

DYCOM INDUSTRIES INC
Form 10-Q
May 28, 2010

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 April 24, 2010

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 001-10613

DYCOM INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction of incorporation or
organization)

59-1277135

(I.R.S. Employer Identification No.)

11770 US Highway 1, Suite 101, Palm Beach
Gardens, Florida

(Address of principal executive offices)

33408

(Zip Code)

(561) 627-7171

(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. (Check one):

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Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a 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 the latest practicable date.

Common stock	Outstanding shares May 27, 2010
Common stock, par value of \$0.33 1/3	38,655,909

Dycom Industries, Inc.

Table of Contents

PART I – FINANCIAL INFORMATION		
<u>Item 1.</u>	<u>Financial Statements</u>	3
<u>Item 2.</u>	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	27
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	40
<u>Item 4.</u>	<u>Controls and Procedures</u>	40
PART II – OTHER INFORMATION		
<u>Item 1.</u>	<u>Legal Proceedings</u>	41
<u>Item 1A.</u>	<u>Risk Factors</u>	41
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	41
<u>Item 6.</u>	<u>Exhibits</u>	42
<u>Signatures</u>		43
	<u>EX-31.1</u>	
	<u>EX-31.2</u>	
	<u>EX-32.1</u>	
	<u>EX-32.2</u>	

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

DYCOM INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	April 24, 2010	July 25, 2009
(Dollars in thousands)		
ASSETS		
CURRENT ASSETS:		
Cash and equivalents	\$116,155	\$104,707
Accounts receivable, net	96,773	116,968
Costs and estimated earnings in excess of billings	59,867	67,111
Deferred tax assets, net	14,033	15,779
Income taxes receivable	8,213	7,016
Inventories	13,091	8,303
Other current assets	11,212	7,323
Total current assets	319,344	327,207
Property and equipment, net	137,740	142,132
Goodwill	157,851	157,851
Intangible assets, net	51,309	56,056
Other	10,339	10,211
Total non-current assets	357,239	366,250
TOTAL	\$676,583	\$693,457
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$28,003	\$28,977
Current portion of debt	150	926
Billings in excess of costs and estimated earnings	582	151
Accrued insurance claims	26,919	27,386
Other accrued liabilities	42,095	52,590
Total current liabilities	97,749	110,030
LONG-TERM DEBT	135,350	135,377
ACCRUED INSURANCE CLAIMS	26,957	29,759
DEFERRED TAX LIABILITIES, net non-current	23,786	22,910
OTHER LIABILITIES	3,650	4,758
Total liabilities	287,492	302,834
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, par value \$1.00 per share:		

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1,000,000 shares authorized: no shares issued and outstanding	-	-
Common stock, par value \$0.33 1/3 per share:		
150,000,000 shares authorized: 38,653,756 and 38,998,513		
issued and outstanding, respectively	12,885	12,999
Additional paid-in capital	169,345	172,112
Accumulated other comprehensive income	211	69
Retained earnings	206,650	205,443
Total stockholders' equity	389,091	390,623
TOTAL	\$676,583	\$693,457

See notes to the condensed consolidated financial statements.

Table of Contents

DYCOM INDUSTRIES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (Unaudited)

For the Three Months Ended
 April 24, 2010 April 25, 2009
 (Dollars in thousands, except per share
 amounts)

REVENUES:

Contract revenues	\$ 231,636	\$ 257,719
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EXPENSES:

Costs of earned revenues, excluding depreciation and amortization	191,333	206,733
General and administrative (including stock-based compensation expense of \$0.8 and \$0.9 million, respectively)	24,297	24,276
Depreciation and amortization	15,852	16,163
Total	231,482	247,172

Interest income	27	60
Interest expense	(3,386)	(3,162)
Other income, net	4,451	3,566

INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES

	1,246	11,011
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PROVISION (BENEFIT) FOR INCOME TAXES:

Current	7	(2,132)
Deferred	(409)	5,574
Total	(402)	3,442

INCOME FROM CONTINUING OPERATIONS	1,648	7,569
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INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX

	-	28
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NET INCOME	\$ 1,648	\$ 7,597
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EARNINGS PER COMMON SHARE - BASIC:

Income from continuing operations	\$ 0.04	\$ 0.19
Income from discontinued operations	-	-
Net income	\$ 0.04	\$ 0.19

EARNINGS PER COMMON SHARE - DILUTED:

Income from continuing operations	\$ 0.04	\$ 0.19
Income from discontinued operations	-	-
Net income	\$ 0.04	\$ 0.19

SHARES USED IN COMPUTING EARNINGS PER COMMON SHARE:

Basic	39,021,043	39,330,308
Diluted	39,054,443	39,346,102

See notes to the condensed consolidated financial statements.

