

WASTE CONNECTIONS INC/DE
Form 10-Q
October 23, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

**For the quarterly period ended September 30, 2007
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 1-31507

WASTE CONNECTIONS, INC.
(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction of incorporation or
organization)*

94-3283464
(I.R.S. Employer Identification No.)

35 Iron Point Circle, Suite 200, Folsom, CA 95630
*(Address of principal executive
offices) (Zip code)*

(916) 608-8200
(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

Edgar Filing: WASTE CONNECTIONS INC/DE - Form 10-Q

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

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 October 15, 2007: 67,967,043 shares of common stock

**WASTE CONNECTIONS, INC.
FORM 10-Q**

TABLE OF CONTENTS

	<u>Page</u>
PART I – FINANCIAL INFORMATION (unaudited)	
<u>Item 1. Financial Statements</u>	
<u>Condensed Consolidated Balance Sheets – December 31, 2006 and September 30, 2007</u>	1
<u>Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2006 and 2007</u>	2
<u>Condensed Consolidated Statements of Stockholders' Equity and Comprehensive Income for the nine months ended September 30, 2007</u>	3
<u>Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2006 and 2007</u>	4
<u>Notes to Condensed Consolidated Financial Statements</u>	5
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	16
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	27
<u>Item 4. Controls and Procedures</u>	29
PART II – OTHER INFORMATION	
<u>Item 1. Legal Proceedings</u>	30
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	31
<u>Item 6. Exhibits</u>	32
<u>Signatures</u>	33
<u>Exhibit Index</u>	34

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

WASTE CONNECTIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In thousands, except share and per share amounts)

	December 31, 2006	September 30, 2007
ASSETS		
Current assets:		
Cash and equivalents	\$ 34,949	\$ 13,089
Accounts receivable, net of allowance for doubtful accounts of \$3,489 and \$4,098 at December 31, 2006 and September 30, 2007, respectively	100,269	124,616
Deferred income taxes	9,373	12,645
Prepaid expenses and other current assets	15,642	14,726
Total current assets	160,233	165,076
Property and equipment, net	736,428	855,872
Goodwill	750,397	784,948
Intangible assets, net	86,098	90,252
Restricted assets	15,917	16,999
Other assets, net	24,818	22,129
	\$ 1,773,891	\$ 1,935,276
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 53,010	\$ 58,498
Book overdraft	-	6,495
Accrued liabilities	57,810	70,250
Deferred revenue	32,161	41,620
Current portion of long-term debt and notes payable	6,884	12,098
Total current liabilities	149,865	188,961
Long-term debt and notes payable	637,308	687,595
Other long-term liabilities	16,712	30,759
Deferred income taxes	205,532	212,348
Total liabilities	1,009,417	1,119,663
Commitments and contingencies (Note 12)		
Minority interests	27,992	28,700
Stockholders' equity:		
Preferred stock: \$0.01 par value per share; 7,500,000 shares authorized; none issued and outstanding	-	-
Common stock: \$0.01 par value per share; 150,000,000 shares authorized; 68,266,038 and 67,882,968 shares issued and outstanding at December 31, 2006 and September 30, 2007, respectively	455	679
Additional paid-in capital	310,229	284,326
Retained earnings	422,731	501,727
Accumulated other comprehensive income	3,067	181

Total stockholders' equity	736,482	786,913
	\$ 1,773,891	\$ 1,935,276

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

WASTE CONNECTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In thousands, except share and per share amounts)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2006	2007	2006	2007
Revenues	\$ 216,547	\$ 250,775	\$ 613,686	\$ 710,811
Operating expenses:				
Cost of operations	128,709	145,790	368,346	416,234
Selling, general and administrative	21,424	25,782	61,846	74,482
Depreciation and amortization	19,072	22,196	56,040	62,716
Loss (gain) on disposal of assets	(189)	(97)	(35)	95
Operating income	47,531	57,104	127,489	157,284
Interest expense	(7,572)	(8,717)	(21,685)	(24,830)
Other income (expense), net	141	(174)	(3,840)	243
Income before income taxes and minority interests	40,100	48,213	101,964	132,697
Minority interests	(3,719)	(4,175)	(9,748)	(11,145)
Income from operations before income taxes	36,381	44,038	92,216	121,552
Income tax provision	(14,508)	(15,356)	(35,420)	(45,225)
Net income	\$ 21,873	\$ 28,682	\$ 56,796	\$ 76,327
Basic earnings per common share	\$ 0.32	\$ 0.42	\$ 0.83	\$ 1.12
Diluted earnings per common share	\$ 0.31	\$ 0.41	\$ 0.81	\$ 1.08
Shares used in calculating basic income per share	68,235,948	68,022,587	68,166,312	68,358,534
Shares used in calculating diluted income per share	69,895,736	69,868,793	70,404,437	70,350,770

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

WASTE CONNECTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE
INCOME

Nine months ended September 30, 2007

(Unaudited)

(In thousands, except share amounts)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)		Retained Earnings	Total
	Comprehensive Income	Shares		Amount	Income (Loss)		
Balances at December 31, 2006		68,266,038	\$ 455	\$ 310,229	\$ 3,067	\$ 422,731	\$ 736,482
Stock split		-	228	-	-	(228)	-
Vesting of restricted stock		112,148	1	(1)	-	-	-
Cancellation of unvested restricted stock		-	-	(1,577)	-	-	(1,577)
Stock-based compensation		-	-	4,636	-	-	4,636
Exercise of stock options and warrants		1,603,112	16	24,813	-	-	24,829
Excess tax benefit associated with equity-based compensation							