

US ECOLOGY, INC.
Form 10-Q
May 04, 2015
[Table of Contents](#)

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, 2015

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: 0000-11688

US ECOLOGY, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

95-3889638
(I.R.S. Employer Identification No.)

251 E. Front St., Suite 400
Boise, Idaho
(Address of principal executive offices)

83702
(Zip Code)

Registrant's telephone number, including area code: **(208) 331-8400**

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.

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 Act). Yes No

At April 29, 2015, there were 21,658,957 shares of the registrant's Common Stock outstanding.

Table of Contents

US ECOLOGY, INC.

FORM 10-Q

TABLE OF CONTENTS

Item		Page
	<u>PART I FINANCIAL INFORMATION</u>	3
<u>1.</u>	<u>Financial Statements (Unaudited)</u>	3
	<u>Consolidated Balance Sheets as of March 31, 2015 and December 31, 2014</u>	3
	<u>Consolidated Statements of Operations for the three months ended March 31, 2015 and 2014</u>	4
	<u>Consolidated Statements of Comprehensive Income for the three months ended March 31, 2015 and 2014</u>	5
	<u>Consolidated Statements of Cash Flows for the three months ended March 31, 2015 and 2014</u>	6
	<u>Notes to Consolidated Financial Statements</u>	7
	<u>Report of Independent Registered Public Accounting Firm</u>	20
<u>2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	21
<u>3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	31
<u>4.</u>	<u>Controls and Procedures</u>	31
	<u>PART II OTHER INFORMATION</u>	33
	<u>Cautionary Statement</u>	33
<u>1.</u>	<u>Legal Proceedings</u>	33
<u>1A.</u>	<u>Risk Factors</u>	33
<u>2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	34
<u>3.</u>	<u>Defaults Upon Senior Securities</u>	34
<u>4.</u>	<u>Mine Safety Disclosures</u>	34
<u>5.</u>	<u>Other Information</u>	34
<u>6.</u>	<u>Exhibits</u>	34
	<u>SIGNATURE</u>	35

Table of Contents

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

US ECOLOGY, INC.

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except par value amount)

	March 31, 2015	December 31, 2014 As Adjusted
Assets		
Current Assets:		
Cash and cash equivalents	\$ 10,197	\$ 22,971
Receivables, net	120,270	135,261
Prepaid expenses and other current assets	10,549	11,984
Income taxes receivable	4,683	6,912
Deferred income taxes	1,476	2,377
Total current assets	147,175	179,505
Property and equipment, net	221,918	227,684
Restricted cash and investments	5,756	5,729
Intangible assets, net	272,696	278,667
Goodwill	219,660	221,279
Other assets	10,623	11,308
Deferred income taxes		85
Total assets	\$ 877,828	\$ 924,257
Liabilities And Stockholders Equity		
Current Liabilities:		
Accounts payable	\$ 18,112	\$ 24,513
Deferred revenue	8,288	13,190
Accrued liabilities	32,194	36,251
Accrued salaries and benefits	9,900	13,322
Income taxes payable	3,062	4,124
Current portion of closure and post-closure obligations	5,703	5,359
Current portion of long-term debt	3,616	3,828
Total current liabilities	80,875	100,587
Long-term closure and post-closure obligations	67,461	67,511
Long-term debt	369,079	390,825
Other long-term liabilities	6,479	4,336
Deferred income taxes	105,865	109,661

Edgar Filing: US ECOLOGY, INC. - Form 10-Q

Total liabilities	629,759	672,920
Commitments and contingencies		
Stockholders Equity:		
Common stock \$0.01 par value, 50,000 authorized; 21,659 and 21,632 shares issued, respectively	217	216
Additional paid-in capital	165,845	165,524
Retained earnings	95,272	93,301
Treasury stock, at cost, 0 and 1 shares, respectively	(5)	(18)
Accumulated other comprehensive income (loss)	(13,260)	(7,686)
Total stockholders equity	248,069	251,337
Total liabilities and stockholders equity	\$ 877,828	\$ 924,257

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

Table of Contents

US ECOLOGY, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share amounts)

	Three Months Ended March 31,	
	2015	2014
Revenue	\$ 136,651	\$ 53,354
Direct operating costs	96,807	31,234
Gross profit	39,844	22,120
Selling, general and administrative expenses	24,893	6,636
Operating income	14,951	15,484
Other income (expense):		
Interest income	41	44
Interest expense	(5,694)	(86)
Foreign currency loss	(1,067)	(940)
Other	536	86
Total other income (expense)	(6,184)	(896)
Income before income taxes	8,767	14,588
Income tax expense	2,902	5,227
Net income	\$ 5,865	\$ 9,361
Earnings per share:		
Basic	\$ 0.27	\$ 0.44
Diluted	\$ 0.27	\$ 0.43
Shares used in earnings per share calculation:		
Basic	21,583	21,475
Diluted	21,689	21,586
Dividends paid per share	\$ 0.18	\$ 0.18

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

Table of Contents

US ECOLOGY, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(In thousands)

	Three Months Ended March 31,	
	2015	2014
Net income	\$ 5,865	\$ 9,361
Other comprehensive income (loss):		
Foreign currency translation loss	(4,173)	(1,479)
Unrealized loss on interest rate hedge, net of taxes of \$754	(1,401)	
Comprehensive income, net of tax	\$ 291	\$ 7,882

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

Table of Contents

US ECOLOGY, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

	Three Months Ended March 31,	
	2015	2014
Cash flows from operating activities:		
Net income	\$ 5,865	\$ 9,361
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	7,479	3,839
Amortization of intangible assets	3,302	352
Accretion of closure and post-closure obligations	1,035	330
Unrealized foreign currency loss	1,754	1,452
Deferred income taxes	(1,193)	(460)
Share-based compensation expense	463	270
Unrecognized tax benefits		3
Net loss on disposal of property and equipment	953	8
Amortization of debt discount	37	
Changes in assets and liabilities:		
Receivables	14,143	1,259
Income taxes receivable	2,229	
Other assets	2,060	882
Accounts payable and accrued liabilities	(6,281)	(2,142)
Deferred revenue	(4,393)	(1,164)
Accrued salaries and benefits	(3,256)	(1,994)
Income taxes payable	(981)	783
Closure and post-closure obligations	(583)	(114)
Net cash provided by operating activities	22,633	12,665
Cash flows from investing activities:		
Purchases of property and equipment	(9,231)	(4,775)
Purchases of restricted cash and investments	(816)	(14)
Proceeds from sale of restricted cash and investments	790	
Proceeds from sale of property and equipment	160	6
Net cash used in investing activities	(9,097)	(4,783)
Cash flows from financing activities:		
Payments on long-term debt	(21,994)	
Dividends paid	(3,894)	(3,874)
Proceeds from exercise of stock options	126	174
Other	(255)	(65)
Net cash used in financing activities	(26,017)	(3,765)
Effect of foreign exchange rate changes on cash	(293)	(139)
Increase (decrease) in cash and cash equivalents	(12,774)	3,978
Cash and cash equivalents at beginning of period	22,971	73,940
Cash and cash equivalents at end of period	\$ 10,197	\$ 77,918

Edgar Filing: US ECOLOGY, INC. - Form 10-Q

Supplemental Disclosures

Income taxes paid, net of receipts	\$	3,241	\$	4,934
Interest paid				