

US CONCRETE INC
Form 10-Q
November 09, 2009

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2009

Commission File Number 000-26025

U.S. CONCRETE, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

IRS Employer Identification No. 76-0586680

2925 Briarpark, Suite 1050
Houston, Texas 77042
(Address of principal executive offices, including zip code)
(713) 499-6200
(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 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 (as defined in Rule 12b-2 of the Exchange Act).
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 ☒

Edgar Filing: US CONCRETE INC - Form 10-Q

As of the close of business on November 6, 2009, U.S. Concrete, Inc. had 37,328,861 shares of its common stock, \$0.001 par value, outstanding (excluding 551,997 of treasury shares).

U.S. CONCRETE, INC.

INDEX

| | Page No. |
|---|-------------|
| Part I – Financial Information | |
| Item 1. Financial Statements | |
| Condensed Consolidated Balance Sheets | 3 |
| Condensed Consolidated Statements of Operations | 4 |
| Condensed Consolidated Statement of Changes in Equity | 5 |
| Condensed Consolidated Statements of Cash Flows | 6 |
| Notes to Condensed Consolidated Financial Statements | 7 |
| Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations | 25 |
| Item 3. Quantitative and Qualitative Disclosures About Market Risk | 38 |
| Item 4. Controls and Procedures | 38 |
| Part II – Other Information | |
| Item 1. Legal Proceedings | 38 |
| Item 6. Exhibits | 39 |
| SIGNATURE | 40 |
| INDEX TO EXHIBITS | 41 |

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

U.S. CONCRETE, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (Unaudited)
 (in thousands)

| | September 30, 2009 | December 31, 2008 |
|--|-----------------------|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 10,528 | \$ 5,323 |
| Trade accounts receivable, net | 93,268 | 100,269 |
| Inventories | 30,176 | 32,768 |
| Deferred income taxes | 12,535 | 11,576 |
| Prepaid expenses | 4,213 | 3,519 |
| Other current assets | 6,563 | 13,801 |
| Total current assets | 157,283 | 167,256 |
| Property, plant and equipment, net | 246,908 | 272,769 |
| Goodwill | 14,063 | 59,197 |
| Other assets | 6,954 | 8,588 |
| Total assets | \$ 425,208 | \$ 507,810 |
| LIABILITIES AND EQUITY | | |
| Current liabilities: | | |
| Current maturities of long-term debt | \$ 10,387 | \$ 3,371 |
| Accounts payable | 44,252 | 45,920 |
| Accrued liabilities | 56,306 | 54,481 |
| Total current liabilities | 110,945 | 103,772 |
| Long-term debt, net of current maturities | 288,207 | 302,617 |
| Other long-term obligations and deferred credits | 7,249 | 8,522 |
| Deferred income taxes | 12,042 | 12,536 |
| Total liabilities | 418,443 | 427,447 |
| Commitments and contingencies (Note 12) | | |
| Equity: | | |
| Preferred stock | — | — |
| Common stock | 38 | 37 |
| Additional paid-in capital | 267,532 | 265,453 |
| Retained deficit | (264,072) | (192,564) |
| Treasury stock, at cost | (3,277) | (3,130) |
| Total stockholders' equity | 221 | 69,796 |
| Non-controlling interest (Note 1) | 6,544 | 10,567 |
| Total equity | 6,765 | 80,363 |
| Total liabilities and equity | \$ 425,208 | \$ 507,810 |

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

U.S. CONCRETE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(in thousands, except per share amounts)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|------------|------------------------------------|------------|
| | 2009 | 2008 | 2009 | 2008 |
| Revenue | \$ 153,608 | \$ 212,819 | \$ 414,634 | \$ 580,973 |
| Cost of goods sold before depreciation, depletion and amortization | 128,572 | 176,324 | 352,683 | 488,025 |
| Selling, general and administrative expenses | 16,206 | 19,643 | 50,727 | 55,494 |
| Goodwill and other asset impairments | 54,560 | — | 54,560 | — |
| Depreciation, depletion and amortization | 7,645 | 7,850 | 22,551 | 21,763 |
| (Gain) loss on sale of assets | 2,865 | (321) | 2,029 | (399) |
| Income (loss) from operations | (56,240) | 9,323 | (67,916) | 16,090 |
| Interest expense, net | 6,578 | 6,747 | 19,908 | 20,121 |
| Gain on purchases of senior subordinated notes | — | — | 7,406 | — |
| Other income, net | 326 | 578 | 1,016 | 1,628 |
| Income (loss) from continuing operations before income taxes | (62,492) | 3,154 | (79,402) | (2,403) |
| Income tax expense (benefit) | (1,194) | 1,248 | (2,262) | 346 |
| Income (loss) from continuing operations | (61,298) | 1,906 | (77,140) | (2,749) |
| Loss from discontinued operations (net of tax benefit of \$0 and \$81 in 2008) | — | — | — | (149) |
| Net income (loss) | (61,298) | 1,906 | (77,140) | (2,898) |
| Net loss (income) attributable to non-controlling interest | 3,238 | (184) | 5,632 | 2,645 |
| Net income (loss) attributable to stockholders | \$ (58,060) | \$ 1,722 | \$ (71,508) | \$ (253) |
| Earnings (loss) per share attributable to stockholders – basic | | | | |
| Income (loss) from continuing operations | \$ (1.60) | \$ 0.04 | \$ (1.98) | \$ — |
| Loss from discontinued operations, net of income tax benefit | — | — | — | — |
| Net income (loss) | \$ (1.60) | \$ 0.04 | \$ (1.98) | \$ — |
| Earnings (loss) per share attributable to stockholders – diluted | | | | |
| Income (loss) from continuing operations | \$ (1.60) | \$ 0.04 | \$ (1.98) | \$ — |
| Loss from discontinued operations, net of income tax benefit | — | — | — | — |
| Net income (loss) | \$ (1.60) | \$ 0.04 | \$ (1.98) | \$ — |
| Weighted average shares outstanding: | | | | |
| Basic | 36,272 | 38,808 | 36,132 | 38,702 |
| Diluted | 36,272 | 39,389 | 36,132 | 38,702 |

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

U.S. CONCRETE, INC.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)
(in thousands)

| | Common Stock Shares | Par Value | Additional Paid-In Capital | Retained Deficit | Treasury Stock | Non- Controlling Interest | Total Equity |
|--|------------------------|--------------|----------------------------------|---------------------|-------------------|---------------------------------|-----------------|
| BALANCE, December 31, 2008 | 36,793 | \$ 37 | \$ 265,453 | \$ (192,564) | \$ (3,130) | \$ 10,567 | \$ 80,363 |
| Stock-based compensation | 497 | 1 | 1,791 | — | — | — | 1,792 |
| Employee purchase of ESPP shares | 171 | — | 288 | — | — | — | 288 |
| Purchase of treasury shares | (89) | — | — | — | (147) | — | (147) |
| Cancellation of shares | (39) | — | — | — | — | — | — |
| Capital contribution to Superior Materials Holdings, LLC | — | — | — | — | — | 1,609 | 1,609 |
| Net loss | — | — | — | (71,508) | — | (5,632) | (77,140) |
| BALANCE, September 30, 2009 | 37,333 | \$ 38 | \$ 267,532 | \$ (264,072) | \$ (3,277) | \$ 6,544 | \$ |