

Willbros Group, Inc.\NEW\
Form 10-Q
August 05, 2014
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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 June 30, 2014

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 1-34259

Willbros Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(Jurisdiction
of incorporation)

30-0513080
(I.R.S. Employer
Identification Number)

4400 Post Oak Parkway

Suite 1000

Houston, TX 77027

Telephone No.: 713-403-8000

(Address, including zip code, and telephone number, including area code, of principal executive offices of registrant)

NOT APPLICABLE

(Former name, former address and former fiscal year, if changed since last report)

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 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. (Check one):

Large Accelerated Filer Accelerated Filer

Non-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

The number of shares of the registrant's Common Stock, \$.05 par value, outstanding as of August 1, 2014 was 50,557,534.

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WILLBROS GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

(Unaudited)

PART I FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS**

	June 30, 2014	December 31, 2013
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 28,274	\$ 42,569
Accounts receivable, net	415,277	365,854
Contract cost and recognized income not yet billed	81,060	55,384
Prepaid expenses and other assets	34,050	25,008
Parts and supplies inventories	4,156	4,151
Deferred income taxes	10,203	10,323
Assets associated with discontinued operations	13,395	99,683
Total current assets	586,415	602,972
Property, plant and equipment, net	100,306	106,133
Intangible assets, net	121,339	127,485
Other assets	34,334	34,078
Total assets	\$ 842,394	\$ 870,668
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 263,006	\$ 251,202
Contract billings in excess of cost and recognized income	25,741	25,586
Current portion of capital lease obligations	862	890
Notes payable and current portion of long-term debt	6,210	6,505
Current portion of settlement obligation of discontinued operations	36,500	36,500
Accrued income taxes	3,646	10,022
Liabilities associated with discontinued operations	8,695	18,365
Other current liabilities	6,603	5,816
Total current liabilities	351,263	354,886
Long-term debt	250,094	268,425
Capital lease obligations	937	1,388
Long-term liabilities for unrecognized tax benefits	1,514	4,544

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Deferred income taxes	12,174	9,066
Other long-term liabilities	47,079	43,585
Total liabilities	663,061	681,894
Contingencies and commitments (Note 11)		
Stockholders' equity:		
Preferred stock, par value \$.01 per share, 1,000,000 shares authorized, none issued		
Common stock, par value \$.05 per share, 70,000,000 shares authorized and 51,510,139 shares issued at June 30, 2014 (50,930,303 at December 31, 2013)	2,568	2,543
Capital in excess of par value	694,774	691,123
Accumulated deficit	(512,177)	(501,918)
Treasury stock at cost, 1,316,484 shares at June 30, 2014 (1,147,974 at December 31, 2013)	(13,311)	(12,070)
Accumulated other comprehensive income	7,190	8,807
Total Willbros Group, Inc. stockholders' equity	179,044	188,485
Noncontrolling interest	289	289
Total stockholders' equity	179,333	188,774
Total liabilities and stockholders' equity	\$ 842,394	\$ 870,668

See accompanying notes to condensed consolidated financial statements.

Table of Contents**WILLBROS GROUP, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(In thousands, except share and per share amounts)****(Unaudited)**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2014	2013	2014	2013
Contract revenue	\$ 543,557	\$ 435,845	\$ 1,036,941	\$ 906,756
Operating expenses:				
Contract	482,559	385,422	922,093	818,218
Amortization of intangibles	3,119	3,128	6,238	6,237
General and administrative	39,373	41,004	77,704	77,472
	525,051	429,554	1,006,035	901,927
Operating income	18,506	6,291	30,906	4,829
Other expense:				
Interest expense, net	(7,477)	(7,419)	(15,195)	(15,109)
Loss on early extinguishment of debt	(948)		(948)	
Other, net	(151)	(308)	(111)	(77)
	(8,576)	(7,727)	(16,254)	(15,186)
Income (loss) from continuing operations before income taxes	9,930	(1,436)	14,652	(10,357)
Provision for income taxes	2,962	1,126	6,297	3,738
Income (loss) from continuing operations	6,968	(2,562)	8,355	(14,095)
Income (loss) from discontinued operations net of provision for income taxes	(10,620)	(4,339)	(18,614)	11,386
Net loss	\$ (3,652)	\$ (6,901)	\$ (10,259)	\$ (2,709)
Basic income (loss) per share attributable to Company shareholders:				
Income (loss) from continuing operations	\$ 0.14	\$ (0.05)	\$ 0.17	\$ (0.29)
Income (loss) from discontinued operations	(0.22)	(0.09)	(0.38)	0.24
Net loss	\$ (0.08)	\$ (0.14)	\$ (0.21)	\$ (0.05)

