

Erickson Air-Crane Inc
Form 10-Q
August 08, 2012

Use these links to rapidly review the document

[TABLE OF CONTENTS](#)

[Table of Contents](#)

**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 June 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 Number 001-35482**

ERICKSON AIR-CRANE INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

93-1307561
(I.R.S. Employer
Identification No.)

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

97239
(Zip Code)

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

Edgar Filing: Erickson Air-Crane Inc - Form 10-Q

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.

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 August 3, 2012, 9,602,970 shares of common stock, par value \$0.0001, were outstanding.

Table of Contents

TABLE OF CONTENTS

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. FINANCIAL STATEMENTS (Unaudited):</u>	
<u>CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2012 AND DECEMBER 31, 2011</u>	<u>3</u>
<u>CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012 AND 2011</u>	<u>3</u>
<u>CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND YEAR ENDED DECEMBER 31, 2011</u>	<u>4</u>
<u>CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012 AND 2011</u>	<u>5</u>
<u>NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS</u>	<u>6</u>
	<u>7</u>
<u>Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	<u>23</u>
<u>Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	<u>43</u>
<u>Item 4. CONTROLS AND PROCEDURES</u>	<u>43</u>
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1. LEGAL PROCEEDINGS</u>	<u>44</u>
<u>Item 1A. RISK FACTORS</u>	<u>44</u>
<u>Item 6. EXHIBITS</u>	<u>58</u>
<u>SIGNATURES</u>	<u>59</u>

Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(in thousands, except share and per share data)**

	June 30, 2012	December 31, 2011
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,808	\$ 268
Restricted cash	3,081	
Accounts receivable net of allowances for doubtful accounts of \$585 and \$476 at June 30, 2012 and December 31, 2011, respectively	30,029	26,528
Aircraft and support parts in process	10,529	27,395
Prepaid expenses and other	3,455	4,217
Income tax receivable	1,772	1,248
Deferred tax assets	8,950	7,602
Total current assets	59,624	67,258
Restricted cash	1,855	5,214
Aircraft support parts, net	114,960	101,892
Aircraft, net	52,507	42,288
Property, plant, and equipment, net	14,044	14,341
Other noncurrent assets	2,084	2,918
Total assets	\$ 245,074	\$ 233,911
Liabilities, redeemable preferred stock and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable	\$ 8,124	\$ 10,526
Current debt	85,962	6,500
Accrued and other current liabilities	18,611	17,277
Income taxes payable	1,005	
Total current liabilities	113,702	34,303
Long-term debt	25,435	124,070
Other long-term liabilities	3,651	4,328
Deferred tax liabilities	13,998	14,194
Total liabilities	156,786	176,895
Commitments and contingencies (Note 11)		
Series A redeemable preferred stock, \$0.0001 par value, Authorized zero and 70,000 shares at June 30, 2012 and December 31, 2011, respectively		
Zero and 34,999.5 issued and outstanding at June 30, 2012 and December 31, 2011, respectively liquidation preference of zero and \$66,161 at June 30, 2012 and December 31, 2011, respectively		66,161
Stockholders' equity (deficit):		
Common stock, \$0.0001 par value. Authorized 110,000,000 and 2,300 shares at June 30, 2012 and December 31, 2011, respectively:		
Class A; designated 2,000; zero and 1,000 issued and outstanding at June 30, 2012 and December 31, 2011, respectively		1

Edgar Filing: Erickson Air-Crane Inc - Form 10-Q

Class B; designated 300; zero issued and outstanding		
Common Stock; 9,602,970 and zero issued and outstanding at June 30, 2012 and December 31, 2011, respectively	1	
Additional paid-in capital	101,706	
Accumulated deficit	(14,160)	(9,988)
Accumulated other comprehensive income (loss)	(54)	(36)
Total stockholders' equity (deficit) attributable to Erickson Air-Crane Incorporated	87,493	(10,023)
Noncontrolling interest	795	878
Total stockholders' equity (deficit)	88,288	(9,145)
Total liabilities, redeemable preferred stock and stockholders' equity (deficit)	\$ 245,074	\$ 233,911

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

Table of Contents**ERICKSON AIR-CRANE INCORPORATED AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)****(in thousands, except share and per share data)****(Unaudited)**

	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
Net revenues:				
Aerial services	\$ 35,308	\$ 39,472	\$ 60,416	\$ 58,199
Manufacturing / MRO	2,569	3,046	5,070	4,694
Total net revenues	37,877	42,518	65,486	62,893
Cost of revenues:				
Aerial services	26,340	27,121	48,190	45,671
Manufacturing / MRO	1,217	3,068	2,936	4,523
Total cost of revenues	27,557	30,189	51,126	50,194
Gross profit	10,320	12,329	14,360	12,699
Operating expenses:				
General and administrative	4,551	2,721	7,431	6,591
Research and development	1,476	981	2,430	1,854
Selling and marketing	1,220	1,207	3,081	3,314
Total operating expenses	7,247	4,909	12,942	11,759
Operating income (loss)	3,073	7,420	1,418	940
Other income (expense):				
Interest income		26	6	27
Interest expense	(1,748)	(2,454)	(4,019)	(4,244)
Interest expense related to tax contingencies		(132)		(216)
Amortization of debt issuance costs	(271)	(171)	(554)	(341)
Gain on disposal of equipment		8		8
Unrealized foreign exchange gain (loss)	(349)	(968)	41	(1,030)
Realized foreign exchange gain (loss)	352	(607)	315	(660)
Other income (expense), net	845	414	918	602
Total other expense	(1,171)	(3,884)	(3,293)	(5,854)
Income (loss) before noncontrolling interest and income taxes	1,902	3,536	(1,875)	(4,914)
Income tax expense (benefit)	733	(1,054)	(734)	(1,285)
Net income (loss)	1,169	4,590	(1,141)	(3,629)
Less: Net (income) loss related to noncontrolling interest	(52)	(285)	(237)	(592)
Net income (loss) attributable to Erickson Air-Crane Incorporated	1,117	4,305	(1,378)	(4,221)
Dividends on redeemable preferred stock	286	2,241	2,794	4,378
Net income (loss) attributable to common stockholders	\$ 831	\$ 2,064	\$ (4,172)	\$ (8,599)
Other comprehensive income (loss):				
Net income (loss)	\$ 1,169	\$ 4,590	\$ (1,141)	\$ (3,629)
Foreign currency translation adjustment	(165)	24	(41)	16

Edgar Filing: Erickson Air-Crane Inc - Form 10-Q

Comprehensive income (loss)	1,004		4,614	(1,182)	(3,613)
Comprehensive (income) loss attributable to noncontrolling interest	8		(305)	(214)	(542)
Comprehensive income (loss) attributable to Erickson Air-Crane Incorporated	\$ 1,012	\$	4,309	\$ (1,396)	\$ (4,155)
Net income (loss) per share attributable to common stockholders					
Basic	\$ 0.10	\$	2,063.83	\$ (1.00)	\$ (8,599.00)
Diluted	\$ 0.10	\$	2,063.83	\$ (1.00)	\$ (8,599.00)
Weighted average shares outstanding					
Basic	8,355,869		1,000		