

US CONCRETE INC
Form 10-Q
November 14, 2011

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 September 30, 2011

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 001-34530

U.S. CONCRETE, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

76-0586680
(I.R.S. Employer Identification Number)

2925 Briarpark, Suite 1050, Houston, Texas 77042
(Address of principal executive offices, including zip code)
(713) 499-6200
(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 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

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

Indicate by check mark whether the registrant has filed all documents required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by the court. Yes No

As of the close of business on November 11, 2011, U.S. Concrete, Inc. had 12,867,239 shares of its common stock, \$0.001 par value, outstanding (excluding 60,260 treasury shares).

U.S. CONCRETE, INC.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

U.S. CONCRETE, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (Unaudited)
 (in thousands)

	Successor September 30, 2011	Successor December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,797	\$ 5,290
Trade accounts receivable, net	97,867	74,534
Inventories	32,762	29,396
Deferred income taxes	1,542	4,042
Prepaid expenses	3,898	3,803
Other current assets	6,000	6,366
Total current assets	146,866	123,431
Property, plant and equipment, net	130,572	140,274
Goodwill	1,481	1,481
Other assets	8,183	9,529
Assets held for sale	—	813
Total assets	\$ 287,102	\$ 275,528
LIABILITIES AND EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$ 639	\$ 1,164
Accounts payable	50,685	37,056
Accrued liabilities	35,316	31,253
Derivative liabilities	5,869	15,727
Total current liabilities	92,509	85,200
Long-term debt, net of current maturities	69,603	52,017
Other long-term obligations and deferred credits	7,975	7,429
Deferred income taxes	2,451	4,749
Total liabilities	172,538	149,395
Commitments and contingencies (Note 13)		
Equity:		
Preferred stock	—	—
Common stock	13	12
Additional paid-in capital	133,256	131,875
Retained deficit	(18,311)	(5,754)
Treasury stock, at cost	(394)	—
Total stockholders' equity	114,564	126,133
Total liabilities and equity	\$ 287,102	\$ 275,528

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

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U.S. CONCRETE, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (Unaudited)
 (in thousands, except per share amounts)

	Successor Three Months Ended September 30, 2011	Period from September 1, through September 30, 2010	Predecessor Period from July 1, through August 31, 2010
Revenue	\$146,509	\$ 41,030	\$88,370
Cost of goods sold before depreciation, depletion and amortization	126,541	34,909	73,755
Selling, general and administrative expenses	13,846	4,591	8,595
Depreciation, depletion and amortization	5,004	1,353	4,221
(Gain) loss on sale of assets	96	—	38
Income from continuing operations	1,022	177	1,761
Interest expense, net	(2,826)	(913)	(3,404)
Derivative income	11,160	800	—
Other income, net	370	53	143
Income (loss) from continuing operations before reorganization items and income taxes	9,726	117	(1,500)
Reorganization items (Note 9)	—	—	(65,849)
Income from continuing operations before income taxes	9,726	117	64,349
Income tax expense (benefit)	117	(35)	1,415
Net income from continuing operations	9,609	152	62,934
Loss from discontinued operations, net of taxes and loss attributable to non-controlling interest	—	—	(10,213)
Net income attributable to stockholders	\$9,609	\$ 152	\$52,721
Earnings (loss) per share attributable to stockholders – basic			
Income from continuing operations	\$0.80	\$ 0.01	\$1.72
Loss from discontinued operations, net of income tax benefit	—	—	(0.28)
Net income	\$0.80	\$ 0.01	\$1.44
Earnings (loss) per share attributable to stockholders – diluted			
Income from continuing operations	\$0.67	\$ 0.01	\$1.72
Loss from discontinued operations, net of income tax benefit	—	—	(0.28)
Net income	\$0.67	\$ 0.01	\$1.44
Weighted average shares outstanding:			
Basic	12,051	11,928	36,703
Diluted	17,290	11,928	36,703

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

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U.S. CONCRETE, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in thousands, except per share amounts)

