

VCA ANTECH INC  
Form 10-Q  
November 09, 2011  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2011

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-16783

**VCA Antech, Inc.**

*(Exact name of registrant as specified in its charter)*

**Delaware**  
*(State or other jurisdiction of  
incorporation or organization)*

**95-4097995**  
*(I.R.S. Employer  
Identification No.)*

**12401 West Olympic Boulevard**

**Los Angeles, California 90064-1022**

*(Address of principal executive offices)*

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(310) 571-6500

*(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 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 .

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: common stock, \$0.001 par value, 86,701,838 shares as of November 1, 2011.

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**VCA Antech, Inc. and Subsidiaries**

**Form 10-Q**

**September 30, 2011**

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**VCA Antech, Inc. and Subsidiaries**  
**Condensed, Consolidated Balance Sheets**  
**(Unaudited)**  
**(In thousands, except par value)**

	September 30, 2011	December 31, 2010
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 79,243	\$ 97,126
Trade accounts receivable, less allowance for uncollectible accounts of \$14,661 and \$13,801 at September 30, 2011 and December 31, 2010, respectively	53,445	49,224
Inventory	46,876	40,760
Prepaid expenses and other	23,203	21,138
Deferred income taxes	20,129	19,019
Prepaid income taxes	10,765	19,047
<b>Total current assets</b>	<b>233,661</b>	<b>246,314</b>
Property and equipment, net	361,451	331,687
Goodwill	1,254,061	1,092,480
Other intangible assets, net	94,072	46,986
Notes receivable, net	6,441	6,429
Deferred financing costs, net	5,711	6,700
Other	41,417	35,826
<b>Total assets</b>	<b>\$ 1,996,814</b>	<b>\$ 1,766,422</b>
<b>Liabilities and Equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ 28,480	\$ 28,101
Accounts payable	34,178	31,970
Accrued payroll and related liabilities	46,594	35,754
Other accrued liabilities	45,179	45,769
<b>Total current liabilities</b>	<b>154,431</b>	<b>141,594</b>
Long-term debt, less current portion	598,918	498,935
Deferred income taxes	95,745	82,131
Other liabilities	26,247	28,478
<b>Total liabilities</b>	<b>875,341</b>	<b>751,138</b>
Commitments and contingencies		
Redeemable noncontrolling interests	6,891	5,799
Preferred stock, par value \$0.001, 11,000 shares authorized, none outstanding	-	-

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VCA Antech, Inc. stockholders' equity:		
Common stock, par value \$0.001, 175,000 shares authorized, 86,662 and 86,179 shares outstanding as of September 30, 2011 and December 31, 2010, respectively	87	86
Additional paid-in capital	355,077	347,848
Retained earnings	748,873	650,253
Accumulated other comprehensive income	138	737
Total VCA Antech, Inc. stockholders' equity	1,104,175	998,924
Noncontrolling interests	10,407	10,561
Total equity	1,114,582	1,009,485
Total liabilities and equity	\$ 1,996,814	\$ 1,766,422

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

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**VCA Antech, Inc. and Subsidiaries**  
**Condensed, Consolidated Income Statements**  
**(Unaudited)**  
**(In thousands, except per share amounts)**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Revenue	\$ 385,135	\$ 358,703	\$ 1,116,363	\$ 1,043,356
Direct costs	294,998	273,404	849,616	781,778
Gross profit	90,137	85,299	266,747	261,578
Selling, general and administrative expense	32,488	27,105	85,334	94,290
Net (gain) loss on sale of assets	(192)	152	(43)	163
Operating income	57,841	58,042	181,456	167,125
Interest expense, net	4,222	3,619	12,816	9,564
Debt retirement costs	2,764	2,550	2,764	2,550
Other expense (income)	8	(180)	(1)	(490)
Income before provision for income taxes	50,847	52,053	165,877	155,501
Provision for income taxes	19,488	23,466	63,957	63,465
Net income	31,359	28,587	101,920	92,036
Net income attributable to noncontrolling interests	1,190	1,156	3,300	3,266
Net income attributable to VCA Antech, Inc	\$ 30,169	\$ 27,431	\$ 98,620	\$ 88,770
Basic earnings per share	\$ 0.35	\$ 0.32	\$ 1.14	\$ 1.03
Diluted earnings per share	\$ 0.35	\$ 0.32	\$ 1.13	\$ 1.02
Weighted-average shares outstanding for basic earnings per share	86,697	86,086	86,531	85,985
Weighted-average shares outstanding for diluted earnings per share	87,253	86,964	87,293	86,998

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

**Table of Contents****VCA Antech, Inc. and Subsidiaries****Condensed, Consolidated Statements of Equity****(Unaudited)****(In thousands)**

	Accumulated						
			Additional		Other		Noncontrolling
	Common Stock	Paid-In	Retained	Comprehensive	Interests	Total	
Shares	Amount	Capital	Earnings	Income	(Loss)	Interests	Total
Balances, December 31, 2009	85,584	\$ 86	\$ 335,114	\$ 540,010	\$ (163)	\$ 11,429	\$ 886,476
Net income (excludes \$582 and \$333 related to redeemable and mandatorily redeemable noncontrolling interests, respectively)	-	-	-	88,770	-	2,351	91,121
Foreign currency translation adjustment	-	-	-	-	103	-	103
Unrealized gain on foreign currency, net of tax	-	-	-	-	175	-	175
Unrealized loss on hedging instruments, net of tax	-	-	-	-	(1)	-	(1)
Losses on hedging instruments reclassified to income, net of tax	-	-	-	-	233	-	233
Formation of noncontrolling interests	-	-	-	-	-	3,169	3,169
Distribution to noncontrolling interests	-	-	-	-	-	(2,479)	(2,479)
Purchase of noncontrolling interests	-	-	-	-	-	-	-