

POWERSECURE INTERNATIONAL, INC.

Form 10-Q/A

February 03, 2015

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

Amendment No. 1

(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, 2014

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 1-12014

POWERSECURE INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of	84-1169358 (I.R.S. Employer
incorporation or organization)	Identification No.)
1609 Heritage Commerce Court Wake Forest, North Carolina (Address of principal executive offices)	27587 (Zip code)
(919) 556-3056	
(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 (Section 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

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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

As of November 1, 2014, 22,370,100 shares of the issuer's Common Stock were outstanding.

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EXPLANATORY NOTE

This Amendment No. 1 on Form 10-Q/A (this Amendment) of PowerSecure International, Inc. (PowerSecure) amends PowerSecure's quarterly report on Form 10-Q for the fiscal quarter ended September 30, 2014 as filed with the Securities and Exchange Commission (the SEC) on November 5, 2014 (the Form 10-Q), and is being filed solely to refile Exhibits 10.3 through 10.6 in response to comments received from the staff of the SEC regarding a request for confidential treatment of certain portions of Exhibits 10.3 through 10.6 originally filed with the Form 10-Q. This Amendment contains the complete text of the original Form 10-Q, with the refiled exhibits appearing in Exhibits 10.3 through 10.6.

No revisions or changes were made to the Company's financial statements or notes thereto, and no changes were made to any other portion of the original Form 10-Q or any other disclosure contained in the Form 10-Q, other than Exhibits 10.3 through 10.6.

In addition, as required by Rule 12b-15 under the Securities Exchange Act of 1934, as amended, new certifications by our principal executive officer and principal financial officer are filed herewith as exhibits to this Amendment.

This Amendment does not reflect events occurring after the filing of the original Form 10-Q, or modify or update any disclosures that may be affected by subsequent events.

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POWERSECURE INTERNATIONAL, INC.

FORM 10-Q

For the Quarterly Period Ended September 30, 2014

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Table of Contents**PART I.****FINANCIAL INFORMATION****Item 1. Financial Statements****POWERSECURE INTERNATIONAL, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)****(in thousands, except share data)**

	September 30, 2014	December 31, 2013
Assets		
Current Assets:		
Cash and cash equivalents	\$ 43,860	\$ 50,915
Trade receivables, net of allowance for doubtful accounts of \$602 and \$544, respectively	79,342	89,801
Inventories	29,871	16,864
Income taxes receivable	5,784	1,045
Deferred tax asset, net	5,289	5,368
Prepaid expenses and other current assets	3,811	2,235
Total current assets	167,957	166,228
Property, plant and equipment:		
Equipment	63,587	56,706
Furniture and fixtures	593	572
Land, building and improvements	6,283	6,134
Total property, plant and equipment, at cost	70,463	63,412
Less accumulated depreciation and amortization	21,414	17,467
Property, plant and equipment, net	49,049	45,945
Other assets:		
Goodwill	30,832	30,226
Restricted annuity contract	3,137	3,137
Intangible rights and capitalized software costs, net of accumulated amortization of \$6,639 and \$4,955, respectively	7,847	8,715
Other assets	1,887	1,240
Total other assets	43,703	43,318

Total Assets	\$	260,709	\$	255,491
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See accompanying notes to condensed consolidated financial statements.

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(in thousands, except share data)

	September 30, 2014	December 31, 2013
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	\$ 29,500	\$ 24,299
Accrued and other liabilities	39,376	31,195
Accrued restructuring liabilities	185	965
Current portion of long-term debt	3,731	3,731
Current portion of capital lease obligation	973	935
Total current liabilities	73,765	61,125
Long-term liabilities:		
Revolving line of credit		
Long-term debt, net of current portion	18,765	21,563
Capital lease obligation, net of current portion	252	986
Deferred tax liability, net	8,884	8,865
Other long-term liabilities	3,816	3,365
Total long-term liabilities	31,717	34,779
Commitments and contingencies (Notes 7 and 9)		
Stockholders Equity:		
PowerSecure International stockholders equity:		
Preferred stock - undesignated, \$.01 par value; 2,000,000 shares authorized; none issued and outstanding		
Preferred stock - Series C, \$.01 par value; 500,000 shares authorized; none issued and outstanding		
Common stock, \$.01 par value; 50,000,000 shares authorized; 22,370,100 and 21,945,720 shares issued and outstanding, respectively	224	219
Additional paid-in-capital	160,545	157,401
Retained earnings (deficit)	(5,492)	2,051
Accumulated other comprehensive income (loss)	(50)	(84)
Total stockholders equity	155,227	159,587
Total Liabilities and Stockholders Equity	\$ 260,709	\$ 255,491