	Successor Nine Months Ended September 30, 2011	Period from September 1 through September 30, 2010	Predecessor Period from January 1 through August 31, 2010
Revenue	\$363,585	\$ 41,030	\$302,748
Cost of goods sold before depreciation, depletion and amortization	320,871	34,909	261,830
Selling, general and administrative expenses	41,925	4,591	39,241
Depreciation, depletion and amortization	15,505	1,353	16,862
(Gain) loss on sale of assets ...	(121)	—	78
Income (loss) from continuing operations	(14,595)	177	(15,263)
Interest expense, net	(8,197)	(913)	(17,369)
Derivative income	9,858	800	—
Other income, net	873	53	534
Income (loss) from continuing operations before reorganization items and income taxes	(12,061)	117	(32,098)
Reorganization items (Note 9)	—	—	(59,191)
Income (loss) from continuing operations before income taxes	(12,061)	117	27,093
Income tax expense (benefit)	496	(35)	1,576
Net income (loss) from continuing operations	(12,557)	152	25,517
Loss from discontinued operations, net of taxes and loss attributable to non-controlling interest	—	—	(12,672)
Net income (loss) attributable to stockholders	\$(12,557)	\$ 152	\$12,845
Earnings (loss) per share attributable to stockholders – basic and diluted			
Income (loss) from continuing operations	\$(1.05)	\$ 0.01	\$0.70
Loss from discontinued operations, net of income tax benefit	—	—	(0.35)
Net income (loss)	\$(1.05)	\$ 0.01	\$0.35
Basic and diluted weighted average shares outstanding	12,000	11,928	36,699

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U.S. CONCRETE, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (DEFICIT)
 (Unaudited)
 (in thousands)

	Common Stock		Additional Paid-In Capital	Retained Deficit	Treasury Stock	Non- Controlling Interest	Total Equity (Deficit)
	Shares	Par Value					
BALANCE, December 31, 2009 (Predecessor)	37,558	\$ 38	\$ 268,306	\$ (280,802)	\$ (3,284)	\$ 5,551	\$ (10,191)
Stock-based compensation	—	—	1,073	—	—	—	1,073
Purchase of treasury shares	(123)	—	—	—	(70)	—	(70)
Cancellation of shares	(70)	—	—	—	—	—	—
Capital contribution to Superior Materials Holdings, LLC	—	—	—	—	—	2,481	2,481
Net loss	—	—	—	(55,751)	—	(8,032)	(63,783)
BALANCE, August 31, 2010 (Predecessor)	37,365	\$ 38	\$ 269,379	\$ (336,553)	\$ (3,354)	—	\$ (70,490)
Cancellation of predecessor common stock	(37,365)	(38)	(3,316)	—	3,354	—	—
Plan of reorganization and fresh start valuation adjustments	—	—	1,895	68,595	—	—	70,490
Elimination of predecessor accumulated deficit	—	—	(267,958)	267,958	—	—	—
BALANCE, August 31, 2010 (Predecessor)	—	—	—	—	—	—	—
Issuance of new common stock in connection with emergence from Chapter 11	11,928	12	131,571	—	—	—	131,583
BALANCE, August 31, 2010 (Successor)	11,928	\$ 12	\$ 131,571	—	—	—	\$ 131,583
Net income	—	—	—	152	—	—	152
BALANCE, September 30, 2010 (Successor)	11,928	\$ 12	\$ 131,571	\$ 152	\$ —	\$ —	\$ 131,735
BALANCE, December 31, 2010 (Successor)	11,928	\$ 12	\$ 131,875	\$ (5,754)	\$ —	\$ —	\$ 126,133
Stock-based compensation	969	1	1,381	—	—	—	1,382
Purchase of treasury shares	(55)	—	—	—	(394)	—	(394)
Net loss	—	—	—	(12,557)	—	—	(12,557)
BALANCE, September 30, 2011 (Successor)	12,842	\$ 13	\$ 133,256	\$ (18,311)	\$ (394)	\$ —	\$ 114,564

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

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U.S. CONCRETE, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (Unaudited)
 (in thousands)

	Successor Nine months ended September 30, 2011	Period from September 1 through September 30, 2010	Predecessor Period from January 1 through August 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$(12,557)	\$ 152	\$4,811
Adjustments to reconcile net income (loss) to net cash used in operating activities:			
Goodwill and other asset impairments	—	—	18,200
Reorganization items	—	—	(57,686)
Depreciation, depletion and amortization	15,505	1,353	18,403
Debt issuance cost amortization	2,731	384	7,756
Derivative income	(9,858)	(800)	—
Net (gain) loss on sale of assets	(121)	—	78
Deferred income taxes	201	747	(966)
Provision for doubtful accounts	1,510	106	1,200
Stock-based compensation	1,382		