

Ameresco, Inc.
Form 10-Q
August 08, 2018
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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 June 30, 2018

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: 001-34811

Ameresco, Inc.

(Exact name of registrant as specified in its charter)

Delaware 04-3512838
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

111 Speen Street, Suite 410 01701

Framingham, Massachusetts
(Address of Principal Executive Offices) (Zip Code)

(508) 661-2200

(Registrant's Telephone Number, Including Area Code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

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, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer Non-accelerated filer Smaller reporting company

Emerging growth company (Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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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 the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Shares outstanding as of August 6, 2018
Class A Common Stock, \$0.0001 par value per share	27,747,511
Class B Common Stock, \$0.0001 par value per share	18,000,000

AMERESCO, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2018
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PART I - FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

AMERESCO, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)

	June 30, 2018 (Unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 27,952	\$ 24,262
Restricted cash	15,103	15,751
Accounts receivable, net	115,596	85,121
Accounts receivable retainage, net	14,669	17,484
Costs and estimated earnings in excess of billings	64,656	104,852
Inventory, net	8,264	8,139
Prepaid expenses and other current assets	14,853	14,037
Income tax receivable	17,237	6,053
Project development costs	16,095	11,379
Total current assets	294,425	287,078
Federal ESPC receivable	246,918	248,917
Property and equipment, net	6,255	5,303
Energy assets, net	404,888	356,443
Goodwill	57,268	56,135
Intangible assets, net	2,414	2,440
Other assets	31,927	27,635
Total assets	\$ 1,044,095	\$ 983,951
LIABILITIES, REDEEMABLE NON-CONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portions of long-term debt and capital lease liabilities	\$ 27,451	\$ 22,375
Accounts payable	115,805	135,881
Accrued expenses and other current liabilities	22,800	23,260
Billings in excess of cost and estimated earnings	19,907	19,871
Income taxes payable	1,298	755
Total current liabilities	187,261	202,142
Long-term debt and capital lease liabilities, less current portions and net of deferred financing fees	221,274	173,237
Federal ESPC liabilities	238,617	235,088
Deferred income taxes, net	8,505	584
Deferred grant income	6,912	7,188
Other liabilities	18,496	18,754
Commitments and contingencies (Note 7)		
Redeemable non-controlling interests	12,322	10,338

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

CONSOLIDATED BALANCE SHEETS — (Continued)

(in thousands, except share and per share amounts)

	June 30, 2018 (Unaudited)	December 31, 2017
Stockholders' equity:		
Preferred stock, \$0.0001 par value, 5,000,000 shares authorized, no shares issued and outstanding at June 30, 2018 and December 31, 2017	\$—	\$—
Class A common stock, \$0.0001 par value, 500,000,000 shares authorized, 29,818,008 shares issued and 27,732,511 shares outstanding at June 30, 2018, 29,406,315 shares issued and 27,533,049 shares outstanding at December 31, 2017	3	3
Class B common stock, \$0.0001 par value, 144,000,000 shares authorized, 18,000,000 shares issued and outstanding at June 30, 2018 and December 31, 2017	2	2
Additional paid-in capital	119,257	116,196
Retained earnings	247,080	235,844
Accumulated other comprehensive loss, net	(4,063) (5,626)
Less - treasury stock, at cost, 2,085,497 shares at June 30, 2018 and 1,873,266 shares at December 31, 2017	(11,571) (9,799)
Total stockholders' equity	350,708	336,620
Total liabilities, redeemable non-controlling interests and stockholders' equity	\$1,044,095	\$983,951

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

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AMERESCO, INC.
 CONSOLIDATED STATEMENTS OF INCOME (LOSS)
 (in thousands, except share and per share amounts)
 (Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Revenues	\$196,982	\$166,665	\$364,392	\$301,275
Cost of revenues	154,206	131,257	286,143	239,943
Gross profit	42,776	35,408	78,249	61,332
Selling, general and administrative expenses	28,801	26,650	56,005	53,137
Operating income	13,975	8,758	22,244	8,195
Other expenses, net	3,966	1,738	7,510	3,564
Income before provision (benefit) for income taxes	10,009	7,020	14,734	4,631
Income tax provision (benefit)	1,307	1,060	(1,472)) 415
Net income	8,702	5,960	16,206	4,216
Net (income) loss attributable to redeemable non-controlling interests	—	(129)) (516)) 971
Net income attributable to common shareholders	\$8,702	\$5,831	\$15,690	\$5,187
Net income per share attributable to common shareholders:				
Basic	\$0.19	\$0.13	\$0.35	\$0.11
Diluted	\$0.19	\$0.13	\$0.34	\$0.11
Weighted average common shares outstanding:				
Basic	45,470,000	45,463,000	45,469,000	45,488,000
Diluted	46,406,000	45,675,000	46,272,000	45,601,000

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

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AMERESCO, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands)

(Unaudited)

	Three Months Ended June 30,	
	2018	2017
Net income	\$8,702	\$5,960
Other comprehensive income (loss):		
Unrealized gain (loss) from interest rate hedges, net of tax (provision) benefit of \$20 and \$195, respectively	158	(331)
Foreign currency translation adjustments	(435)	373
Total other comprehensive income (loss)	(277)	42
Comprehensive income	8,425	6,002
Comprehensive (income) attributable to redeemable non-controlling interests	—	(129)
Comprehensive income attributable to common shareholders	\$8,425	\$5,873
	Six Months Ended June 30,	
	2018	2017
Net income	16,206	4,216
Other comprehensive income (loss):		
Unrealized gain (loss) from interest rate hedges, net of tax (provision) benefit of \$409 and \$147, respectively	1,561	(129)
Foreign currency translation adjustments	2	382
Total other comprehensive income	1,563	253
Comprehensive income	17,769	4,469
Comprehensive (income) loss attributable to redeemable non-controlling interests	(516)	971
Comprehensive income attributable to common shareholders	\$17,253	\$5,440

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

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AMERESCO, INC.

CONSOLIDATED STATEMENT OF CHANGES IN REDEEMABLE NON-CONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2018

(in thousands, except share amounts)

(Unaudited)

	Redeemable		Class B Common Stock Amount	Additional		Accumulated		Total	
	Non-Controlling Stock Interests	Class A Common Stock Shares		Paid-in Capital	Retained Earnings	Other Comprehensive Loss	Treasury Stock Shares	Treasury Stock Amount	Stockholders' Equity
Balance, December 31, 2017	\$ 10,338	27,533,049	\$ 3 18,000,000	\$ 2 \$ 116,196	\$ 235,844	\$ (5,626)	1,873,266	\$ (9,799)	\$ 336,620
Cumulative impact from the adoption of ASU No. 2014-09 (Note 2)	—	—	— —	— —	(4,454)	—	—	—	(4,454)
Exercise of stock options	—	385,618	— —	— 2,101	—	—	—	—	2,101
Stock-based compensation expense	—	—	— —	— 747	—	—	—	—	—