

US CONCRETE INC
Form 10-Q
November 09, 2010

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**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, 2010
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)
IRS Employer Identification No. 76-0586680
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 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 (as defined in Rule 12b-2 of the Exchange Act).

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

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 and 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 9, 2010, U.S. Concrete, Inc. had 11,928,000 shares of its common stock, \$0.001 par value, outstanding.

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

	Successor September 30, 2010	Predecessor December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,620	\$ 4,229
Trade accounts receivable, net	83,691	74,851
Inventories	28,816	30,960
Deferred income taxes	19,613	7,847
Prepaid expenses	4,151	3,729
Other current assets	9,337	6,973
Total current assets	150,228	128,589
Property, plant and equipment, net	141,398	239,917
Goodwill		14,063
Other assets	11,014	6,591
Assets held for sale	892	
Total assets	\$ 303,532	\$ 389,160
LIABILITIES AND EQUITY (DEFICIT)		
Current liabilities:		
Current maturities of long-term debt	\$ 587	\$ 7,873
Accounts payable	35,273	37,678
Accrued liabilities	43,823	48,557
Derivative liabilities	15,923	
Total current liabilities	95,606	94,108
Long-term debt, net of current maturities	47,110	288,669
Other long-term obligations and deferred credits	7,921	6,916
Deferred income taxes	21,160	9,658
Total liabilities	171,797	399,351
Commitments and contingencies (Note 14)		
Equity (deficit):		
Preferred stock		

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Common stock	12	38
Additional paid-in capital	131,571	268,306
Retained earnings (deficit)	152	(280,802)
Treasury stock, at cost		(3,284)
Total stockholders' equity (deficit)	131,735	(15,742)
Non-controlling interest (Note 1)		5,551
Total equity (deficit)	131,735	(10,191)
Total liabilities and equity	\$ 303,532	\$ 389,160

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 Period from	Predecessor	
	September 1	Period from July 1	Three Months
	through September 30, 2010	through August 31, 2010	Ended September 30, 2009
Revenue	\$ 41,030	\$ 88,370	\$ 136,343
Cost of goods sold before depreciation, depletion and amortization	34,909	73,755	112,700
Selling, general and administrative expenses	4,591	8,595	14,836
Goodwill and other asset impairments			47,411
Depreciation, depletion and amortization	1,353	4,221	6,770
Loss on sale of assets		38	2,877
Income (loss) from continuing operations	177	1,761	(48,251)
Interest expense, net	913	3,404	6,442
Derivative income	800		
Other income, net	53	143	290
Income (loss) from continuing operations before reorganization items and income taxes	117	(1,500)	(54,403)
Reorganization items (Note 4)		(65,849)	
Income (loss) from continuing operations before income taxes	117	64,349	(54,403)
Income tax expense (benefit)	(35)	1,415	(1,270)
Income (loss) from continuing operations	152	62,934	(53,133)
Loss from discontinued operations, net of taxes and loss attributable to non-controlling interest		(10,213)	(4,927)
Net income (loss) attributable to stockholders	\$ 152	\$ 52,721	\$ (58,060)
Income (loss) per share attributable to stockholders:			
Income (loss) from continuing operations	\$ 0.01	\$ 1.72	\$ (1.46)
Loss from discontinued operations, net of taxes	(0.00)	(0.28)	(0.14)
Net income (loss)	\$ 0.01	\$ 1.44	\$ (1.60)
Basic and diluted weighted average shares outstanding	11,928	36,703	36,272

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	Predecessor	
	Period from	Period from	
	September 1	January 1	Nine Months
	through	through	Ended
	September	August	September
	30,	31,	30,
	2010	2010	2009
Revenue	\$ 41,030	\$ 302,748	\$ 377,077
Cost of goods sold before depreciation, depletion and amortization	34,909	261,830	315,948
Selling, general and administrative expenses	4,591	39,241	46,115
Goodwill and other asset impairments			47,411
Depreciation, depletion and amortization	1,353	16,862	19,847
Loss on sale of assets		78	2,136
Income (loss) from continuing operations	177	(15,263)	(54,380)
Interest expense, net	913	17,369	19,527
Gain on purchases of senior subordinated notes			7,406
Derivative income	800		
Other income, net	53	534	921
Income (loss) from continuing operations before reorganization items and income taxes	117	(32,098)	(65,580)
Reorganization items (Note 4)		(59,191)	
Income (loss) from continuing operations before income taxes	117	27,093	(65,580)
Income tax expense (benefit)	(35)	1,576	(2,487)
Income (loss) from continuing operations	152	25,517	(63,093)
Loss from discontinued operations, net of taxes and loss attributable to non-controlling interest		(12,672)	(8,415)
Net income (loss) attributable to stockholders	\$ 152	\$ 12,845	\$ (71,508)
Income (loss) per share attributable to stockholders:			
Income (loss) from continuing operations	\$ 0.01	\$ 0.70	\$ (1.75)
Loss from discontinued operations, net of income taxes	(0.00)	(0.35)	(0.23)
Net income (loss)	\$ 0.01	\$ 0.35	\$ (1.98)
Basic and diluted weighted average shares outstanding	11,928	36,699	36,132

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

	Common Stock		Additional	Retained	Treasury	Non-	Total Equity
	Shares	Par Value	Paid-In Capital	Deficit	Stock	Controlling Interest	(Deficit)
BALANCE, December 31, 2008 (Predecessor)	36,793	\$ 37	\$ 265,453	\$ (192,564)	\$ (3,130)	\$ 10,567	\$ 80,363
Stock-based compensation	497	1	1,791				1,792
Employee purchase of ESPP shares	171		288				288
Purchase of treasury shares	(89)				(147)		(147)
Cancellation of shares	(39)						
Capital contribution to Superior Materials Holdings, LLC						1,609	1,609
Net loss				(71,508)		(5,632)	(77,140)
 BALANCE, September 30, 2009 (Predecessor)	 37,333	 \$ 38	 \$ 267,532	 \$ (264,072)	 \$ (3,277)	 \$ 6,544	 \$ 6,765
 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

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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

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	Predecessor	
	Period from September 1 through September 30, 2010	Period from January 1 through August 31, 2010	Nine months ended September 30, 2009
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ 152	\$ 4,811	\$ (77,140)
Adjustments to reconcile net loss to net cash used in operating activities:			
Goodwill and other asset impairments		18,200	54,560
Reorganization items		(57,686)	
Depreciation, depletion and amortization	1,353	18,403	22,551
Debt issuance cost amortization	384	7,756	1,356
Gain on purchases of senior subordinated notes			(7,406)
Derivative income	(800)		
Net loss on sale of assets		78	2,029
Deferred income taxes	747	(966)	(1,453)
Provision for doubtful accounts	106	1,200	2,925
Stock-based compensation		1,073	1,792
Changes in assets and liabilities, excluding effects of acquisitions:			
Accounts receivable	2,173	(26,119)	4,076
Inventories	(231)	(2,310)	2,481
Prepaid expenses and other current assets	(860)	(3,158)	6,544
Other assets and liabilities	8	249	3
Accounts payable and accrued liabilities	(8,688)	12,423	(366)
Net cash provided by (used in) operating activities	(5,656)	(26,046)	11,952
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(450)	(4,475)	(12,491)
Proceeds from disposals of property, plant and equipment	10	252	9,122
Payments for acquisitions/redemption	(640)		(5,214)
Net cash used in investing activities	(1,080)	(4,223)	(8,583)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from Convertible Notes		55,000	

Proceeds from New Credit Agreement

13,198