Table of Contents

DYCOM INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Nine Months Ended	
	April 24, 2010	April 25, 2009
	(Dollars in thousands, except per share amounts)	
REVENUES:		
Contract revenues	\$ 707,082	\$ 837,209
EXPENSES:		
Costs of earned revenues, excluding depreciation and amortization	582,241	681,239
General and administrative (including stock-based compensation expense of \$2.5 and \$2.8 million, respectively)	71,698	73,350
Depreciation and amortization	46,558	49,592
Goodwill impairment charge	-	94,429
Total	700,497	898,610
Interest income	85	234
Interest expense	(10,470)	(11,313)
Other income, net	6,459	5,799
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	2,659	(66,681)
PROVISION (BENEFIT) FOR INCOME TAXES:		
Current	(566)	(379)
Deferred	2,019	(6,503)
Total	1,453	(6,882)
INCOME (LOSS) FROM CONTINUING OPERATIONS	1,206	(59,799)
LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX	-	(9)
NET INCOME (LOSS)	\$ 1,206	\$ (59,808)
EARNINGS (LOSS) PER COMMON SHARE - BASIC		
Income (loss) from continuing operations	\$ 0.03	\$ (1.52)
Loss from discontinued operations	-	-
Net income (loss)	\$ 0.03	\$ (1.52)

EARNINGS (LOSS) PER COMMON SHARE - BASIC

Income (loss) from continuing operations	\$ 0.03	\$ (1.52)
Loss from discontinued operations	-	-
Net income (loss)	\$ 0.03	\$ (1.52)

SHARES USED IN COMPUTING EARNINGS (LOSS) PER COMMON SHARE:

Basic	39,028,637	39,343,834
Diluted	39,102,612	39,343,834

See notes to the condensed consolidated financial statements.

Table of Contents

DYCOM INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the Nine Months Ended	
	April 24, 2010	April 25, 2009
	(Dollars in thousands)	
OPERATING ACTIVITIES:		
Net income (loss)	\$ 1,206	\$(59,808)
Adjustments to reconcile net loss to net cash inflow from operating activities:		
Depreciation and amortization	46,558	49,592
Bad debt expense, net	62	200
Gain on sale of fixed assets, net	(6,143)	(3,306)
Gain on extinguishment of debt, net	-	(3,027)
Write-off of deferred financing costs	-	551
Deferred income tax provision (benefit)	2,019	(5,972)
Stock-based compensation	2,488	2,775
Amortization of debt issuance costs	791	727
Goodwill impairment charge	-	94,429
Excess tax benefit from share-based awards	(69)	-
Change in operating assets and liabilities:		
Accounts receivable, net	18,782	37,978
Costs and estimated earnings in excess of billings, net	7,675	30,445
Other current assets and inventory	(6,895)	(3,049)
Other assets	(960)	826
Income taxes receivable	(1,380)	(6,468)
Accounts payable	(1,212)	(5,465)
Accrued liabilities and insurance claims	(14,240)	(34,300)
Net cash provided by operating activities	48,682	96,128
INVESTING ACTIVITIES:		
Changes in restricted cash	-	(61)
Capital expenditures	(38,222)	(25,625)
Proceeds from sale of assets	6,571	4,349
Net cash used in investing activities	(31,651)	(21,337)
FINANCING ACTIVITIES:		
Proceeds from long-term debt	-	30,000
Principal payments on long-term debt	(920)	(31,824)
Purchase of senior subordinated notes	-	(11,292)
Debt issuance costs	-	(1,837)
Repurchases of common stock	(4,489)	(2,915)
Restricted stock tax withholdings	(273)	(246)
Exercise of stock options and other	30	17
Excess tax benefit from share based awards	69	-
Net cash used in financing activities	(5,583)	(18,097)

Net increase in cash and equivalents	11,448	56,694
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	104,707	22,068
CASH AND EQUIVALENTS AT END OF PERIOD	\$116,155	\$78,762
SUPPLEMENTAL DISCLOSURE OF OTHER CASH FLOW ACTIVITIES AND NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Cash paid during the period for:		
Interest		