

TETRA TECHNOLOGIES INC
Form 10-Q
May 11, 2015

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

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 1-13455

TETRA Technologies, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

74-2148293
(I.R.S. Employer Identification No.)

24955 Interstate 45 North
The Woodlands, Texas
(Address of principal executive offices)

77380
(zip code)

(281) 367-1983
(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

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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 May 8, 2015, there were 79,637,789 shares outstanding of the Company’s Common Stock, \$0.01 par value per share.

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

TETRA Technologies, Inc. and Subsidiaries
Consolidated Statements of Operations
(In Thousands, Except Per Share Amounts)
(Unaudited)

	Three Months Ended	
	March 31,	
	2015	2014
Revenues:		
Product sales	\$84,886	\$76,752
Services and rentals	166,206	136,105
Total revenues	251,092	212,857
Cost of revenues:		
Cost of product sales	63,579	65,029
Cost of services and rentals	103,084	99,938
Depreciation, amortization, and accretion	38,342	23,040
Total cost of revenues	205,005	188,007
Gross profit	46,087	24,850
General and administrative expense	35,269	33,420
Interest expense, net	12,886	4,711
Other (income) expense, net	(14	) (2,598
Income (loss) before taxes	(2,054	) (10,683
Provision (benefit) for income taxes	1,568	(4,593
Net income (loss)	(3,622	) (6,090
Less: income attributable to noncontrolling interest	(825	) (844
Net income (loss) attributable to TETRA stockholders	\$(4,447	) \$(6,934
Basic net income (loss) per common share:		
Net income (loss) attributable to TETRA stockholders	\$(0.06	) \$(0.09
Average shares outstanding	78,907	78,306
Diluted net income (loss) per common share:		
Net income (loss) attributable to TETRA stockholders	\$(0.06	) \$(0.09
Average diluted shares outstanding	78,907	78,306

See Notes to Consolidated Financial Statements

TETRA Technologies, Inc. and Subsidiaries
 Consolidated Statements of Comprehensive Income (Loss)
 (In Thousands)
 (Unaudited)

	Three Months Ended		
	March 31,		
	2015	2014	
Net income (loss)	\$ (3,622	) \$ (6,090)
Foreign currency translation adjustment, including taxes of \$0 in 2015 and including taxes of \$1,196 in 2014	(9,787	) (2,467)
Comprehensive income (loss)	(13,409	) (8,557)
Less: comprehensive income attributable to noncontrolling interest	(825	) (844)
Comprehensive income (loss) attributable to TETRA stockholders	\$ (14,234	) \$ (9,401)

See Notes to Consolidated Financial Statements

TETRA Technologies, Inc. and Subsidiaries
Consolidated Balance Sheets
(In Thousands)

	March 31, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$34,516	\$48,384
Restricted cash	8,805	8,721
Trade accounts receivable, net of allowances for doubtful accounts of \$2,374 in 2015 and \$2,485 in 2014	191,378	227,053
Deferred tax asset, net	440	392
Inventories	199,835	189,144
Assets held for sale	—	2,568
Prepaid expenses and other current assets	24,215	24,286
Total current assets	459,189	500,548
Property, plant, and equipment:		
Land and building	76,058	75,200
Machinery and equipment	1,336,256	1,293,165
Automobiles and trucks	55,564	57,035
Chemical plants	173,658	174,108
Construction in progress	17,147	21,483
Total property, plant, and equipment	1,658,683	1,620,991
Less accumulated depreciation	(526,597)	(496,368)
Net property, plant, and equipment	1,132,086	1,124,623
Other assets:		
Goodwill	290,960	293,941
Patents, trademarks and other intangible assets, net of accumulated amortization of \$42,344 in 2015 and \$39,754 in 2014	103,170	105,967
Deferred tax assets, net	2,618	1,791
Other assets	40,852	40,966
Total other assets	437,600	442,665
Total assets	\$2,028,875	\$2,067,836

See Notes to Consolidated Financial Statements

TETRA Technologies, Inc. and Subsidiaries
Consolidated Balance Sheets
(In Thousands, Except Share Amounts)

	March 31, 2015 (Unaudited)	December 31, 2014
LIABILITIES AND EQUITY		
Current liabilities:		
Trade accounts payable	\$78,948	\$119,240
Unearned income	88,020	70,688
Accrued liabilities	76,338	85,884
Current portion of long-term debt	90,000	90,074
Decommissioning and other asset retirement obligations	9,243	12,758
Total current liabilities	342,549	378,644
Long-term debt, net of current portion	859,785	844,961
Deferred income taxes	10,650	10,525
Decommissioning and other asset retirement obligations, net of current portion	53,397	49,983
Other liabilities	17,899	18,122
Total long-term liabilities	941,731	923,591
Commitments and contingencies		
Equity:		
TETRA stockholders' equity:		
Common stock, par value \$0.01 per share; 100,000,000 shares authorized; 82,322,876 shares issued at March 31, 2015 and 82,322,876 shares issued at December 31, 2014	823	823
Additional paid-in capital	242,366	241,166
Treasury stock, at cost; 2,689,533 shares held at March 31, 2015, and 2,672,930 shares held at December 31, 2014	(16,419	) (16,419)
Accumulated other comprehensive income (loss)	(36,002	) (26,215)
Retained earnings	165,911	