

TEAM INC  
Form 10-Q  
August 08, 2017  
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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, 2017

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 001-08604  
TEAM, INC.  
(Exact Name of Registrant as Specified in Its Charter)

Delaware 74-1765729  
(State or Other Jurisdiction of (I.R.S. Employer  
Incorporation or Organization) Identification No.)

13131 Dairy Ashford, Suite 600, Sugar Land, Texas 77478  
(Address of Principal Executive Offices) (Zip Code)

(281) 331-6154  
(Registrant's Telephone Number, Including Area Code)

None  
(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 (§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, smaller reporting company or an emerging growth company. See 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   
(Do not check if a 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

The Registrant had 29,839,211 shares of common stock, par value \$0.30, outstanding as of August 2, 2017.

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## PART I—FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## TEAM, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

	June 30, 2017 (unaudited)	December 31, 2016
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$29,154	\$46,216
Receivables, net of allowance of \$9,870 and \$7,835	281,642	262,773
Inventory	51,293	49,571
Income tax receivable	—	512
Deferred income taxes	—	16,521
Prepaid expenses and other current assets	23,140	25,764
Total current assets	385,229	401,357
Property, plant and equipment, net	204,265	203,130
Intangible assets, net of accumulated amortization of \$45,964 and \$37,309	168,069	176,104
Goodwill	358,576	355,786
Other assets, net	4,573	4,826
Deferred income taxes	5,865	6,215
Total assets	\$1,126,577	\$1,147,418
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$20,000	\$20,000
Accounts payable	46,709	47,817
Other accrued liabilities	82,676	79,904
Income taxes payable	87	—
Total current liabilities	149,472	147,721
Deferred income taxes	67,331	93,318
Long-term debt	361,865	346,911
Defined benefit pension liability	19,230	21,239
Other long-term liabilities	3,985	2,592
Total liabilities	601,883	611,781
Commitments and contingencies		
Equity:		
Preferred stock, 500,000 shares authorized, none issued	—	—
Common stock, par value \$0.30 per share, 60,000,000 shares authorized; 29,839,211 and 29,784,734 shares issued	8,950	8,934
Additional paid-in capital	341,152	336,756
Retained earnings	199,347	218,947
Accumulated other comprehensive loss	(24,755 )	(29,000 )
Total equity	524,694	535,637
Total liabilities and equity	\$1,126,577	\$1,147,418

See accompanying notes to unaudited condensed consolidated financial statements.



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## TEAM, INC. AND SUBSIDIARIES

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

	Three Months Ended		Six Months Ended		
	June 30,		June 30,		
	2017	2016	2017	2016	
Revenues	\$312,256	\$336,440	\$598,810	\$587,294	
Operating expenses	227,613	237,747	439,363	422,619	
Gross margin	84,643	98,693	159,447	164,675	
Selling, general and administrative expenses	91,065	82,501	180,378	155,863	
Exit costs and other related charges (credits) (see Note 16)	271	—	(976	) —	
(Gain) loss on revaluation of contingent consideration	—	2,184	(1,174	) 2,184	
Operating income (loss)	(6,693	) 14,008	(18,781	) 6,628	
Interest expense, net	4,372	3,408	7,530	6,343	
Foreign currency (gain) loss and other	17	(166	) 358	(138	)
Income (loss) from continuing operations before income taxes	(11,082	) 10,766	(26,669	) 423	
Less: Provision (benefit) for income taxes					