

MANTECH INTERNATIONAL CORP
Form 10-Q
May 06, 2008
Table of Contents

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 March 31, 2008

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 No. 000-49604

ManTech International Corporation

(Exact name of registrant as specified in its charter)

Edgar Filing: MANTECH INTERNATIONAL CORP - Form 10-Q

Delaware (State or other jurisdiction of incorporation or organization)	22-1852179 (I.R.S. Employer Identification No.)
12015 Lee Jackson Highway, Fairfax, VA (Address of principal executive offices)	22033 (Zip Code)
(703) 218-6000 (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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

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

As of May 1, 2008 there were outstanding 20,585,613 shares of our Class A Common Stock and 14,144,345 shares of our Class B Common Stock.

Table of Contents

MANTECH INTERNATIONAL CORPORATION

FORM 10-Q

FOR THE QUARTER ENDED March 31, 2008

INDEX

	Page No.
<u>PART I FINANCIAL INFORMATION</u>	3
Item 1. <u>Financial Statements</u>	3
<u>Condensed Consolidated Balance Sheets at March 31, 2008 and December 31, 2007</u>	3
<u>Condensed Consolidated Statements of Income for the Three Months Ended March 31, 2008 and 2007</u>	4
<u>Condensed Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2008 and 2007</u>	5
<u>Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2008 and 2007</u>	6
<u>Notes to Condensed Consolidated Financial Statements</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	17
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	24
Item 4. <u>Controls and Procedures</u>	24
<u>PART II OTHER INFORMATION</u>	25
Item 1. <u>Legal Proceedings</u>	25
Item 1A <u>Risk Factors</u>	25
Item 6. <u>Exhibits</u>	25

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements**

MANTECH INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands Except Per Share Amounts)

	(unaudited)	
	March 31, 2008	December 31, 2007
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 9,984	\$ 8,048
Receivables net	351,394	337,467
Prepaid expenses and other	14,655	19,104
Total Current Assets	376,033	364,619
Property and equipment net	13,785	14,170
Goodwill	452,045	451,832
Other intangibles net	80,095	82,976
Employee supplemental savings plan assets	16,808	17,999
Other assets	5,821	5,907
TOTAL ASSETS	\$ 944,587	\$ 937,503
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of debt	\$ 138,100	\$ 126,000
Accounts payable and accrued expenses	113,719	100,447
Accrued salaries and related expenses	46,144	61,429
Billings in excess of revenue earned	7,374	8,334
Total Current Liabilities	305,337	296,210
Debt-net of current portion	10,000	39,000
Accrued retirement	17,958	18,973
Other long-term liabilities	7,641	7,848
Deferred income taxes non-current	25,498	24,167
TOTAL LIABILITIES	366,434	386,198
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Common stock, Class A \$0.01 par value; 150,000,000 shares authorized; 20,788,663 and 20,474,379 shares issued at March 31, 2008 and December 31, 2007; 20,545,623 and 20,231,339 shares outstanding at March 31, 2008 and December 31, 2007, respectively	208	205

Edgar Filing: MANTECH INTERNATIONAL CORP - Form 10-Q

Common stock, Class B \$0.01 par value; 50,000,000 shares authorized; 14,144,345 and 14,279,813 shares issued and outstanding at March 31, 2008 and December 31, 2007	141	143
Additional paid-in capital	304,739	297,827
Treasury stock, 243,040 shares at cost at March 31, 2008 and December 31, 2007	(9,114)	(9,114)
Retained earnings	282,619	262,686
Accumulated other comprehensive loss	(145)	(147)
Unearned ESOP shares	(295)	(295)
TOTAL STOCKHOLDERS EQUITY	578,153	551,305
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 944,587	\$ 937,503

See notes to condensed consolidated financial statements.

