

Great Lakes Dredge & Dock CORP
Form 10-Q
November 06, 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 September 30, 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 November 5, 2009, 58,527,572 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 September 30, 2009

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Table of Contents**PART I Financial Information****GREAT LAKES DREDGE & DOCK CORPORATION AND SUBSIDIARIES****Condensed Consolidated Balance Sheets****(Unaudited)****(in thousands, except share and per share amounts)**

	September 30, 2009	December 31, 2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 11,939	\$ 10,478
Accounts receivable net	124,133	120,620
Contract revenues in excess of billings	37,576	30,916
Inventories	29,550	28,666
Prepaid expenses	2,850	4,684
Other current assets	17,108	20,994
Total current assets	223,156	216,358
PROPERTY AND EQUIPMENT Net	289,955	296,885
GOODWILL	98,049	97,799
OTHER INTANGIBLE ASSETS Net	1,230	931
INVENTORIES Noncurrent	31,453	38,024
INVESTMENTS IN JOINT VENTURES	7,926	8,949
OTHER	7,560	7,209
TOTAL	\$ 659,329	\$ 666,155
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 61,987	\$ 76,862
Accrued expenses	26,703	30,442
Billings in excess of contract revenues	23,517	19,782
Current portion of equipment debt	1,239	1,553
Total current liabilities	113,446	128,639
REVOLVING CREDIT FACILITY	30,000	41,500
7 3/4% SENIOR SUBORDINATED NOTES	175,000	175,000
DEFERRED INCOME TAXES	84,680	81,004
OTHER	11,222	11,899
Total liabilities	414,348	438,042
COMMITMENTS AND CONTINGENCIES		

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STOCKHOLDERS EQUITY:

Common stock \$.0001 par value; 90,000,000 authorized, 58,509,912 and 58,484,242 shares issued and outstanding at September 30, 2009 and December 31, 2008, respectively.

	6	6
Additional paid-in capital	263,279	262,501
Accumulated deficit	(18,361)	(31,812)
Accumulated other comprehensive loss	(7)	(3,415)
Total Great Lakes Dredge & Dock Corporation Stockholders Equity	244,917	227,280

NONCONTROLLING INTERESTS	64	833
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Total equity	244,981	228,113
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TOTAL	\$ 659,329	\$ 666,155
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See notes to unaudited condensed consolidated financial statements.

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Contract revenues	\$ 140,029	\$ 142,809	\$ 461,687	\$ 423,852
Costs of contract revenues	122,962	125,193	389,025	372,656
Gross profit	17,067	17,616	72,662	51,196
General and administrative expenses	11,755	10,971	33,745	32,373
Amortization of intangible assets	193	177	579	308
Operating income	5,119	6,468	38,338	18,515
Interest expense, net	(3,242)	(4,301)	(12,240)	(12,853)
Equity in earnings (loss) of joint ventures	163	61	(402)	250
Income before income taxes	2,040	2,228	25,696	5,912
Income tax provision	(885)	(827)	(10,687)	(2,530)
Net income	1,155	1,401	15,009	3,382
Net (income) loss attributable to noncontrolling interests	540		1,431	(231)
Net income attributable to Great Lakes Dredge & Dock Corporation	\$ 1,695	\$ 1,401	\$ 16,440	\$ 3,151
Basic earnings per share attributable to Great Lakes Dredge & Dock Corporation	\$ 0.03	\$ 0.02	\$ 0.28	\$ 0.05
Basic weighted average shares	58,506	58,473	58,498	58,466
Diluted earnings per share attributable to Great Lakes Dredge & Dock Corporation	\$ 0.03	\$ 0.02	\$ 0.28	\$ 0.05
Diluted weighted average shares	58,688	58,499	58,577	58,476

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)

	Nine Months Ended September 30,	
	2009	2008
OPERATING ACTIVITIES:		
Net income	\$ 15,009	\$ 3,382
Adjustments to reconcile net income to net cash flows provided by operating activities:		
from operating activities:		
Depreciation and amortization	24,588	21,256
Equity in (earnings) loss of joint ventures	402	(250)
Distribution from equity joint ventures	621	500
Deferred income taxes	3,597	4,180
Gain on dispositions of property and equipment	(453)	(525)
Amortization of deferred financing fees	1,275	1,464
Share-based compensation expense	778	302
Changes in assets and liabilities:		
Accounts receivable	(3,513)	16,746
Contract revenues in excess of billings	(6,647)	(12,682)
Inventories	5,687	(15,517)
Prepaid expenses and other current assets	1,967	(8,789)
Accounts payable and accrued expenses	(12,780)	(2,367)
Billings in excess of contract revenues	3,735	2,235
Other noncurrent assets and liabilities	(155)	1,059
Net cash flows provided by operating activities	34,111	10,994
INVESTING ACTIVITIES:		
Purchases of property and equipment	(16,375)	(32,906)
Dispositions of property and equipment	773	799
Acquisition of controlling interest in Yankee Environmental Services	(1,229)	
Acquisition of controlling interest in NASDI		(5)
Changes to restricted cash		787
Net cash flows used in investing activities	(16,831)	(31,325)
FINANCING ACTIVITIES:		
Repayments of long-term debt	(1,256)	(1,469)
Borrowings under revolving loans net	(11,500)	28,210
Dividends paid	(2,989)	(2,987)
Repayment of capital lease debt	(74)	(139)
Net cash flows (used in) provided by financing activities	(15,819)	23,615
Net change in cash and equivalents	1,461	3,284
Cash and equivalents at beginning of period	10,478	8,239
Cash and equivalents at end of period	\$ 11,939	\$ 11,523
Supplemental Cash Flow Information		
Cash paid for interest	\$ 8,176	\$ 8,328
Cash paid for income taxes	\$ 8,609	\$ 4,724

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Non-cash Investing Activity

Property and equipment purchased but not yet paid	\$	3,780	\$	3,793
Property and equipment purchased on equipment notes	\$	243	\$	1,636

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
Share-based compensation		25,670		778				778
Dividends declared and paid					(2,989)			(2,989)
Comprehensive income (loss):								
Net income (loss)					16,440		(1,431)	15,009
Reclassification of derivative gain to earnings						3,450		3,450
Change in fair value of derivatives						(42)		(42)
Total comprehensive income (loss)							(1,431)	18,417
BALANCE	September 30, 2009	58,509,912	\$ 6	\$ 263,279	\$ (18,361)	\$ (7)	\$ 64	\$ 244,981

		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
Acquisition of controlling interest in NASDI				1,676			(1,824)	(148)
Share-based compensation		19,005		302				302
Dividends declared and paid					(2,986)			(2,986)
Comprehensive income:								
Net income					3,151		231	3,382
Reclassification of derivative loss to earnings								