

MITCHAM INDUSTRIES INC
Form 10-Q
June 05, 2013
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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 April 30, 2013

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: 000-25142

MITCHAM INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

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Texas
(State or other jurisdiction of
incorporation or organization)

76-0210849
(I.R.S. Employer
Identification No.)

8141 SH 75 South

P.O. Box 1175

Huntsville, Texas 77342

(Address of principal executive offices, including Zip Code)

(936) 291-2277

(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 (§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 (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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 12,782,135 shares of common stock, \$0.01 par value, were outstanding as of June 4, 2013.

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****MITCHAM INDUSTRIES, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(in thousands, except per share data)****(unaudited)**

	April 30, 2013	January 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16,544	\$ 15,150
Restricted cash	775	801
Accounts receivable, net	28,416	23,131
Current portion of contracts and notes receivable	1,638	2,096
Inventories, net	7,445	6,188
Prepaid income taxes	5,528	5,591
Deferred tax asset	1,900	1,842
Prepaid expenses and other current assets	4,619	3,079
Total current assets	66,865	57,878
Seismic equipment lease pool and property and equipment, net	111,829	119,608
Intangible assets, net	3,815	3,989
Goodwill	4,320	4,320
Deferred tax asset	3,919	4,296
Other assets	87	316
Total assets	\$ 190,835	\$ 190,407
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 3,599	\$ 6,921
Current maturities long-term debt	147	145
Deferred revenue	1,134	539
Accrued expenses and other current liabilities	3,486	1,875
Total current liabilities	8,366	9,480
Non-current income taxes payable	376	376
Long-term debt, net of current maturities	2,199	4,238
Total liabilities	10,941	14,094
Shareholders' equity:		
Preferred stock, \$1.00 par value; 1,000 shares authorized; none issued and outstanding		
Common stock, \$0.01 par value; 20,000 shares authorized; 13,783 and 13,763 shares issued at April 30, 2013 and January 31, 2013, respectively	138	138
Additional paid-in capital	116,888	116,506
Treasury stock, at cost (1,029 and 926 shares at April 30, 2013 and January 31, 2013, respectively)	(6,387)	(4,860)
Retained earnings	62,655	56,348
Accumulated other comprehensive income	6,600	8,181

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Total shareholders' equity	179,894	176,313
Total liabilities and shareholders' equity	\$ 190,835	\$ 190,407

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

Table of Contents**MITCHAM INDUSTRIES, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share data)

(unaudited)

	For the Three Months Ended April 30,	
	2013	2012
Revenues:		
Equipment leasing	\$ 20,093	\$ 21,008
Lease pool equipment sales	900	2,332
Seamap equipment sales	3,927	10,544
Other equipment sales	2,371	747
Total revenues	27,291	34,631
Cost of sales:		
Direct costs - equipment leasing	1,273	2,705
Direct costs - lease pool depreciation	7,419	8,394
Cost of lease pool equipment sales	402	1,404
Cost of Seamap and other equipment sales	3,600	5,242
Total cost of sales	12,694	17,745
Gross profit	14,597	16,886
Operating expenses:		
General and administrative	6,039	5,319
Recovery of doubtful accounts		(428)
Depreciation and amortization	375	329
Total operating expenses	6,414	5,220
Operating income	8,183	11,666
Other income (expenses):		
Interest, net	(3)	(5)
Other, net	(261)	(598)
Total other income (expenses)	(264)	(603)
Income before income taxes	7,919	11,063
Provision for income taxes	(1,612)	(2,607)
Net income	\$ 6,307	\$ 8,456
Net income per common share:		
Basic	\$ 0.49	\$ 0.67
Diluted	\$ 0.48	\$ 0.63

Shares used in computing net income per common share:

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Basic	12,789	12,626
Diluted	13,220	13,326

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

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MITCHAM INDUSTRIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

(unaudited)

	Three Months Ended April 30,	
	2013	2012
Net income	\$ 6,307	\$ 8,456
Change in cumulative translation adjustment	(1,581)	1,766
Comprehensive income	\$ 4,726	\$ 10,222

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

Table of Contents**MITCHAM INDUSTRIES, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(in thousands)****(unaudited)**

	For the Three Months Ended April 30,	
	2013	2012
Cash flows from operating activities:		
Net income	\$ 6,307	\$ 8,456
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,826	8,757
Stock-based compensation	266	194
Provision for inventory obsolescence	58	60
Gross profit from sale of lease pool equipment	(498)	(928)
Excess tax benefit from exercise of non-qualified stock options and restricted shares	(56)	(350)
Deferred tax benefit (provision)	259	(1,257)
Changes in working capital items:		
Accounts receivable	(5,665)	4,357
Contracts and notes receivable	688	(632)
Inventories	(1,345)	165
Prepaid expenses and other current assets	(1,578)	(422)
Income taxes receivable and payable	(46)	532
Prepaid foreign income tax		(236)
Accounts payable, accrued expenses, other current liabilities and deferred revenue	2,174	(832)
Net cash provided by operating activities	8,390	17,864
Cash flows from investing activities:		
Purchases of seismic equipment held for lease	(4,945)	(23,812)
Purchases of property and equipment	(161)	(146)
Sale of used lease pool equipment	900	2,332
Net cash used in investing activities	(4,206)	(21,626)
Cash flows from financing activities:		
Net (payments on) proceeds from revolving line of credit	(2,000)	6,650
Payments on borrowings	(39)	(1,465)
Net purchases of short-term investments	3	
Proceeds from issuance of common stock upon exercise of options	60	96
Purchase of treasury stock		