Diluted income (loss) per share attributable to Company shareholders:

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Income (loss) from continuing operations	\$ 0.14	\$ (0.05)	\$ 0.17	\$ (0.29)
Income (loss) from discontinued operations	(0.21)	(0.09)	(0.37)	0.24
Net loss	\$ (0.07)	\$ (0.14)	\$ (0.20)	\$ (0.05)
Weighted average number of common shares outstanding:				
Basic	49,336,581	48,586,757	49,093,356	48,447,044
Diluted	49,779,102	48,586,757	49,726,066	48,447,044

See accompanying notes to condensed consolidated financial statements.

Table of Contents**WILLBROS GROUP, INC.****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS****(In thousands)****(Unaudited)**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2014	2013	2014	2013
Net loss	\$ (3,652)	\$ (6,901)	\$ (10,259)	\$ (2,709)
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments	2,076	(1,590)	13	(2,591)
Changes in derivative financial instruments	(845)	232	(1,630)	460
Total other comprehensive income (loss), net of tax	1,231	(1,358)	(1,617)	(2,131)
Total comprehensive loss	\$ (2,421)	\$ (8,259)	\$ (11,876)	\$ (4,840)

See accompanying notes to condensed consolidated financial statements.

Table of Contents**WILLBROS GROUP, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(In thousands)****(Unaudited)**

	Six Months Ended June 30,	
	2014	2013
Cash flows from operating activities:		
Net loss	\$ (10,259)	\$ (2,709)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
(Income) loss from discontinued operations	18,614	(11,386)
Depreciation and amortization	18,559	20,726
Loss on early extinguishment of debt	948	
Stock-based compensation	4,509	2,761
Amortization of debt issuance costs	491	3,354
Non-cash interest expense	724	1,532
Deferred income tax expense (benefit)	3,234	(25)
Gain on disposal of property and equipment	(2,721)	(1,032)
Provision for bad debts	412	1,364
Other non-cash		(111)
Changes in operating assets and liabilities:		
Accounts receivable, net	(49,941)	41,547
Contract cost and recognized income not yet billed	(25,768)	(749)
Prepaid expenses and other assets	(9,057)	9,434
Accounts payable and accrued liabilities	11,671	(33,871)
Accrued income taxes	(6,224)	(3,087)
Contract billings in excess of cost and recognized income	158	(15,639)
Other assets and liabilities, net	(3,434)	(6,597)
Cash provided by (used in) operating activities of continuing operations	(48,084)	5,512
Cash provided by operating activities of discontinued operations	10,622	4,084
Cash provided by (used in) operating activities	(37,462)	9,596
Cash flows from investing activities:		
Proceeds from sales of property, plant and equipment	3,827	441
Proceeds from sale of subsidiaries	46,152	38,900
Purchases of property, plant and equipment	(8,353)	(4,600)
Cash provided by investing activities of continuing operations	41,626	34,741
Cash provided by (used in) provided by investing activities of discontinued operations	289	(453)
Cash provided by investing activities	41,915	34,288

Cash flows from financing activities:

Proceeds from revolver and notes payable	30,000	32,129
Payments on capital leases	(479)	(815)
Payments of revolver and notes payable	(19,336)	(70,413)
Payments on term loan facility	(28,527)	
Payments to reacquire common stock	(1,241)	(536)
Payments to noncontrolling interest owners		