See accompanying notes to condensed consolidated financial statements.

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POWERSECURE INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

(in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30, 2014	2013	September 30, 2014	2013
Revenues	\$ 65,044	\$ 81,510	\$ 174,910	\$ 196,654
Cost of sales (excluding depreciation and amortization)	46,973	60,060	131,467	141,581
Gross profit	18,071	21,450	43,443	55,073
Operating expenses:				
General and administrative	14,280	11,511	40,994	33,854
Selling, marketing and service	2,136	2,073	6,611	5,563
Depreciation and amortization	2,181	1,925	6,496	5,190
Restructuring charges			427	
Total operating expenses	18,597	15,509	54,528	44,607
Operating income (loss)	(526)	5,941	(11,085)	10,466
Other income and (expenses):				
Interest income and other income	5	21	14	61
Interest expense	(329)	(262)	(921)	(497)
Income (loss) before income taxes	(850)	5,700	(11,992)	10,030
Income tax expense (benefit)	(314)	2,227	(4,449)	3,906
Net income (loss)	(536)	3,473	(7,543)	6,124
Net loss attributable to non-controlling interest				181
Net income (loss) attributable to PowerSecure International, Inc.	\$ (536)	\$ 3,473	\$ (7,543)	\$ 6,305
Earnings (loss) per share attributable to PowerSecure International, Inc. common stockholders:				
Basic	\$ (0.02)	\$ 0.17	\$ (0.34)	\$ 0.33
Diluted	\$ (0.02)	\$ 0.17	\$ (0.34)	\$ 0.32
Weighted average common shares outstanding during the period:				
Basic	22,353	20,325	22,228	19,205
Diluted	22,353	20,654	22,228	19,528

See accompanying notes to condensed consolidated financial statements.

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	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Net income (loss)	\$ (536)	\$ 3,473	\$ (7,543)	\$ 6,124
Other comprehensive income (loss), net of tax:				
Cash flow hedge:				
Change in unrealized gain (loss)	25	(157)	(94)	(157)
Reclassification adjustment for net (gains) losses included in net income (loss)	41		128	
Total comprehensive income (loss), net of tax	(470)	3,316	(7,509)	5,967
Comprehensive loss attributable to non-controlling interest				181
Comprehensive income (loss) attributable to PowerSecure International, Inc.	\$ (470)	\$ 3,316	\$ (7,509)	\$ 6,148

See accompanying notes to condensed consolidated financial statements.

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POWERSECURE INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(in thousands)

	Nine Months Ended September 30, 2014 2013	
Cash flows from operating activities:		
Net income (loss)	\$ (7,543)	\$ 6,124
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	6,496	5,190
Stock compensation expense	1,504	438
(Gain) loss on disposal of miscellaneous assets	(92)	(21)
Changes in operating assets and liabilities, net of effect of acquisitions:		
Trade receivables, net	10,459	(16,496)
Inventories	(12,606)	(4,607)
Deferred taxes	79	
Other current assets and liabilities	(6,316)	3,129
Other noncurrent assets and liabilities	(482)	(446)
Accounts payable	5,201	8,022
Accrued and other liabilities	8,181	(9,967)
Accrued restructuring liabilities	(780)	(444)
Net cash provided by (used in) operating activities	4,101	(9,078)
Cash flows from investing activities:		
Acquisitions, net of cash acquired	(750)	(9,542)
Purchases of property, plant and equipment	(8,527)	(4,744)
Additions to intangible rights and software development	(494)	(469)
Proceeds from sale of property, plant and equipment	465	158