

TEAM INC
Form 10-Q
May 10, 2016
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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 March 31, 2016

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 001-08604
TEAM, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware 74-1765729
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

13131 Dairy Ashford, Suite 600, Sugar Land, Texas 77478
(Address of Principal Executive Offices) (Zip Code)

(281) 331-6154
(Registrant's Telephone Number, Including Area Code)

None
(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 or a smaller reporting company. See 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 Smaller reporting company

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

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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

The Registrant had 29,509,514 shares of common stock, par value \$0.30, outstanding and 606,977 shares of treasury stock as of April 30, 2016.

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TEAM, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

	March 31, 2016 (unaudited)	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$88,309	\$44,825
Restricted cash	5,000	5,000
Receivables, net of allowance of \$4,339 and \$3,548	293,606	214,324
Inventory	66,041	27,936
Income tax receivable	12,541	3,893
Deferred income taxes	19,633	6,917
Prepaid expenses and other current assets	24,634	11,664
Total current assets	509,764	314,559
Property, plant and equipment, net	201,015	124,983
Intangible assets, net of accumulated amortization of \$24,403 and \$21,161	166,851	99,119
Goodwill	294,918	256,654
Other assets, net	3,759	2,421
Deferred income taxes	4,247	1,255
Total assets	\$1,180,554	\$798,991
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	\$20,000	\$20,000
Accounts payable	38,472	22,364
Other accrued liabilities	81,482	49,796
Total current liabilities	139,954	92,160
Deferred income taxes	57,142	17,302
Long-term debt	416,886	351,383
Defined benefit pension liability	13,805	—
Other long-term liabilities	3,583	—
Total liabilities	631,370	460,845
Commitments and contingencies		
Equity:		
Preferred stock, 500,000 shares authorized, none issued	—	—
Common stock, par value \$0.30 per share, 60,000,000 shares authorized; 30,115,641 and 21,836,694 shares issued	9,034	6,552
Additional paid-in capital	332,314	120,126
Retained earnings	244,546	250,980
Accumulated other comprehensive loss	(13,852)	(18,374)
Treasury stock at cost, 606,977 and 546,977 shares	(22,858)	(21,138)
Total equity	549,184	338,146
Total liabilities and equity	\$1,180,554	\$798,991

See accompanying notes to unaudited condensed consolidated financial statements.

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TEAM, INC. AND SUBSIDIARIES

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

	Three Months Ended March 31,	
	2016	2015
Revenues	\$250,854	\$192,407
Operating expenses	184,872	138,364
Gross margin	65,982	54,043
Selling, general and administrative expenses	73,362	46,344
Operating income (loss)	(7,380)	7,699
Interest expense, net	2,935	567
Foreign currency loss	38	374
Other expense / (income), net	(10)	1,179
Earnings (loss) from continuing operations before income taxes	(10,343)	5,579
Less: Provision (benefit) for income taxes	(3,783)	2,213
Income (loss) from continuing operations	(6,560)	3,366
Income from discontinued operations, net of income tax	126	—
Net income (loss)	(6,434)	3,366
Less: Income attributable to non-controlling interest	—	60
Net income (loss) available to Team shareholders	\$(6,434)	\$3,306
Basic earnings (loss) per share:		
Continuing operations	\$(0.27)	\$0.16