

Great Lakes Dredge & Dock CORP
Form 10-Q
May 11, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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**QUARTERLY REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2009

OR

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**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
incorporation or organization)

2122 York Road, Oak Brook, IL

20-5336063
(I.R.S. Employer
Identification No.)

60523

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(Address of principal executive offices)

(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 ☐

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 ☒

As of May 8, 2009, 58,496,697 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 March 31, 2009

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	March 31, 2009	December 31, 2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 6,287	\$ 10,478
Accounts receivable net	159,238	120,620
Contract revenues in excess of billings	44,780	30,916
Inventories	27,457	28,666
Prepaid expenses	4,654	4,684
Other current assets	17,898	20,994
Total current assets	260,314	216,358
PROPERTY AND EQUIPMENT Net	293,866	296,885
GOODWILL	98,049	97,799
OTHER INTANGIBLE ASSETS Net	1,616	931
INVENTORIES Noncurrent	38,865	38,024
INVESTMENTS IN JOINT VENTURES	8,143	8,949
OTHER	6,789	7,209
TOTAL	\$ 707,642	\$ 666,155
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 78,631	\$ 76,862
Accrued expenses	37,966	30,442
Billings in excess of contract revenues	22,588	19,782
Current portion of equipment debt	1,461	1,553
Total current liabilities	140,646	128,639
REVOLVING CREDIT FACILITY	60,677	41,500
7 3/4% SENIOR SUBORDINATED NOTES	175,000	175,000
DEFERRED INCOME TAXES	83,351	81,004
OTHER	11,619	11,899
Total liabilities	471,293	438,042
COMMITMENTS AND CONTINGENCIES		

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STOCKHOLDERS EQUITY

Common stock \$.0001 par value; 90,000,000 authorized, 58,496,697 and 58,484,242 shares issued and outstanding at March 31, 2009 and December 31, 2008, respectively.

	6	6
Additional paid-in capital	262,625	262,501
Accumulated deficit	(25,492)	(31,812)
Accumulated other comprehensive loss	(1,421)	(3,415)

Total Great Lakes Dredge & Dock Corporation Stockholders Equity	235,718	227,280
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NONCONTROLLING INTERESTS	631	833
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Total equity	236,349	228,113
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TOTAL	\$ 707,642	\$ 666,155
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See notes to unaudited condensed consolidated financial statements.

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Great Lakes Dredge & Dock Corporation and Subsidiaries

Condensed Consolidated Statements of Operations

(Unaudited)

(in thousands, except per share data)

	Three Months Ended March 31,	
	2009	2008
Contract revenues	\$ 179,203	\$ 135,721
Costs of contract revenues	152,166	123,749
Gross profit	27,037	11,972
General and administrative expenses	10,399	10,154
Amortization of intangible assets	193	66
Operating income	16,445	1,752
Interest expense, net	(4,268)	(3,621)
Equity in (loss) earnings of joint ventures	(556)	134
Income (loss) before income taxes	11,621	(1,735)
Income tax (provision) benefit	(5,171)	733
Net income (loss)	6,450	(1,002)
Net (income) loss attributable to noncontrolling interests	864	(178)
Net income (loss) attributable to Great Lakes Dredge & Dock Corporation	\$ 7,314	\$ (1,180)
Basic and diluted earnings (loss) per share attributable to Great Lakes Dredge & Dock Corporation	\$ 0.13	\$ (0.02)
Basic and diluted weighted average shares	58,488	58,460

See notes to unaudited condensed consolidated financial statements.

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Great Lakes Dredge & Dock Corporation and Subsidiaries

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(in thousands, except per share amounts)

	Three Months Ended March 31,	
	2009	2008
OPERATING ACTIVITIES:		
Net income (loss)	\$ 6,450	\$ (1,002)
Adjustments to reconcile net income (loss) to net cash flows (used in) provided by operating activities:		
from operating activities:		
Depreciation and amortization	11,646	7,657
Equity in (loss) earnings of joint ventures	556	(134)
Distribution from equity joint ventures	250	250
Deferred income taxes	2,128	1,382
Gain on dispositions of property and equipment	(419)	(121)
Amortization of deferred financing fees	472	488
Share-based compensation expense	124	
Changes in assets and liabilities:		
Accounts receivable	(38,618)	23,119
Contract revenues in excess of billings	(13,851)	(8,111)
Inventories	368	(1,260)
Prepaid expenses and other current assets	2,060	(11,116)
Accounts payable and accrued expenses	9,814	(5,997)
Billings in excess of contract revenues	2,806	4,349
Other noncurrent assets and liabilities	33	84
Net cash flows (used in) provided by operating activities	(16,181)	9,588
INVESTING ACTIVITIES:		
Purchases of property and equipment	(5,093)	(12,938)
Dispositions of property and equipment	599	170
Acquisition of controlling interest in Yankee	(1,229)	
Net cash flows used in investing activities	(5,723)	(12,768)
FINANCING ACTIVITIES:		
Repayments of long-term debt	(434)	(485)
Borrowings under revolving loans net	19,177	8,000
Dividends paid	(994)	(994)
Repayment of capital lease debt	(36)	(48)
Net cash flows provided by financing activities	17,713	6,473
Net change in cash and equivalents	(4,191)	3,293
Cash and equivalents at beginning of period	10,478	8,239
Cash and equivalents at end of period	\$ 6,287	\$ 11,532
Supplemental Cash Flow Information		
Cash paid for interest	\$ 604	\$ 501
Cash paid for income taxes	\$ 1,147	\$ 4,303

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Non-cash Investing Activity

Property and equipment purchased but not yet paid	\$	2,759	\$	4,291
Property and equipment purchased on equipment notes	\$		\$	1,522

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, except per share amounts)

		Shares of Common Stock	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
BALANCE	January 1, 2009	58,484,242	\$ 6	\$ 262,501	\$ (31,812)	\$ (3,415)	\$ 833	\$ 228,113
Acquisition of Yankee Environmental Services							662	662
Dividends declared and paid					(994)			(994)
Share-based compensation expense		12,455		124				124
Comprehensive income (loss):								
Net income					7,314		(864)	6,450
Reclassification of derivative loss to earnings (net of tax of \$1,509)						2,273		2,273
Change in fair value of derivatives (net of tax of \$185)						(279)		(279)
Total comprehensive income (loss)					7,314	1,994	(864)	8,444
BALANCE	March 31, 2009	58,496,697	\$ 6	\$ 262,625	\$ (25,492)	\$ (1,421)	\$ 631	\$ 236,349
		Shares of Common Stock	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total
BALANCE	January 1, 2008	58,459,824	\$ 6	\$ 260,669	\$ (32,810)	\$ 470	\$ 2,061	\$ 230,396
Dividends declared and paid					(994)			(994)
Comprehensive income (loss):								
Net loss					(1,180)		178	(1,002)
Reclassification of derivative gain to earnings (net of tax of \$406)						(626)		(626)
Change in fair value of derivatives (net of tax of \$535)						824		824
Total comprehensive income (loss)					(1,180)	198	178	(804)