Table of Contents

MANTECH INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In Thousands Except Per Share Amounts)

	(unaudited)	
	Three months ended March 31,	
	2008	2007
REVENUES	\$ 425,072	\$ 294,285
Cost of services	355,718	246,903
General and administrative expenses	34,800	26,019
OPERATING INCOME	34,554	21,363
Interest expense	(1,642)	(94)
Interest income	211	421
Other (expense) income, net	(120)	12
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	33,003	21,702
Provision for income taxes	(13,070)	(8,334)
INCOME FROM CONTINUING OPERATIONS	19,933	13,368
(Loss) from operations of discontinued component, net of taxes		(458)
Gain on sale of discontinued operation, net of taxes (sold to CEO)		338
(Loss) from discontinued operations, net of taxes		(120)
NET INCOME	\$ 19,933	\$ 13,248
BASIC EARNINGS (LOSS) PER SHARE:		
Class A common stock		
Income from continuing operations	\$ 0.58	\$ 0.39
(Loss) from discontinued operations, net of taxes		
Class A basic earnings per share	\$ 0.58	\$ 0.39
Weighted average common shares outstanding	20,319	19,306
Class B common stock		
Income from continuing operations	\$ 0.58	\$ 0.39
(Loss) from discontinued operations, net of taxes		
Class B basic earnings per share	\$ 0.58	\$ 0.39
Weighted average common shares outstanding	14,238	14,570
DILUTED EARNINGS (LOSS) PER SHARE:		
Class A common stock		
Income from continuing operations	\$ 0.57	\$ 0.39
(Loss) from discontinued operations, net of taxes		
Class A diluted earnings per share	\$ 0.57	\$ 0.39

Edgar Filing: MANTECH INTERNATIONAL CORP - Form 10-Q

Weighted average common shares outstanding		20,782		19,771	
Class B common stock					
Income from continuing operations		\$	0.57	\$	0.39
(Loss) from discontinued operations, net of taxes					
Class B diluted earnings per share		\$	0.57	\$	0.39
Weighted average common shares outstanding					
			14,238		14,570

See notes to condensed consolidated financial statements.

Table of Contents

MANTECH INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in Thousands)

	(unaudited)	
	Three months ended March 31,	
	2008	2007
NET INCOME	\$ 19,933	\$ 13,248
OTHER COMPREHENSIVE INCOME:		
Translation adjustments	2	2
Total other comprehensive income	2	2
COMPREHENSIVE INCOME	\$ 19,935	\$ 13,250

See notes to condensed consolidated financial statements.

Table of Contents**MANTECH INTERNATIONAL CORPORATION****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Dollars in Thousands)

	(unaudited)	
	Three months ended March 31,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 19,933	\$ 13,248
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss from discontinued operation, net of tax		458
Gain on sale of discontinued operation, net of tax		(338)
Unrealized loss on warrants		35
Stock-based compensation	1,733	1,569
Tax benefits from exercise of stock options	(842)	(505)
Deferred income taxes	404	(2,161)
Depreciation and amortization	4,167	2,591
Change in assets and liabilities net of effects from acquired and disposed businesses:		
Receivables-net	(13,927)	(6,755)
Prepaid expenses and other	5,363	4,180
Accounts payable and accrued expenses	14,221	(14,584)
Accrued salaries and related expenses	(15,285)	(10,530)
Billings in excess of revenue earned	(960)	2,213
Accrued retirement	(1,015)	(357)
Other	1,219	736
Net cash flow from operating activities of continuing operations	15,011	(10,200)
Net cash flow from discontinued operations		(1,562)
Net cash flow from operating activities	15,011	(11,762)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(576)	(1,224)
Investment in capitalized software for internal use	(459)	(764)
Acquisition of businesses	(213)	
Net investing cash flow from continuing operations	(1,248)	(1,988)
Net investing cash flow from discontinued operations		3,000
Net cash flow from investing activities	(1,248)	1,012
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of stock options	4,231	3,385
Excess tax benefits from the exercise of stock options	842	505
Excess tax benefit from distribution of shares held in grantor trust		8,581
Treasury stock acquired		(9,114)
Net repayments of borrowings under the line of credit, non-current	(29,000)	
Net borrowings under the line of credit	12,100	
Net cash flow from financing activities	(11,827)	3,357
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,936	(7,393)

