

ERICKSON INC.
Form 10-Q
November 05, 2015

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 September 30, 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 001-35482

ERICKSON INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware 93-1307561
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

5550 SW Macadam Avenue, Suite 200, Portland, Oregon 97239
(Address of principal executive offices) (Zip Code)

(503) 505-5800
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, \$0.0001 par value	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: N/A

(Title of each class)

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 <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

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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

On October 30, 2015, 18,340,901 shares of common stock, par value \$0.0001, were outstanding.

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PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ERICKSON INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data) (Unaudited)

	September 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,698	\$ 5,097
Restricted cash	349	567
Accounts receivable, net of allowances for doubtful accounts of \$170 and \$739 in 2015 and 2014, respectively	55,172	44,350
Inventory	7,988	—
Prepaid expenses and other current assets	4,935	8,780
Income tax receivable	649	677
Deferred tax assets	595	1,230
Total current assets	71,386	60,701
Aircraft support parts, net	135,608	137,593
Assets held for sale	5,959	—
Aircraft, net	109,672	128,221
Property, plant and equipment, net	118,537	120,635
Goodwill	163,616	215,241
Other intangible assets, net	18,045	20,053
Other non-current assets	22,028	23,077
Total assets	\$ 644,851	\$ 705,521
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 20,245	\$ 19,844
Current portion of long-term debt	4,840	4,144
Accrued and other current liabilities	29,100	19,034
Income tax payable	398	315
Deferred tax liabilities	—	884
Total current liabilities	54,583	44,221
Long-term debt	17,580	12,751
Long-term revolving credit facilities	87,384	89,339
Long-term notes payable	355,000	355,000
Other long-term liabilities	15,733	13,181
Uncertain tax positions	6,484	6,313
Deferred tax liabilities	1,390	3,703
Total liabilities	538,154	524,508
Stockholders' equity:		
Common stock; \$0.0001 par value; 110,000,000 shares authorized; 13,840,901 and 13,823,818 issued and outstanding at September 30, 2015 and December 31, 2014, respectively	1	1
Additional paid-in capital	181,186	181,018
Retained earnings (accumulated deficit)	(68,205)) 1,812

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Accumulated other comprehensive loss, net of tax	(6,973) (2,544)
Total stockholders' equity attributable to Erickson Incorporated	106,009	180,287	
Noncontrolling interest	688	726	
Total stockholders' equity	106,697	181,013	
Total liabilities and stockholders' equity	\$644,851	\$705,521	

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

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ERICKSON INCORPORATED AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
 (In thousands, except share and per share data) (Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Net revenues	\$ 101,133	\$ 118,338	\$ 236,614	\$ 273,407
Cost of revenues	68,088	70,842	194,464	205,001
Gross profit	33,045	47,496	42,150	68,406
Operating expenses:				
General and administrative	5,483	6,608	18,082	20,399
Research and development	425	783	1,886	2,839
Selling and marketing	1,458	1,578	4,543	5,622
Impairment of goodwill	—	—	49,823	