

Williams Industrial Services Group Inc.
Form 10-Q
August 14, 2018
Table of Contents

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, 2018

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 No. 001-16501

Williams Industrial Services Group Inc.

(Exact name of registrant as specified in its charter)

Delaware	73-1541378
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

400 E. Las Colinas Blvd., Suite 400

Irving, TX 75039

(Address of principal executive offices) (Zip code)

(214) 574-2700

(Registrant's telephone number, including area code)

Global Power Equipment Group Inc.

(Former name, former address and former fiscal year, if changed since last report)

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, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer

Accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 August 9, 2018, there were 18,498,982 shares of common stock of Williams Industrial Services Group Inc. outstanding.

WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES

Table of Contents

<u>Part I—FINANCIAL INFORMATION</u>	3
<u>Item 1. Financial Statements</u>	3
<u>Condensed Consolidated Balance Sheets as of June 30, 2018 and December 31, 2017 (unaudited)</u>	3
<u>Condensed Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2018 and 2017 (unaudited)</u>	4
<u>Condensed Consolidated Statements of Comprehensive Loss for the Three and Six Months Ended June 30, 2018 and 2017 (unaudited)</u>	5
<u>Condensed Consolidated Statement of Stockholders' Equity for the Six Months Ended June 30, 2018 (unaudited)</u>	6
<u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2018 and 2017 (unaudited)</u>	7
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	8
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	23
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	29
<u>Item 4. Controls and Procedures</u>	29
<u>Part II—OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	30
<u>Item 1A. Risk Factors</u>	30
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	30
<u>Item 3. Defaults Upon Senior Securities</u>	30
<u>Item 4. Mine Safety Disclosures</u>	30
<u>Item 5. Other Information</u>	31
<u>Item 6. Exhibits</u>	31
<u>SIGNATURES</u>	34

Table of Contents

Part I—FINANCIAL INFORMATION

Item 1. Financial Statements.

WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in thousands, except share data)	June 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,136	\$ 4,594
Restricted cash	6,568	11,562
Accounts receivable, net of allowance of \$1,014 and \$1,568, respectively	21,613	26,060
Costs and estimated earnings in excess of billings	14,115	11,487
Other current assets	1,638	4,006
Current assets of discontinued operations	21,271	27,922
Total current assets	70,341	85,631
Property, plant and equipment, net	1,175	1,712
Goodwill	35,400	35,400
Intangible assets	12,500	12,500
Other long-term assets	1,545	573
Total assets	\$ 120,961	\$ 135,816
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 5,269	\$ 5,080
Accrued compensation and benefits	10,516	7,481
Billings in excess of costs and estimated earnings	6,106	7,049
Other current liabilities	5,199	5,552
Current liabilities of discontinued operations	22,364	28,802
Total current liabilities	49,454	53,964
Long-term debt, net	25,717	24,304
Deferred tax liabilities	10,324	9,921
Other long-term liabilities	1,496	2,390
Long-term liabilities of discontinued operations	2,406	3,110
Total liabilities	89,397	93,689
Commitments and contingencies (Note 8 and 10)		
Stockholders' equity:		
Common stock, \$0.01 par value, 170,000,000 shares authorized and 19,715,605 and 19,360,026 shares issued, respectively, and 18,486,758 and 17,946,386 shares outstanding, respectively	197	193
Paid-in capital	79,823	78,910
Retained earnings (deficit)	(48,444)	(36,962)
Treasury stock, at par (1,228,847 and 1,413,640 common shares, respectively)	(12)	(14)

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Total stockholders' equity	31,564	42,127
Total liabilities and stockholders' equity	\$ 120,961	\$ 135,816

See accompanying notes to condensed consolidated financial statements.

