

CHICAGO BRIDGE & IRON CO N V

Form 10-Q

July 25, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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 1-12815

CHICAGO BRIDGE & IRON COMPANY N.V.

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Incorporated in The Netherlands

IRS Identification Number: Not Applicable

Oostduinlaan 75

2596 JJ The Hague

The Netherlands

31-70-3732010

(Address and telephone number of principal executive offices)

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 Website, 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

The number of shares outstanding of the registrant's common stock as of July 16, 2012 96,722,708

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CHICAGO BRIDGE & IRON COMPANY N.V.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(Unaudited)			
Revenue	\$ 1,299,529	\$ 1,085,705	\$ 2,500,796	\$ 2,039,976
Cost of revenue	1,140,644	945,612	2,188,647	1,763,167
Gross profit	158,885	140,093	312,149	276,809
Selling and administrative expense	52,392	48,475	115,624	106,140
Intangibles amortization	6,037	6,372	12,129	12,664
Other operating expense (income), net	1,327	54	1,262	(844)
Equity earnings	(4,010)	(3,204)	(5,810)	(4,550)
Income from operations	103,139	88,396	188,944	163,399
Interest expense	(2,831)	(3,538)	(4,943)	(6,595)
Interest income	2,288	1,743	4,475	3,115
Income before taxes	102,596	86,601	188,476	159,919
Income tax expense	(29,752)	(24,898)	(54,658)	(46,652)
Net income	72,844	61,703	133,818	113,267
Less: Net (income) loss attributable to noncontrolling interests	(524)	191	(2,011)	(867)
Net income attributable to CB&I	\$ 72,320	\$ 61,894	\$ 131,807	\$ 112,400
Net income attributable to CB&I per share:				
Basic	\$ 0.75	\$ 0.63	\$ 1.36	\$ 1.14
Diluted	\$ 0.74	\$ 0.62	\$ 1.34	\$ 1.12
Weighted average shares outstanding:				
Basic	96,401	98,449	96,829	98,494
Diluted	97,632	100,163	98,442	100,503
Cash dividends on shares:				
Amount	\$ 4,832	\$ 4,930	\$ 9,717	\$ 9,920
Per share	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.10

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

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CHICAGO BRIDGE & IRON COMPANY N.V.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(Unaudited)			
Net income	\$ 72,844	\$ 61,703	\$ 133,818	\$ 113,267
Other comprehensive (loss) income, net of tax:				
Change in currency translation adjustment	(12,231)	11,093	(4,796)	22,360
Change in unrealized fair value of cash flow hedges	(222)	447	689	1,665
Change in unrecognized prior service pension credits/costs	(235)	(93)	(323)	3,063
Change in unrecognized actuarial pension gains/losses	2,474	118	1,860	(259)
Comprehensive income	62,630	73,268	131,248	140,096
Less: Net (income) loss attributable to noncontrolling interests	(524)	191	(2,011)	(867)
Less: Change in currency translation adjustment attributable to noncontrolling interests	(1)	79	(525)	(127)
Comprehensive income attributable to CB&I	\$ 62,105	\$ 73,538	\$ 128,712	\$ 139,102

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CHICAGO BRIDGE & IRON COMPANY N.V.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	June 30, 2012 (Unaudited)	December 31, 2011
Assets		
Cash and cash equivalents (\$113,364 and \$88,986 related to variable interest entities (VIEs))	\$ 552,828	\$ 671,811
Accounts receivable, net (\$26,284 and \$12,406 related to VIEs)	622,649	494,853
Costs and estimated earnings in excess of billings (\$8,794 and \$24,043 related to VIEs)	211,645	239,536
Deferred income taxes	126,634	125,564
Other current assets	136,099	129,557
Total current assets	1,649,855	1,661,321
Equity investments	85,515	95,687
Property and equipment, net	274,120	262,003
Deferred income taxes	69,141	78,503
Goodwill	918,684	926,393
Other intangibles, net	174,888	188,119
Other non-current assets	76,144	79,957
Total assets	\$ 3,248,347	\$ 3,291,983
Liabilities		
Current maturity of long-term debt	40,000	40,000
Accounts payable (\$46,619 and \$32,125 related to VIEs)	551,908	518,749
Accrued liabilities	255,790	245,138
Billings in excess of costs and estimated earnings (\$50,413 and \$25,207 related to VIEs)	822,430	917,067
Income taxes payable		22,470
Total current liabilities	1,670,128	1,743,424
Other non-current liabilities	225,209	243,984
Deferred income taxes	108,619	108,145
Total liabilities	2,003,956	2,095,553
Shareholders Equity		
Common stock, Euro .01 par value; shares authorized: 250,000,000; shares issued: 101,522,318; shares outstanding: 96,657,619 and 97,595,735	1,190	1,190
Additional paid-in capital	352,629	371,669
Retained earnings	1,140,571	1,018,481
Stock held in trust	(3,039)	(9,788)
Treasury stock, at cost: 4,864,699 and 3,926,583 shares	(200,383)	(142,666)
Accumulated other comprehensive loss	(64,247)	(61,152)
Total CB&I shareholders equity	1,226,721	1,177,734
Noncontrolling interests	17,670	18,696

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Total shareholders' equity	1,244,391	1,196,430
Total liabilities and shareholders' equity	\$ 3,248,347	\$ 3,291,983

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CHICAGO BRIDGE & IRON COMPANY N.V.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS