

VCA INC
Form 10-Q
August 07, 2015

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, 2015

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

Commission File Number: 001-16783

VCA Inc.
(Exact name of registrant as specified in its charter)

Delaware 95-4097995
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
12401 West Olympic Boulevard
Los Angeles, California 90064-1022
(Address of principal executive offices)
(310) 571-6500
(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. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting 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)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No .

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: common stock, \$0.001 par value, 81,153,273 shares as of August 3, 2015.

VCA Inc. and Subsidiaries
 Form 10-Q
 June 30, 2015
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

VCA Inc. and Subsidiaries
Condensed, Consolidated Balance Sheets
(Unaudited)
(In thousands, except par value)

	June 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 74,326	\$ 81,383
Trade accounts receivable, less allowance for uncollectible accounts of \$19,713 and \$19,846 at June 30, 2015 and December 31, 2014, respectively	81,593	60,482
Inventory	53,789	56,050
Prepaid expenses and other	27,874	36,924
Deferred income taxes	30,324	30,331
Prepaid income taxes	6,472	18,277
Total current assets	274,378	283,447
Property and equipment, net	477,929	468,041
Goodwill	1,452,370	1,415,861
Other intangible assets, net	98,908	88,175
Notes receivable	2,471	2,807
Deferred financing costs, net	7,004	7,874
Other	84,050	65,815
Total assets	\$ 2,397,110	\$ 2,332,020
Liabilities and Equity		
Current liabilities:		
Current portion of long-term debt	\$ 33,881	\$ 19,356
Accounts payable	42,071	46,284
Accrued payroll and related liabilities	72,697	64,359
Other accrued liabilities	73,093	67,219
Total current liabilities	221,742	197,218
Long-term debt, less current portion	819,380	775,412
Deferred income taxes	103,424	103,502
Other liabilities	31,862	33,190
Total liabilities	1,176,408	1,109,322
Commitments and contingencies		
Redeemable noncontrolling interests	11,183	11,077
Preferred stock, par value \$0.001, 11,000 shares authorized, none outstanding	—	—
VCA Inc. stockholders' equity:		
Common stock, par value \$0.001, 175,000 shares authorized, 81,448 and 82,937 shares outstanding as of June 30, 2015 and December 31, 2014, respectively	81	83
Additional paid-in capital	72,590	155,802
Retained earnings	1,156,758	1,064,158
Accumulated other comprehensive loss	(30,331) (19,397
Total VCA Inc. stockholders' equity	1,199,098	1,200,646
Noncontrolling interests	10,421	10,975
Total equity	1,209,519	1,211,621

Total liabilities and equity	\$2,397,110	\$2,332,020
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The accompanying notes are an integral part of these condensed, consolidated financial statements.

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VCA Inc. and Subsidiaries
 Condensed, Consolidated Income Statements
 (Unaudited)
 (In thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Revenue	\$548,785	\$489,472	\$1,048,238	\$938,979
Direct costs	407,938	369,057	793,529	717,113
Gross profit	140,847	120,415	254,709	221,866
Selling, general and administrative expense	44,485	39,931	88,883	81,371
Net (gain) loss on sale or disposal of assets	(819) 578	(484) (643
Operating income	97,181	79,906	166,310	