3

Table of Contents

WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(in thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue	\$ 47,975	\$ 57,981	\$ 91,096	\$ 103,613
Cost of revenue	41,228	51,227	77,899	98,414
Gross profit	6,747	6,754	13,197	5,199
Selling and marketing expenses	476	717	902	1,284
General and administrative expenses	9,751	8,593	16,341	18,138
Depreciation and amortization expense	220	329	441	664
Total operating expenses	10,447	9,639	17,684	20,086
Operating loss	(3,700)	(2,885)	(4,487)	(14,887)
Interest expense, net	2,397	2,243	3,775	3,944
Gain on sale of business and net assets held for sale	—	—	—	(239)
Other (income) expense, net	(293)	1	(505)	—
Total other (income) expenses, net	2,104	2,244	3,270	3,705
Loss from continuing operations before income tax expense (benefit)	(5,804)	(5,129)	(7,757)	(18,592)
Income tax expense (benefit)	220	300	505	(1,538)
Loss from continuing operations	(6,024)	(5,429)	(8,262)	(17,054)
Loss from discontinued operations before income tax expense (benefit)	(2,195)	(4,523)	(3,903)	(8,767)
Income tax expense (benefit)	(725)	241	(683)	1,220
Loss from discontinued operations	(1,470)	(4,764)	(3,220)	(9,987)
Net loss	\$ (7,494)	\$ (10,193)	\$ (11,482)	\$ (27,041)
Basic loss per common share				
Loss from continuing operations	\$ (0.33)	\$ (0.31)	\$ (0.46)	\$ (0.97)
Loss from discontinued operations	(0.08)	(0.27)	(0.18)	(0.57)
Basic loss per common share	\$ (0.41)	\$ (0.58)	\$ (0.64)	\$ (1.54)
Diluted loss per common share				
Loss from continuing operations	\$ (0.33)	\$ (0.31)	\$ (0.46)	\$ (0.97)
Loss from discontinued operations	(0.08)	(0.27)	(0.18)	(0.57)
Diluted loss per common share	\$ (0.41)	\$ (0.58)	\$ (0.64)	\$ (1.54)

See accompanying notes to condensed consolidated financial statements.

4

Table of Contents

WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)

(in thousands)	Three Months Ended		Six Months Ended June	
	June 30, 2018	2017	2018	2017
Net loss	\$ (7,494)	\$ (10,193)	\$ (11,482)	\$ (27,041)
Foreign currency translation adjustment	—	1,507	—	2,096
Comprehensive loss	\$ (7,494)	\$ (8,686)	\$ (11,482)	\$ (24,945)

See accompanying notes to condensed consolidated financial statements.

Table of Contents

WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)

(in thousands, except share data)	Common Shares \$0.01 Per Share		Paid-in Capital	Retained Earnings (deficit)	Treasury Shares		Total
	Shares	Amount			Shares	Amount	
Balance, December 31, 2017	19,360,026	\$ 193	\$ 78,910	\$ (36,962)	(1,413,640)	\$ (14)	\$ 42,127
Issuance of restricted stock units	355,579	4	(4)	—	308,523	4	4
Tax withholding on restricted stock units	—	—	(326)	—	(123,730)	(2)	(328)
Stock-based compensation	—	—	1,243	—	—	—	1,243
Net loss	—	—	—	(11,482)	—	—	(11,482)
Balance, June 30, 2018	19,715,605	\$ 197	\$ 79,823	\$ (48,444)	(1,228,847)	\$ (12)	\$ 31,564

See accompanying notes to condensed consolidated financial statements.

Table of Contents

WILLIAMS INDUSTRIAL SERVICES GROUP INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands)	Six Months Ended June	
	30, 2018	2017
Operating activities:		
Net loss	\$ (11,482)	\$ (27,041)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Net loss from discontinued operations	3,220	9,987
Deferred income tax expense (benefit)	403	(1,602)
Depreciation and amortization on plant, property and equipment and intangible assets	441	664
Amortization of deferred financing costs	219	81
Loss on disposals of property, plant and equipment	210	30
Gain on sale of business and net assets held for sale	—	(239)
Bad debt expense	(67)	45
Stock-based compensation	507	1,429
Payable-in-kind interest	1,301	531
Changes in operating assets and liabilities, net of business sold:		
Accounts receivable	4,514	(6,212)
Costs and estimated earnings in excess of billings	(2,628)	4,379
Other current assets	2,368	5,928
Other assets	(1,079)	2,572
Accounts payable	189	(1,008)
Accrued and other liabilities	2,608	(4,110)
Billings in excess of costs and estimated earnings		