			(13,272)	
Impairment of goodwill			21,474	
Gain on sale of assets net	(3,146)	(108)	(3,086)	(232)
Operating income (loss)	6,243	(3,739)	(8,553)	10,390
Interest expense net	(5,542)	(5,105)	(16,671)	(15,747)
Equity in earnings of joint ventures	1,427	177	452	153
Loss on foreign currency transactions net	(178)	(40)	(403)	(55)
Income (loss) before income taxes	1,950	(8,707)	(25,175)	(5,259)
Income tax (provision) benefit	(684)	3,351	1,664	2,036
Net income (loss)	1,266	(5,356)	(23,511)	(3,223)
Net loss attributable to noncontrolling interests	182	20	151	226
Net income (loss) attributable to Great Lakes Dredge & Dock Corporation	\$ 1,448	\$ (5,336)	\$ (23,360)	\$ (2,997)
Basic earnings (loss) per share attributable to Great Lakes Dredge & Dock Corporation	\$ 0.02	\$ (0.09)	\$ (0.39)	\$ (0.05)
Basic weighted average shares	59,526	59,253	59,444	59,154
Diluted earnings (loss) per share attributable to Great Lakes Dredge & Dock Corporation	\$ 0.02	\$ (0.09)	\$ (0.39)	\$ (0.05)
Diluted weighted average shares	60,082	59,253	59,444	59,154
Dividends declared per share	\$	\$ 0.02	\$	\$ 0.06

See notes to unaudited condensed consolidated financial statements.

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Great Lakes Dredge & Dock Corporation and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income (Loss)

(Unaudited)

(in thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Net income (loss)	\$ 1,266	\$ (5,356)	\$ (23,511)	\$ (3,223)
Currency translation adjustment net of tax (1)	(51)		(131)	(4)
Net unrealized (gain) loss on derivatives net of tax (2)	(88)	742	(122)	(546)
Other comprehensive income (loss) net of tax	(139)	742	(253)	(550)
Comprehensive income (loss)	1,127	(4,614)	(23,764)	(3,773)
Comprehensive loss attributable to noncontrolling interests	182	20	151	226
Comprehensive income (loss) attributable to Great Lakes Dredge & Dock Corporation	\$ 1,309	\$ (4,594)	\$ (23,613)	\$ (3,547)

(1) Net of income tax expense of \$34 and \$0 for the three months ended September 30, 2013 and 2012, respectively, and \$85 and \$3 for nine months ended September 30, 2013 and 2012, respectively.

(2) Net of income tax (expense) benefit of \$(58) and \$493 for the three months ended September 30, 2013 and 2012, respectively, and \$(81) and \$ (363) for the nine months ended September 30, 2013 and 2012, 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	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
BALANCE January 1, 2013	59,359	\$ 6	\$ 271,418	\$ 2,591	\$ (380)	\$ (210)	\$ 273,425
Share-based compensation	75		2,452				2,452
Vesting of restricted stock units, including impact of shares withheld for taxes	69		(305)				(305)
Exercise of options and purchases from employee stock plans	122		581				581
Excess income tax benefit from share-based compensation			133				133
Distributions paid to noncontrolling interests						(3)	(3)
Net loss				(23,360)		(151)	(23,511)
Other comprehensive loss net of tax					(253)		(253)
BALANCE September 30, 2013	59,625	\$ 6	\$ 274,279	\$ (20,769)	\$ (633)	\$ (364)	\$ 252,519

Great Lakes Dredge & Dock Corporation
shareholders

	Shares of Common Stock	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
BALANCE January 1, 2012	58,999	\$ 6	\$ 267,918	\$ 24,042	\$ 3	\$ 568	\$ 292,537
Share-based compensation	145		2,389				2,389
Vesting of restricted stock units, including impact of shares withheld for taxes	82		(212)				(212)
Exercise of stock options	48		200				200

Excess income tax benefit from share-based compensation	139	139
Dividends declared and paid	(3,726)	