

MASTEC INC
Form 10-Q
May 03, 2012

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 March 31, 2012

Commission File Number 001-08106

MASTEC, INC.

(Exact name of registrant as specified in its charter)

Florida
(State or other jurisdiction of
incorporation or organization)

65-0829355
(I.R.S. Employer
Identification No.)

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800 S. Douglas Road, 12th Floor, Coral Gables, FL
(Address of principal executive offices)

33134
(Zip Code)

Registrant's telephone number, including area code: (305) 599-1800

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):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) 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

As of April 30, 2012, MasTec, Inc. had 80,704,494 shares of common stock, \$0.10 par value, outstanding.

MASTEC, INC.

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QUARTER ENDED MARCH 31, 2012

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PART 1. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****MASTEC, INC.****CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share amounts)

	For the Three Months Ended March 31,	
	2012	2011
Revenue	\$ 778,476	\$ 618,492
Costs of revenue, excluding depreciation and amortization	684,657	528,553
Depreciation and amortization	20,954	15,109
General and administrative expenses	40,809	32,499
Interest expense, net	8,992	7,912
Other income, net	(454)	(165)
Income before provision for income taxes	\$ 23,518	\$ 34,584
Provision for income taxes	(9,348)	(13,488)
Net income	\$ 14,170	\$ 21,096
Net loss attributable to non-controlling interests	(2)	(10)
Net income attributable to MasTec, Inc.	\$ 14,172	\$ 21,106
Earnings per share (See Note 2 - Earnings Per Share):		
Basic earnings per share	\$ 0.18	\$ 0.27
Basic weighted average common shares outstanding	80,615	78,426
Diluted earnings per share	\$ 0.17	\$ 0.26
Diluted weighted average common shares outstanding	83,906	83,633

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

MASTEC, INC.

CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

	For the Three Months Ended March 31,	
	2012	2011
Net income	\$ 14,170	\$ 21,096
Foreign currency translation adjustment	1,123	32
Unrealized gain (loss) on available for sale securities:		
Unrealized gain (loss) on available for sale securities	416	(46)
Less: Reclassification adjustment for sale of securities included in net income		
Less: Benefit from (provision for) income taxes	(170)	15
Net unrealized gain (loss) on available for sale securities, net of tax	246	(31)
Comprehensive income	\$ 15,539	\$ 21,097
Comprehensive income (loss) attributable to noncontrolling interests	(2)	(10)
Comprehensive income attributable to MasTec, Inc.	\$ 15,541	\$ 21,107

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

MASTEC, INC.

CONDENSED UNAUDITED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)

	March 31, 2012	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 20,131	\$ 20,280
Accounts receivable, net of allowance	667,064	664,629
Inventories	100,827	88,992
Deferred tax assets, net	1,337	10,596
Prepaid expenses and deposits	23,146	22,078
Other current assets	11,223	15,935
Total current assets	\$ 823,728	\$ 822,510
Property and equipment, net	264,968	266,583
Goodwill	810,586	807,850
Other intangible assets, net	115,107	117,946
Securities available for sale	13,981	13,565
Other assets	41,922	52,691
Total assets	\$ 2,070,292	\$ 2,081,145
Liabilities and Shareholders Equity		
Current liabilities:		
Current maturities of long-term debt	\$ 34,440	\$ 34,191
Accounts payable	327,286	306,996
Accrued salaries and wages	40,439	38,136
Accrued taxes payable	1,082	5,747
Accrued insurance	17,193	19,306
Other accrued expenses	14,071	11,934
Acquisition-related contingent consideration, current	17,774	21,833
Billings in excess of costs and earnings	95,407	109,723
Other current liabilities	30,899	32,381
Total current liabilities	\$ 578,591	\$ 580,247
Acquisition-related contingent consideration	75,517	74,563
Long-term debt	426,838	460,725
Deferred tax liabilities, net	123,767	122,614
Other liabilities	36,526	31,789
Total liabilities	\$ 1,241,239	\$ 1,269,938
Commitments and contingencies (See Note 13)		
Shareholders equity:		
Preferred stock, \$1.00 par value; authorized shares - 5,000,000; issued and outstanding shares - none	\$	\$
Common stock, \$0.10 par value; authorized shares - 145,000,000; issued shares - 85,284,380 and 85,162,527 as of March 31, 2012 and December 31, 2011, respectively	8,526	8,516
Capital surplus	794,393	792,096
Accumulated surplus	107,661	93,489

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Accumulated other comprehensive loss	(6,577)	(7,946)
Treasury stock, at cost; shares as of March 31, 2012 and December 31, 2011 - 4,593,663	(75,000)	(75,000)
Total MasTec, Inc. shareholders' equity	829,003	811,155
Non-controlling interests	50	52
Total shareholders' equity	\$ 829,053	\$ 811,207
Total liabilities and shareholders' equity	\$ 2,070,292	\$ 2,081,145

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

MASTEC, INC.

CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	For the Three Months Ended March 31,	
	2012	2011
Cash flows from operating activities:		
Net income	\$ 14,170	\$ 21,096
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	20,954	15,109
Stock-based compensation expense	993	882
Excess tax benefit from stock-based compensation	(97)	(2,878)
Non-cash interest expense	2,128	1,725
Provision for doubtful accounts	548	510
Loss (gain) on disposal of assets	(324)	118
Changes in assets and liabilities, net of assets acquired and liabilities assumed:		
Accounts receivable	(1,724)	42,861
Inventories	216	(8,708)
Deferred tax assets and liabilities, net	10,222	13,589
Other assets, current and non-current portion	1,760	(1,740)
Accounts payable and accrued expenses	7,319	19,322
Billings in excess of costs and earnings	(14,335)	(52,009)
Other liabilities, current and non-current portion	1,615	444
Net cash provided by operating activities	\$ 43,445	\$ 50,321
Cash flows used in investing activities:		
Cash paid for acquisitions, net, including contingent consideration	(4,498)	(17,474)
Capital expenditures	(14,097)	(14,620)
Proceeds from sale of assets	2,014	1,334
Investments in life insurance policies		(360)
Net cash used in investing activities	\$ (16,581)	\$ (31,120)
Cash flows (used in) provided by financing activities:		
Proceeds from credit facility	166,700	
Repayments of credit facility	(195,950)	
Payments of other borrowings	(5,323)	(2,775)
Proceeds from (repayments of) bank overdrafts	10,433	
Payments of capital lease obligations	(4,185)	(4,500)
Proceeds from stock option exercises and other share-based awards	1,218	6,551
Excess tax benefit from stock-based compensation	97	2,878
Payments of financing costs		