

Waste Connections, Inc.  
Form 10-Q  
November 05, 2015

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

(Mark  
One)

b

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

**For the quarterly period ended September 30, 2015**

**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 1-31507**

**WASTE CONNECTIONS, INC.**

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

**Delaware**

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

**94-3283464**

*(I.R.S. Employer Identification No.)*

**3 Waterway Square Place, Suite 110**

**The Woodlands, TX 77380**

*(Address of principal executive offices) (Zip code)*

**(832) 442-2200**

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*(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. (Check one):

Large accelerated filer     Accelerated filer     Non-accelerated filer     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 October 30, 2015:        122,369,379 shares of common stock

WASTE CONNECTIONS, INC.

FORM 10-Q

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## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements

## WASTE CONNECTIONS, INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except share and per share amounts)

	<b>September 30, 2015</b>	December 31, 2014
<b>ASSETS</b>		
Current assets:		
Cash and equivalents	\$23,553	\$ 14,353
Accounts receivable, net of allowance for doubtful accounts of \$7,924 and \$9,175 at September 30, 2015 and December 31, 2014, respectively	255,976	259,969
Deferred income taxes	48,407	49,508
Prepaid expenses and other current assets	32,988	42,314
Total current assets	360,924	366,144
Property and equipment, net	2,555,254	2,594,205
Goodwill	1,319,970	1,693,789
Intangible assets, net	496,409	509,995
Restricted assets	42,505	40,841
Other assets, net	39,661	40,293
	<b>\$4,814,723</b>	<b>\$ 5,245,267</b>
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 138,718	\$ 120,717
Book overdraft	12,510	12,446
Accrued liabilities	150,352	120,947
Deferred revenue	82,902	80,915
Current portion of contingent consideration	25,981	21,637
Current portion of long-term debt and notes payable	3,637	3,649
Total current liabilities	414,100	360,311
Long-term debt and notes payable	1,946,854	1,971,152
Long-term portion of contingent consideration	27,128	48,528
Other long-term liabilities	105,534	92,900

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Deferred income taxes	371,073	538,635
Total liabilities	2,864,689	3,011,526
Commitments and contingencies (Note 15)		
Equity:		
Preferred stock: \$0.01 par value per share; 7,500,000 shares authorized; none issued and outstanding	-	-
Common stock: \$0.01 par value per share; 250,000,000 shares authorized; 123,419,887 and 123,984,527 shares issued and outstanding at September 30, 2015 and December 31, 2014, respectively	1,234	1,240
Additional paid-in capital	780,060	811,289
Accumulated other comprehensive loss	(13,236 )	(5,593 )
Treasury stock at cost, 1,050,820 shares outstanding at September 30, 2015	(49,458 )	-
Retained earnings	1,225,178	1,421,249
Total Waste Connections' equity	1,943,778	2,228,185
Noncontrolling interest in subsidiaries	6,256	5,556
Total equity	1,950,034	2,233,741
	\$4,814,723	\$ 5,245,267

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

## WASTE CONNECTIONS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF NET INCOME (LOSS)

(Unaudited)

(In thousands, except share and per share amounts)

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Revenues	\$ 547,938	\$ 546,551	\$ 1,585,350	\$ 1,552,953
Operating expenses:				
Cost of operations	300,910	297,849	879,470	847,860
Selling, general and administrative	59,799	57,991	175,208	170,163
Depreciation	61,373	58,998	178,318	171,920
Amortization of intangibles	7,195	6,702	21,458	20,158
Impairments and other operating charges	493,813	9,120	494,158	8,572
Operating income (loss)	(375,152)	) 115,891	(163,262)	) 334,280
Interest expense	(16,367)	) (15,815)	) (47,386)	) (48,666)
Other income (expense), net	(1,303)	) (269)	) (1,430)	) 785
Income (loss) before income tax provision	(392,822)	) 99,807	(212,078)	) 286,399
Income tax (provision) benefit	136,017	(39,523)	) 64,996	(113,992)
Net income (loss)	(256,805)	) 60,284	(147,082)	) 172,407
Less: Net income attributable to noncontrolling interests	(204)	) (200)	) (743)	) (644)
Net income (loss) attributable to Waste Connections	\$ (257,009)	) \$ 60,084	\$ (147,825)	) \$ 171,763
Earnings (loss) per common share attributable to Waste Connections' common stockholders:				
Basic	\$ (2.08)	) \$ 0.48	\$ (1.19)	) \$ 1.38
Diluted	\$ (2.08)	) \$ 0.48	\$ (1.19)	) \$ 1.38
Shares used in the per share calculations:				
Basic	123,269,902	124,342,493	123,783,217	124,179,478
Diluted	123,269,902	124,769,981	123,783,217	124,778,292
Cash dividends per common share	\$ 0.13	\$ 0.115	\$ 0.39	\$ 0.345

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





## WASTE CONNECTIONS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

(In thousands, except share and per share amounts)

	Three months ended September 30,		Nine months ended September 30,		
	2015	2014	2015	2014	
Net income (loss)	\$ (256,805	) \$ 60,284	\$ (147,082	) \$ 172,407	
Other comprehensive income (loss), before tax:					
Interest rate swap amounts reclassified into interest expense	1,041	1,313	3,114	3,267	
Fuel hedge amounts reclassified into cost of operations	874	(214	) 2,165	(841	)
Changes in fair value of interest rate swaps	(6,066	) 968	(10,503	) (1,536	)
Changes in fair value of fuel hedges	(4,891	) (1,192	) (7,069	) (1,010	)
Other comprehensive income (loss), before tax	(9,042	) 875	(12,293	) (120	)
Income tax (expense) benefit related to items of other comprehensive income (loss)	3,403	(336	) 4,650	49	
Other comprehensive income (loss), net of tax	(5,639	) 539	(7,643	) (71	)
Comprehensive income (loss)	(262,444	) 60,823	(154,725	) 172,336	
Less: Comprehensive income attributable to noncontrolling interests	(204	) (200	) (743	) (644	)
Comprehensive income (loss) attributable to Waste Connections	\$ (262,648	) \$ 60,623	\$ (155,468	) \$ 171,692	

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

WASTE CONNECTIONS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

NINE MONTHS ENDED SEPTEMBER 30, 2015

(Unaudited)

(In thousands, except share amounts)

	Waste Connections' Equity		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Treasury Stock		Retained Earnings	Noncontrolling	
	Common Stock Shares	Amount			Shares	Amount		Interests	Total
Balances at December 31, 2014	123,984,527	\$1,240	\$811,289	\$(5,593)	-	\$-	\$1,421,249	\$5,556	\$2,233,741
Vesting of restricted stock units	432,165	4	(4)	-	-	-	-	-	-
Restricted stock units released from deferred compensation plan	13,652	-	-	-	-	-	-	-	-
Tax withholdings related to net share settlements of restricted stock units	(138,493)	(1)	(6,440)	-	-	-	-	-	-