

TUTOR PERINI Corp
Form 10-Q
August 06, 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

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: 1-6314

Tutor Perini Corporation

(Exact name of registrant as specified in its charter)

Edgar Filing: TUTOR PERINI Corp - Form 10-Q

MASSACHUSETTS 04-1717070
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

15901 OLDEN STREET, SYLMAR, CALIFORNIA 91342-1093

(Address of principal executive offices)

(Zip code)

(818) 362-8391

(Registrant's telephone number, including area code)

(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 website, 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

Edgar Filing: TUTOR PERINI Corp - Form 10-Q

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

The number of shares of common stock, \$1.00 par value per share, of the registrant outstanding at August 3, 2015 was 49,069,589.

Table of Contents

TUTOR PERINI CORPORATION AND SUBSIDIARIES

INDEX

	Page Number
<u>Part I. Financial Information:</u>	
<u>Item 1. Financial Statements (unaudited) Consolidated Condensed Balance Sheets — June 30, 2015 and December 31, 2014 Consolidated Condensed Statements of Operations — Three and Six months ended June 30, 2015 and 2014 Consolidated Condensed Statements of Comprehensive Income — Three and Six months ended June 30, 2015 and 2014 Consolidated Condensed Statement of Stockholders' Equity — Six months ended June 30, 2015 Consolidated Condensed Statements of</u>	3 - 4 5 6 7 8

Cash Flows — Six
months ended
June 30, 2015
and 2014

Notes to
Consolidated
Condensed 9 - 31
Financial
Statements

Management's
Discussion and
Analysis of

Item 2. Financial 32 - 40
Condition and
Results of
Operations
Quantitative
and Qualitative

Item 3. Disclosures 40
About Market
Risk

Item 4. Controls and 40
Procedures

Part II. Other Information:

Item 1. Legal 40
Proceedings

Item 1A. Risk Factors 40
Unregistered

Item 2. Sales of Equity 40
Securities and
Use of Proceeds
Defaults Upon

Item 3. Senior 41
Securities

Item 4. Mine Safety 41
Disclosures

Item 5. Other 41
Information

Item 6. Exhibits 42
Signatures 43

Table of Contents

Part I. - Financial Information

TUTOR PERINI CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

JUNE 30, 2015 AND DECEMBER 31, 2014

(Unaudited-in thousands, except share data)

	June 30, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 106,917	\$ 135,583
Restricted cash	39,493	44,370
Accounts receivable, including retainage	1,553,514	1,479,504
Costs and estimated earnings in excess of billings	816,480	726,402
Deferred income taxes	17,952	17,962
Other current assets	103,243	68,735
Total current assets	2,637,599	2,472,556
PROPERTY AND EQUIPMENT (net of accumulated depreciation of \$237,168 in 2015 and \$220,028 in 2014)	537,833	527,602
OTHER ASSETS:		
Goodwill	585,006	585,006
Intangible assets, net	98,368	100,254
Other	84,830	87,897
Total assets	\$ 3,943,636	\$ 3,773,315

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

Table of Contents

TUTOR PERINI CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS (continued)

JUNE 30, 2015 AND DECEMBER 31, 2014

(Unaudited-in thousands, except share data)

	June 30, 2015	December 31, 2014
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 86,101	\$ 81,292
Accounts payable, including retainage	963,230	798,174
Billings in excess of costs and estimated earnings	263,400	319,296
Accrued expenses and other current liabilities	166,198	159,814
Total current liabilities	1,478,929	1,358,576
 LONG-TERM DEBT, less current maturities	 806,652	 784,067
 DEFERRED INCOME TAXES	 150,193	 150,371
 OTHER LONG-TERM LIABILITIES	 113,284	 114,796
Total liabilities	2,549,058	2,407,810
 CONTINGENCIES AND COMMITMENTS		
 STOCKHOLDERS' EQUITY:		
Preferred stock, \$1 par value:		
Authorized – 1,000,000 shares		
Issued and outstanding – none	—	—
Common stock - \$1 par value: 75,000,000 shares authorized; Shares issued and outstanding: 49,069,589 shares and 48,671,492 shares	49,070	48,671
Additional paid-in capital	1,039,425	1,025,941
Retained earnings	349,414	332,511
Accumulated other comprehensive loss	(43,331)	(41,618)
Total stockholders' equity	1,394,578	1,365,505
 Total liabilities and stockholders' equity	 \$ 3,943,636	 \$ 3,773,315

