

GRANITE CONSTRUCTION INC
Form 10-Q
July 30, 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: 1-12911

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 23, 2015.

Class	Outstanding
Common Stock, \$0.01 par value	39,378,372

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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, 2015	December 31, 2014	June 30, 2014
ASSETS			
Current assets			
Cash and cash equivalents (\$46,963, \$61,276 and \$29,109 related to consolidated construction joint ventures (“CCJVs”))	\$ 188,147	\$ 255,961	\$ 146,458
Short-term marketable securities	17,560	25,504	27,898
Receivables, net (\$36,978, \$36,781 and \$45,825 related to CCJVs)	362,336	310,934	363,614
Costs and estimated earnings in excess of billings (\$239, \$129 and \$25,217 related to CCJVs)	60,093	36,411	76,228
Inventories	71,022	68,920	79,501
Real estate held for development and sale	11,609	11,609	11,761
Deferred income taxes	53,231	53,231	55,874
Equity in construction joint ventures	209,016	184,575	185,859
Other current assets	22,395	23,033	30,727
Total current assets	995,409	970,178	977,920
Property and equipment, net (\$7,474, \$11,969 and \$16,957 related to CCJVs)	391,989	409,653	426,700
Long-term marketable securities	70,508	76,563	84,234
Investments in affiliates	32,655	32,361	33,936
Goodwill	53,799	53,799	53,799
Other noncurrent assets	75,332	77,940	76,797
Total assets	\$ 1,619,692	\$ 1,620,494	\$ 1,653,386
LIABILITIES AND EQUITY			
Current liabilities			
Current maturities of long-term debt	\$ 22	\$ 21	\$ 21
Current maturities of non-recourse debt	6,128	1,226	1,226
Accounts payable (\$12,554, \$18,009 and \$26,246 related to CCJVs)	170,474	151,935	210,777
Billings in excess of costs and estimated earnings (\$23,947, \$32,830 and \$27,876 related to CCJVs)	106,086	108,992	125,957
Accrued expenses and other current liabilities	195,131	200,652	187,348
Total current liabilities	477,841	462,826	525,329
Long-term debt	270,105	270,105	270,127
Long-term non-recourse debt	—	5,516	6,129
Other long-term liabilities	42,851	44,495	48,455
Deferred income taxes	20,615	20,446	9,803
Commitments and contingencies			
Equity			
Preferred stock, \$0.01 par value, authorized 3,000,000 shares, none outstanding	—	—	—
Common stock, \$0.01 par value, authorized 150,000,000 shares; issued and outstanding 39,372,298 shares as of June 30, 2015, 39,186,386 shares as of December 31, 2014 and 39,131,647 shares as of June 30,	394	392	391

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2014

Additional paid-in capital	136,214	134,177	130,181
Retained earnings	650,357	659,816	637,905
Total Granite Construction Incorporated shareholders' equity	786,965	794,385	768,477
Non-controlling interests	21,315	22,721	25,066
Total equity	808,280	817,106	793,543
Total liabilities and equity	\$1,619,692	\$1,620,494	\$1,653,386

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

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited - in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenue				
Construction	\$305,605	\$269,220	\$494,125	\$426,261
Large Project Construction	182,893	244,328	373,198	431,663
Construction Materials	80,744	72,322	122,168	107,793
Total revenue	569,242	585,870	989,491	965,717
Cost of revenue				
Construction	265,543	244,393	432,388	392,289
Large Project Construction	168,120	193,536	340,654	365,080
Construction Materials	69,811	65,526	110,572	104,526
Total cost of revenue	503,474	503,455	883,614	861,895
Gross profit	65,768	82,415	105,877	103,822
Selling, general and administrative expenses	49,094	51,098	101,297	100,346
Gain on sales of property and equipment	(475	) (2,993	) (1,286	) (3,886
Operating income	17,149	34,310	5,866	7,362
Other (income) expense				
Interest income	(528	) (413	) (970	) (893
Interest expense	3,985	4,339	7,481	7,937
Equity in income of affiliates	(670	) (410	) (607	) (1,202
Other income, net	(152	) (1,697	) (1,436	) (1,645
Total other expense	2,635	1,819	4,468	4,197
Income before provision for income taxes	14,514	32,491	1,398	3,165
Provision for income taxes	4,975	10,284	469	2,220
Net income	9,539	22,207	929	945
Amount attributable to non-controlling interests	74	(8,566	) 124	(7,858
Net income (loss) attributable to Granite Construction Incorporated	\$9,613	\$13,641	\$1,053	\$(6,913
Net income (loss) per share attributable to common shareholders (see Note 12)				
Basic	\$0.24	\$0.35	\$0.03	\$(0.18
Diluted	\$0.24	\$0.34	\$0.03	\$(0.18
Weighted average shares of common stock				
Basic	39,358	39,115	39,287	39,033
Diluted	39,881	39,807	39,848	39,033
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.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited - in thousands)

Six Months Ended June 30,	2015	2014
Operating activities		
Net income	\$929	\$945
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation, depletion and amortization	31,331	31,878
Gain on sales of property and equipment	(1,286	) (3,886
Change in deferred income taxes	(14	) 1,613
Stock-based compensation	4,992	6,585