

QUANTA SERVICES INC  
Form 10-Q  
November 07, 2012  
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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 September 30, 2012

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 no. 001-13831

**Quanta Services, Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**74-2851603**  
(I.R.S. Employer  
Identification No.)

**2800 Post Oak Boulevard, Suite 2600**

**Houston, Texas 77056**

(Address of principal executive offices, including zip code)

**(713) 629-7600**

(Registrant's telephone number, including area code)

**N/A**

(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 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  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 Exchange Act). Yes  No

As of October 31, 2012, the number of outstanding shares of Common Stock of the Registrant was 220,815,152. As of the same date, 3,909,110 Exchangeable Shares and one share of Series F Preferred Stock were outstanding.

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**QUANTA SERVICES, INC. AND SUBSIDIARIES**

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**QUANTA SERVICES, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(In thousands, except share information)

(Unaudited)

	September 30, 2012	December 31, 2011
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 128,210	\$ 315,349
Accounts receivable, net of allowances of \$5,594 and \$3,763	1,441,021	1,066,273
Costs and estimated earnings in excess of billings on uncompleted contracts	378,958	206,159
Inventories	55,916	71,416
Prepaid expenses and other current assets	132,322	105,957
<b>Total current assets</b>	<b>2,136,427</b>	<b>1,765,154</b>
Property and equipment, net of accumulated depreciation of \$582,959 and \$519,808	1,057,046	971,696
Other assets, net	191,896	153,830
Other intangible assets, net of accumulated amortization of \$194,607 and \$164,401	199,085	207,224
Goodwill	1,670,816	1,601,210
<b>Total assets</b>	<b>\$ 5,255,270</b>	<b>\$ 4,699,114</b>
<b>LIABILITIES AND EQUITY</b>		
Current Liabilities:		
Notes payable	\$ 19	\$ 56
Accounts payable and accrued expenses	771,506	618,925
Billings in excess of costs and estimated earnings on uncompleted contracts	153,827	162,095
<b>Total current liabilities</b>	<b>925,352</b>	<b>781,076</b>
Long-term debt	125,000	
Deferred income taxes	250,351	233,644
Insurance and other non-current liabilities	284,323	295,131
<b>Total liabilities</b>	<b>1,585,026</b>	<b>1,309,851</b>
Commitments and Contingencies		
Equity:		
Common stock, \$.00001 par value, 600,000,000 shares authorized, 220,820,903 and 217,479,462 shares issued, and 209,255,389 and 206,203,005 shares outstanding	2	2
Exchangeable Shares, no par value, 3,909,110 shares authorized, issued and outstanding		
Series F Preferred Stock, \$.00001 par value, 1 share authorized, issued and outstanding		
Additional paid-in capital	3,276,642	3,216,206
Retained earnings	569,170	361,527
Accumulated other comprehensive income	19,771	710

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Treasury stock, 11,565,514 and 11,276,457 common shares, at cost	(202,686)	(196,493)
Total stockholders' equity	3,662,899	3,381,952
Noncontrolling interests	7,345	7,311
Total equity	3,670,244	3,389,263
Total liabilities and equity	\$ 5,255,270	\$ 4,699,114

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

**Table of Contents****QUANTA SERVICES, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(In thousands, except per share information)****(Unaudited)**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Revenues	\$ 1,685,201	\$ 1,250,819	\$ 4,627,074	\$ 3,110,692
Cost of services (including depreciation)	1,404,767	1,056,129	3,915,718	2,691,021
Gross profit	280,434	194,690	711,356	419,671
Selling, general and administrative expenses	124,276	92,414	345,633	273,444
Amortization of intangible assets	10,504	8,295	29,447	21,432
Operating income	145,654	93,981	336,276	124,795
Interest expense	(967)	(738)	(2,510)	(1,248)
Interest income	384	226	1,179	761
Other income (expense), net	1,138	(528)	993	(394)
Income before income taxes	146,209	92,941	335,938	123,914
Provision for income taxes	45,353	37,341	115,291	50,306
Net income	100,856	55,600	220,647	73,608
Less: Net income attributable to noncontrolling interests	4,458	3,606	13,004	7,407
Net income attributable to common stock	\$ 96,398	\$ 51,994	\$ 207,643	\$ 66,201
Earnings per share attributable to common stock:				
Basic earnings per share	\$ 0.45	\$ 0.25	\$ 0.98	\$ 0.31
Diluted earnings per share	\$ 0.45	\$ 0.25	\$ 0.98	\$ 0.31
Shares used in computing earnings per share:				
Weighted average basic shares outstanding	213,150	210,583	212,564	213,400
Weighted average diluted shares outstanding	213,242	210,692	212,650	214,055

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

**Table of Contents****QUANTA SERVICES, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(In thousands)****(Unaudited)**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Net income	\$ 100,856	\$ 55,600	\$ 220,647	\$ 73,608
Other comprehensive income (loss), net of tax benefit (provision):				
Foreign currency translation adjustment, net of tax of \$0, \$0, \$0 and \$0	22,289	(28,643)	19,047	(19,648)
Other, net of tax of \$1, \$0, \$3 and \$0	4		14	
Other comprehensive income (loss)	22,293	(28,643)	19,061	(19,648)
Comprehensive income	123,149	26,957	239,708	53,960
Less: Comprehensive income attributable to noncontrolling interests	4,458	3,606	13,004	7,407
Total comprehensive income attributable to Quanta stockholders	\$ 118,691	\$ 23,351	\$ 226,704	\$ 46,553

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

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**QUANTA SERVICES, INC. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(In thousands)**

**(Unaudited)**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Cash Flows from Operating Activities:				
Net income	\$ 100,856	\$ 55,600	\$ 220,647	