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

Table of Contents

TUTOR PERINI CORPORATION AND SUBSIDIARIES
 CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(Unaudited-in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30,	2014	June 30,	2014
	2015		2015	
Revenues	\$ 1,312,438	\$ 1,084,510	\$ 2,378,903	\$ 2,039,743
Cost of operations	1,213,818	954,979	2,189,524	1,804,865
Gross profit	98,620	129,531	189,379	234,878
General and administrative expenses	67,739	64,088	138,414	127,938
INCOME FROM CONSTRUCTION OPERATIONS	30,881	65,443	50,965	106,940
Other income (expense), net	100	(6,974)	(655)	(10,347)
Interest expense	(10,989)	(10,857)	(22,113)	(21,688)
Income before income taxes	19,992	47,612	28,197	74,905
Provision for income taxes	(8,215)	(19,067)	(11,294)	(30,421)
NET INCOME	\$ 11,777	\$ 28,545	\$ 16,903	\$ 44,484
BASIC EARNINGS PER COMMON SHARE	\$ 0.24	\$ 0.59	\$ 0.35	\$ 0.92
DILUTED EARNINGS PER COMMON SHARE	\$ 0.24	\$ 0.58	\$ 0.34	\$ 0.91
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
BASIC	49,028	48,543	48,890	48,492
Effect of dilutive stock options and restricted stock units	800	510	798	500
DILUTED	49,828	49,053	49,688	48,992

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

Table of Contents

TUTOR PERINI CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited-in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
NET INCOME	\$ 11,777	\$ 28,545	\$ 16,903	\$ 44,484
OTHER COMPREHENSIVE INCOME (LOSS):				
Foreign currency translation	(1,877)	590	(2,841)	100
Change in fair value of investments	(122)	99	(138)	287
Change in fair value of interest rate swap	99	120	173	258
Other comprehensive income before taxes	(1,900)	809	(2,806)	645
INCOME TAX EXPENSE (BENEFIT):				
Foreign currency translation	(731)	243	(1,107)	39
Change in fair value of investments	(48)	106	(54)	113
Change in fair value of interest rate swap	39	44	68	101
Income tax expense	(740)	393	(1,093)	253
NET OTHER COMPREHENSIVE INCOME (LOSS)	(1,160)	416	(1,713)	392
TOTAL COMPREHENSIVE INCOME	\$ 10,617	\$ 28,961	\$ 15,190	\$ 44,876

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

Table of Contents

TUTOR PERINI CORPORATION AND SUBSIDIARIES
 CONSOLIDATED CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY
 FOR THE SIX MONTHS ENDED JUNE 30, 2015

(Unaudited-in thousands)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
Balance - December 31, 2014	\$ 48,671	\$ 1,025,941	\$ 332,511	\$ (41,618)	\$ 1,365,505
Net income	—	—	16,903	—	16,903
Other comprehensive income/(loss)	—	—	—	(1,713)	(1,713)
Total comprehensive income					15,190
Tax effect of stock-based compensation	—	(162)	—	—	(162)
Stock-based compensation expense	—	13,324	—	—	13,324
Issuance of common stock, net	399	322	—	—	721
Balance - June 30, 2015	\$ 49,070	\$ 1,039,425	\$ 349,414	\$ (43,331)	\$ 1,394,578

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

Table of Contents

TUTOR PERINI CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in thousands)

	Six Months Ended June 30,	
	2015	2014
Cash Flows from Operating Activities:		
Net income	\$ 16,903	\$ 44,484
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	21,434	30,078
Stock-based compensation expense	13,324	9,920
Excess income tax benefit from stock-based compensation	(162)	—
Deferred income taxes	(177)	(64)
Loss on sale of investments	—	1,786
(Gain) loss on sale of property and equipment	(313)	427
Other long-term liabilities	42	5,559
Other non-cash items	(3,259)	1,562
Changes in other components of working capital	(79,550)	(155,187)
NET CASH USED IN OPERATING ACTIVITIES	(31,758)	(61,435)
Cash Flows from Investing Activities:		
Acquisition of property and equipment excluding financed purchases	(29,544)	(26,730)
Proceeds from sale of property and equipment	1,122	1,906
Proceeds from sale of available-for-sale securities	—	44,497
Change in restricted cash	4,877	(33)
NET CASH (USED BY) PROVIDED BY INVESTING ACTIVITIES	(23,545)	19,640
Cash Flows from Financing Activities:		
Proceeds from debt	473,490	717,484
Repayment of debt	(446,239)	(649,282)
Business acquisition-related payments	—	(1,260)
Excess income tax benefit from stock-based compensation	162	—
Issuance of common stock and effect of cashless exercise	(776)	(1,531)
Debt issuance costs	—	(3,681)

Edgar Filing: TUTOR PERINI Corp - Form 10-Q

NET CASH PROVIDED BY FINANCING ACTIVITIES	26,637	61,730
Net (Decrease) Increase in Cash and Cash Equivalents	(28,666)	19,935
Cash and Cash Equivalents at Beginning of Year	135,583	119,923
Cash and Cash Equivalents at End of Period	\$ 106,917	\$ 139,858
Supplemental Disclosure of Cash Paid For:		
Interest	\$ 26,148	\$ 21,830
Income taxes		