VCA INC
Form 10-Q
May 06, 2016

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, 2016

.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission File Number: 001-16783

VCA Inc.
(Exact name of registrant as specified in its charter)

Delaware	95-4097995
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

12401 West Olympic Boulevard
Los Angeles, California 90064-1022
(Address of principal executive offices)
(310) 571-6500
(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 [X] 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 [X] 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.:

Large accelerated filer [X]	Accelerated filer [ ]
Non-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 [X].

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: common stock, $0.001 par value, 80,823,218 shares as of May 3, 2016.

VCA Inc. and Subsidiaries
Form 10-Q
March 31, 2016
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

VCA Inc. and Subsidiaries
Condensed, Consolidated Balance Sheets
(Unaudited)
(In thousands, except par value)

	March 31, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$74,480	$98,888
Trade accounts receivable, less allowance for uncollectible accounts of $21,236 and $21,775 at March 31, 2016 and December 31, 2015, respectively	79,540	76,634
Inventory	54,961	51,523
Prepaid expenses and other	33,090	30,521
Prepaid income taxes	7,798	24,598
Total current assets	249,869	282,164
Property and equipment, net	540,017	507,753
Goodwill	1,656,389	1,517,650
Other intangible assets, net	114,469	97,377
Notes receivable	5,472	2,194
Other	97,459	93,994
Total assets	$2,663,675	$2,501,132
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt	$33,947	$33,623
Accounts payable	46,573	52,337
Accrued payroll and related liabilities	88,510	75,519
Other accrued liabilities	77,418	70,828
Total current liabilities	246,448	232,307
Long-term debt, net	918,622	832,718
Deferred income taxes	131,150	131,478
Other liabilities	39,167	36,084
Total liabilities	1,335,387	1,232,587
Commitments and contingencies		
Redeemable noncontrolling interests	11,787	11,511
Preferred stock, par value $0.001, 11,000 shares authorized, none outstanding	—	—
VCA Inc. stockholders' equity:		
Common stock, par value $0.001, 175,000 shares authorized, 80,801 and 80,764 shares outstanding as of March 31, 2016 and December 31, 2015, respectively	81	81
Additional paid-in capital	22,681	19,708
Retained earnings	1,321,434	1,275,207
Accumulated other comprehensive loss	(37,789)	(50,034)
Total VCA Inc. stockholders' equity	1,306,407	1,244,962
Noncontrolling interests	10,094	12,072
Total equity	1,316,501	1,257,034
Total liabilities and equity	$2,663,675	$2,501,132

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

VCA Inc. and Subsidiaries
Condensed, Consolidated Statements of Income
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended March 31,	
	2016	2015
Revenue	$563,439	$499,453
Direct costs	426,659	385,591
Gross profit	136,780	113,862
Selling, general and administrative expense	50,128	44,398
Net loss on sale or disposal of assets	563	335
Operating income	86,089	69,129
Interest expense, net	7,095	4,837
Other (income) expense	(264)	66
Income before provision for income taxes	79,258	64,226
Provision for income taxes	31,536	24,673
Net income	47,722	39,553
Net income attributable to noncontrolling interests	1,495	1,252
Net income attributable to VCA Inc.	$46,227	$38,301
Basic earnings per share	$0.57	$0.47