

GRANITE CONSTRUCTION INC
Form 10-Q
August 02, 2013

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, 2013

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: 1-12911

GRANITE CONSTRUCTION INCORPORATED

State of Incorporation:
Delaware

I.R.S. Employer Identification Number:
77-0239383

Address of principal executive offices:

585 W. Beach Street
Watsonville, California 95076
(831) 724-1011

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.

Large accelerated filer Accelerated filer Non-accelerated filer 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 July 22, 2013.

Class	Outstanding
Common Stock, \$0.01 par value	38,874,400 shares

Index

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

Condensed Consolidated Balance Sheets as of June 30, 2013, December 31, 2012 and June 30, 2012

Condensed Consolidated Statements of Operations for the Three and Six Months Ended June 30, 2013 and 2012

Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2013 and 2012

Notes to the Condensed Consolidated Financial Statements

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Item 4. Controls and Procedures

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Item 1A. Risk Factors

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Item 3. Defaults Upon Senior Securities

Item 4. Mine Safety Disclosures

Item 5. Other Information

Item 6. Exhibits

SIGNATURES

EXHIBIT 31.1

EXHIBIT 31.2

EXHIBIT 32

EXHIBIT 95

EXHIBIT 101.INS

EXHIBIT 101.SCH

EXHIBIT 101.CAL

EXHIBIT 101.DEF

EXHIBIT 101.LAB

EXHIBIT 101.PRE

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

GRANITE CONSTRUCTION INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited - in thousands, except share and per share data)

	June 30, 2013	December 31, 2012	June 30, 2012
ASSETS			
Current assets			
Cash and cash equivalents (\$63,806, \$105,865 and \$67,685 related to consolidated construction joint ventures (“CCJVs”))	\$247,833	\$321,990	\$237,951
Short-term marketable securities	21,271	56,088	43,260
Receivables, net (\$59,807, \$43,902 and \$26,903 related to CCJVs)	336,418	325,529	272,562
Costs and estimated earnings in excess of billings	63,341	34,116	69,688
Inventories	68,905	59,785	67,503
Real estate held for development and sale	50,697	50,223	57,367
Deferred income taxes	36,687	36,687	38,571
Equity in construction joint ventures	148,727	105,805	107,821
Other current assets	35,651	31,834	20,436
Total current assets	1,009,530	1,022,057	915,159
Property and equipment, net (\$34,891, \$41,114 and \$6,919 related to CCJVs)	471,265	481,478	439,664
Long-term marketable securities	55,225	55,342	45,800
Investments in affiliates	31,421	30,799	28,521
Goodwill	53,598	55,419	9,900
Other noncurrent assets	80,365	84,392	68,603
Total assets	\$1,701,404	\$1,729,487	\$1,507,647
LIABILITIES AND EQUITY			
Current liabilities			
Current maturities of long-term debt	\$20	\$8,353	\$9,102
Current maturities of non-recourse debt	2,147	10,707	16,328
Accounts payable (\$18,297, \$34,536 and \$31,135 related to CCJVs)	188,124	202,541	186,290
Billings in excess of costs and estimated earnings (\$72,094, \$72,490 and \$17,979 related to CCJVs)	144,044	139,692	75,629
Accrued expenses and other current liabilities (\$9,153, \$8,312 and \$3,027 related to CCJVs)	200,521	169,979	155,322
Total current liabilities	534,856	531,272	442,671
Long-term debt	270,148	270,148	200,168
Long-term non-recourse debt	7,354	922	4,641
Other long-term liabilities	46,817	47,124	47,393
Deferred income taxes	8,055	8,163	3,644
Commitments and contingencies			
Equity			
Preferred stock, \$0.01 par value, authorized 3,000,000 shares, none outstanding	—	—	—
	389	387	387

Edgar Filing: GRANITE CONSTRUCTION INC - Form 10-Q

Common stock, \$0.01 par value, authorized 150,000,000 shares; issued and outstanding 38,852,463 shares as of June 30, 2013, 38,730,665 shares as of December 31, 2012 and 38,684,540 shares as of June 30, 2012

Additional paid-in capital	121,368	117,422	112,815
Retained earnings	682,610	712,144	667,278
Total Granite Construction Incorporated shareholders' equity	804,367	829,953	780,480
Noncontrolling interests	29,807	41,905	28,650
Total equity	834,174	871,858	809,130
Total liabilities and equity	\$1,701,404	\$1,729,487	\$1,507,647

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

3

Table of Contents

GRANITE CONSTRUCTION INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited - in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Revenue				
Construction	\$ 308,602	\$ 245,113	\$ 485,720	\$ 363,059
Large Project Construction	181,371	228,799	353,086	392,727
Construction Materials	60,185	63,349	89,935	88,972
Real Estate	4	2,354	125	5,017
Total revenue	550,162	539,615	928,866	849,775
Cost of revenue				
Construction	283,448	227,152	447,367	336,518
Large Project Construction	159,283	200,560	308,278	342,239
Construction Materials	56,231	58,349	91,955	89,922
Real Estate	3	1,638	13	4,244
Total cost of revenue	498,965	487,699	847,613	772,923
Gross profit	51,197	51,916	81,253	76,852
Selling, general and administrative expenses	46,454	40,806	104,112	85,882
Gain on restructuring	—	—	497	1,888
Gain on sales of property and equipment	3,306	2,954	4,394	4,871
Operating income (loss)	8,049	14,064	(17,968)	(2,271)
Other income (expense)				
Interest income	380	611	508	1,655
Interest expense	(3,700)	(2,827)	(7,345)	(6,009)
Equity in income (loss) of affiliates	698	(484)	275	(1,101)
Other (expense) income, net	(495)	(5,018)	608	1,853
Total other expense	(3,117)	(7,718)	(5,954)	(3,602)
Income (loss) before provision for (benefit from) income taxes	4,932	6,346	(23,922)	(5,873)
Provision for (benefit from) income taxes	1,766	1,859	(7,261)	(1,673)
Net income (loss)	3,166	4,487	(16,661)	(4,200)
Amount attributable to noncontrolling interests	(448)	(2,538)	(2,603)	(5,624)
Net income (loss) attributable to Granite Construction Incorporated	\$ 2,718	\$ 1,949	\$ (19,264)	\$ (9,824)
Net income (loss) per share attributable to common shareholders (see Notes 12 and 13)				
Basic	\$ 0.07	\$ 0.05	\$ (0.50)	\$ (0.26)
Diluted	\$ 0.07	\$ 0.05	\$ (0.50)	\$ (0.26)
Weighted average shares of common stock				
Basic	38,829	38,471	38,720	38,368
Diluted	39,769	39,151	38,720	38,368
Dividends per common share	\$ 0.13	\$ 0.13	\$ 0.26	\$ 0.26

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

Table of Contents

GRANITE CONSTRUCTION INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - in thousands)
Six Months Ended June 30,
Operating activities

2013

2012