

CORE LABORATORIES N V
Form 10-Q
April 26, 2019

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 March 31, 2019

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: 001-14273

CORE LABORATORIES N.V.

(Exact name of registrant as specified in its charter)

The Netherlands
(State or other jurisdiction of

incorporation or organization)
Strawinskylaan 913
Tower A, Level 9
1077 XX Amsterdam
The Netherlands

Not Applicable
(I.R.S. Employer Identification No.)

Not Applicable

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(Address of principal executive offices) (Zip Code)

(31-20) 420-3191

(Registrant's telephone number, including area code)

None

(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 every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Smaller reporting	Emerging growth
Accelerated filer	Non-accelerated filercompany	company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 common shares of the registrant, par value EUR 0.02 per share, outstanding at April 24, 2019 was 44,353,347.

CORE LABORATORIES N.V.

FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2019

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CORE LABORATORIES N.V.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	March 31,	December 31,
	2019	2018
	(Unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 13,206	\$ 13,116
Accounts receivable, net of allowance for doubtful accounts of \$2,789 and \$2,650 at 2019 and 2018, respectively	132,859	129,157
Inventories	50,147	45,664
Prepaid expenses	14,433	15,351
Income taxes receivable	12,517	13,993
Other current assets	13,261	13,696
TOTAL CURRENT ASSETS	236,423	230,977
PROPERTY, PLANT AND EQUIPMENT, net	124,758	122,917
RIGHT OF USE ASSETS	77,537	-
INTANGIBLES, net	12,887	13,054
GOODWILL	219,139	219,412
DEFERRED TAX ASSETS	64,657	11,252
OTHER ASSETS	56,359	51,215
TOTAL ASSETS	\$ 791,760	\$ 648,827
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 44,467	\$ 41,155
Accrued payroll and related costs	32,768	22,549
Taxes other than payroll and income	7,071	7,488
Unearned revenue	18,430	17,325
Operating lease liabilities	13,003	-
Income taxes payable	2,326	2,917
Other current liabilities	10,550	11,113
TOTAL CURRENT LIABILITIES	128,615	102,547
LONG-TERM DEBT, net	294,896	289,770
LONG-TERM OPERATING LEASE LIABILITIES	64,090	-
DEFERRED COMPENSATION	48,087	49,359
DEFERRED TAX LIABILITIES	29,281	7,634
OTHER LONG-TERM LIABILITIES	39,438	38,617
COMMITMENTS AND CONTINGENCIES		

EQUITY:

Preference shares, EUR 0.02 par value; 6,000,000 shares authorized, none issued or outstanding	—	—
Common shares, EUR 0.02 par value; 200,000,000 shares authorized, 44,796,252 issued and 44,333,774 outstanding at 2019 and 44,796,252 issued and 44,316,845 outstanding at 2018	1,148	1,148
Additional paid-in capital	65,084	57,438
Retained earnings	172,266	156,130
Accumulated other comprehensive income (loss)	(5,795)	(5,456)
Treasury shares (at cost), 462,478 at 2019 and 479,407 at 2018	(49,538)	(52,501)
Total Core Laboratories N.V. shareholders' equity	183,165	156,759
Non-controlling interest	4,188	4,141
TOTAL EQUITY	187,353	160,900
TOTAL LIABILITIES AND EQUITY	\$ 791,760	\$ 648,827

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

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CORE LABORATORIES N.V.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	Three Months Ended March 31,	
	2019	2018
	(Unaudited)	
REVENUE:		
Services	\$ 120,338	\$ 119,786
Product sales	48,856	50,232
Total revenue	169,194	170,018
OPERATING EXPENSES:		
Cost of services, exclusive of depreciation expense shown below	92,359	83,288
Cost of product sales, exclusive of depreciation expense shown below	35,024	36,030
General and administrative expense, exclusive of depreciation expense shown below	17,437	12,709
Depreciation	5,239	5,582
Amortization	348	236
Other (income) expense, net	2,373	(143)
OPERATING INCOME	16,414	32,316
Interest expense	3,726	3,120
Income from continuing operations before income tax expense	12,688	29,196
Income tax expense (benefit)	(27,610)	5,273
Income from continuing operations	40,298	23,923
Income (Loss) from discontinued operations, net of income taxes	259	(346)
Net income	40,557	23,577
Net income attributable to non-controlling interest	47	50
Net income attributable to Core Laboratories N.V.	\$40,510	\$23,527
EARNINGS (LOSS) PER SHARE INFORMATION:		
Basic earnings per share from continuing operations	\$0.91	\$0.54
Basic earnings (loss) per share from discontinued operations	\$-	\$(0.01)
Basic earnings per share attributable to Core Laboratories N.V.	\$0.91	\$0.53
Diluted earnings per share from continuing operations	\$0.90	\$0.54
Diluted earnings (loss) per share from discontinued operations	\$0.01	\$(0.01)
Diluted earnings per share attributable to Core Laboratories N.V.	\$0.91	\$0.53
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:		
Basic	44,323	44,179
Diluted	44,734	44,463

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

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CORE LABORATORIES N.V.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	Three Months Ended March 31, 2019 2018 (Unaudited)	
Net income	\$40,557	\$23,577
Other comprehensive income:		
Derivatives		
Gain (loss) in fair value of interest rate swaps	(372)	646
Interest rate swap amounts reclassified to interest expense	(49)	64
Income taxes on derivatives	89	(150)
Total derivatives	(332)	560
Pension and other postretirement benefit plans		
Prior service cost		
Amortization to net income of prior service cost	(25)	(21)
Amortization to net income of actuarial loss	15	84
Income taxes on pension and other postretirement benefit plans		