

Great Lakes Dredge & Dock CORP  
Form 10-Q  
August 04, 2016

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 June 30, 2016

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: 001-33225

Great Lakes Dredge & Dock Corporation

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	20-5336063 (I.R.S. Employer Identification No.)
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2122 York Road, Oak Brook, IL (Address of principal executive offices)	60523 (Zip Code)
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(630) 574-3000

(Registrant's telephone number, including area code)

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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  (Do not check if a smaller reporting company) 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 July 29, 2016, 60,747,587 shares of the Registrant's Common Stock, par value \$.0001 per share, were outstanding.

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 June 30, 2016

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## PART I — Financial Information

## Item 1. Financial Statements.

## GREAT LAKES DREDGE &amp; DOCK CORPORATION AND SUBSIDIARIES

## Condensed Consolidated Balance Sheets

(Unaudited)

(in thousands, except per share amounts)

	June 30, 2016	December 31, 2015
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$21,236	\$ 14,184
Accounts receivable—net	110,940	130,777
Contract revenues in excess of billings	74,915	81,195
Inventories	35,053	35,963
Prepaid expenses and other current assets	76,107	67,614
Total current assets	318,251	329,733
PROPERTY AND EQUIPMENT—Net	416,484	430,210
GOODWILL AND OTHER INTANGIBLE ASSETS—Net	85,544	86,004
INVENTORIES—Noncurrent	46,867	41,646
INVESTMENTS IN JOINT VENTURES	5,293	3,761
OTHER	7,470	6,770
<b>TOTAL</b>	<b>\$ 879,909</b>	<b>\$ 898,124</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$97,088	\$ 118,846
Accrued expenses	62,179	72,277
Billings in excess of contract revenues	4,971	7,061
Revolving credit facility	45,000	—
Current portion of long term debt	10,469	7,506
Total current liabilities	219,707	205,690
7 3/8% SENIOR NOTES	272,498	271,998
REVOLVING CREDIT FACILITY	—	20,000
NOTES PAYABLE	47,821	53,792
DEFERRED INCOME TAXES	70,979	74,006
OTHER	19,669	20,465
Total liabilities	630,674	645,951

COMMITMENTS AND CONTINGENCIES (Note 9)

**EQUITY:**

Common stock—\$.0001 par value; 90,000 authorized, 61,026 and 60,709 shares issued; 60,748 and 60,431 shares outstanding at June 30, 2016 and December 31, 2015, respectively.	6	6
Treasury stock, at cost	(1,433 )	(1,433 )
Additional paid-in capital	285,506	283,247
Accumulated deficit	(33,418 )	(27,664 )
Accumulated other comprehensive loss	(1,426 )	(1,983 )
Total equity	249,235	252,173
TOTAL	\$ 879,909	\$ 898,124

See notes to unaudited condensed consolidated financial statements.

## Great Lakes Dredge &amp; Dock Corporation and Subsidiaries

## Condensed Consolidated Statements of Operations

(Unaudited)

(in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,	2015	June 30,	2015
	2016		2016	2015
Contract revenues	\$192,192	\$238,877	\$355,311	\$413,434
Costs of contract revenues	167,936	206,590	311,065	370,465
Gross profit	24,256	32,287	44,246	42,969
General and administrative expenses	19,751	15,543	39,840	33,491
Impairment of goodwill	—	2,750	—	2,750
(Gain) loss on sale of assets—net	687	5	677	(3 )
Operating income	3,818	13,989	3,729	6,731
Interest expense—net	(5,903 )	(5,567 )	(11,624 )	(11,197 )
Equity in earnings (loss) of joint ventures	128	(2,616 )	13	(3,714 )
Other expense	(518 )	(618 )	(1,281 )	(1,059 )
Income (loss) before income taxes	(2,475 )	5,188	(9,163 )	(9,239 )
Income tax (provision) benefit	756	(2,464 )	3,409	3,573
Net income (loss)	\$(1,719 )	\$2,724	\$(5,754 )	\$(5,666 )
Basic earnings (loss) per share	\$(0.03 )	\$0.05	\$(0.10 )	\$(0.09 )
Basic weighted average shares	60,711	60,473	60,609	60,369
Diluted earnings (loss) per share	\$(0.03 )	\$0.05	\$(0.10 )	\$(0.09 )
Diluted weighted average shares	60,711	60,924	60,609	60,369

See notes to unaudited condensed consolidated financial statements.

Great Lakes Dredge & Dock Corporation and Subsidiaries

Condensed Consolidated Statements of Comprehensive Income (Loss)

(Unaudited)

(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net income (loss)	\$(1,719)	\$2,724	\$(5,754)	\$(5,666)
Currency translation adjustment—net of tax (1)	148	53	557	(755)
Comprehensive income (loss)	\$(1,571)	\$2,777	\$(5,197)	\$(6,421)

(1) Net of income tax (provision) benefit of \$(99) and \$(35) for the three months ended June 30, 2016 and 2015, respectively and \$(370) and \$500 for the six months ended June 30, 2016 and 2015, respectively. See notes to unaudited condensed consolidated financial statements.



Great Lakes Dredge & Dock Corporation and Subsidiaries

Condensed Consolidated Statements of Equity

(Unaudited)

(in thousands)

	Shares of Common Stock	Common Stock	Shares of Treasury Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
BALANCE—January 1, 2016	60,709	\$ 6	(278 )	\$(1,433 )	\$ 283,247	\$ (27,664 )	\$ (1,983 )	\$ 252,173
Share-based compensation	102	—	—	—	2,006	—	—	2,006
Vesting of restricted stock units, including impact of shares withheld for taxes	71	—	—	—	—	—	—	—