

Exterran Corp  
Form 10-Q  
January 04, 2017

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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, 2016

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 No. 001-36875

EXTERRAN CORPORATION

(Exact name of registrant as specified in its charter)

Delaware 47-3282259  
(State or Other Jurisdiction of (I.R.S. Employer  
Incorporation or Organization) Identification No.)

4444 Brittmooore Road  
Houston, Texas 77041  
(Address of principal executive offices) (Zip Code)  
(281) 836-7000  
(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):

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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

Number of shares of the common stock of the registrant outstanding as of December 28, 2016: 35,438,843 shares.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

EXTERRAN CORPORATION  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 (In thousands, except par value and share amounts)  
 (unaudited)

|  | March 31,<br>2016 | December 31,<br>2015<br>As Restated<br>(Note 2) |
|--|-------------------|---|
| <b>ASSETS</b>  |                   |   |
| Current assets:  |                   |   |
| Cash and cash equivalents  | \$38,985          | \$ 29,032                                       |
| Restricted cash  | 1,490             | 1,490   |
| Accounts receivable, net of allowance of \$3,614 and \$2,868, respectively             | 283,256           | 363,581   |
| Inventory (Note 4)   | 194,641           | 208,081   |
| Costs and estimated earnings in excess of billings on uncompleted contracts (Note 5)   | 52,129            | 65,311  |
| Other current assets   | 50,496            | 53,866  |
| Current assets associated with discontinued operations (Note 3)                        | 15,706            | 32,923  |
| Total current assets   | 636,703           | 754,284   |
| Property, plant and equipment, net (Note 6)  | 824,818           | 858,188   |
| Deferred income taxes (Note 12)  | 96,076            | 86,110  |
| Intangible and other assets, net   | 50,905            | 51,533  |
| Long-term assets associated with discontinued operations (Note 3)                      | —                 | 38,281  |
| Total assets   | \$1,608,502       | \$ 1,788,396                                    |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |                   |   |
| Current liabilities:   |                   |   |
| Accounts payable, trade  | \$86,761          | \$ 86,727                                       |
| Accrued liabilities  | 167,760           | 175,841   |
| Deferred revenue   | 24,778            | 31,675  |
| Billings on uncompleted contracts in excess of costs and estimated earnings (Note 5)   | 37,558            | 37,908  |
| Current liabilities associated with discontinued operations (Note 3)                   | 20,260            | 13,645  |
| Total current liabilities  | 337,117           | 345,796   |
| Long-term debt (Note 8)  | 431,222           | 525,593   |
| Deferred income taxes  | 22,274            | 22,519  |
| Long-term deferred revenue   | 76,024            | 59,769  |
| Other long-term liabilities  | 22,078            | 22,708  |
| Long-term liabilities associated with discontinued operations (Note 3)                 | 6,617             | 6,075   |
| Total liabilities  | 895,332           | 982,460   |
| Commitments and contingencies (Note 17)  |                   |   |
| Stockholders' equity:  |                   |   |
| Preferred stock, \$0.01 par value per share; 50,000,000 shares authorized; zero issued | —                 | —   |

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|  |              |              |
|--|--------------|--------------|
| Common stock, \$0.01 par value per share; 250,000,000 shares authorized; 35,625,158 and 35,153,358 shares issued, respectively | 356          | 352          |
| Additional paid-in capital   | 805,043      | 805,755      |
| Accumulated deficit  | (122,272 )   | (29,315 )    |
| Treasury stock — 115,624 and 5,776 common shares, at cost, respectively  | (1,468 )     | (54 )        |
| Accumulated other comprehensive income   | 31,511       | 29,198       |
| Total stockholders' equity (Note 14)   | 713,170      | 805,936      |
| Total liabilities and stockholders' equity   | \$ 1,608,502 | \$ 1,788,396 |

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

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CONDENSED CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS(In thousands, except per share amounts)  
(unaudited)

|  | Three Months Ended<br>March 31, |                            |
|--|---------------------------------|----------------------------|
|  | 2016                            | 2015                       |
|  |                                 | As<br>Restated<br>(Note 2) |
| Revenues:  |                                 |                            |
| Contract operations  | \$104,759                       | \$120,691                  |
| Aftermarket services   | 30,241                          | 36,244                     |
| Product sales—third parties                                      | 171,630                         | 307,047                    |
| Product sales—affiliates (Note 13)                               | —                               | 55,838                     |
|  | 306,630                         | 519,820                    |
| Costs and expenses:  |                                 |                            |
| Cost of sales (excluding depreciation and amortization expense): |                                 |                            |
| Contract operations  | 38,498                          | 44,339                     |
| Aftermarket services   | 22,300                          | 25,157                     |
| Product sales  | 161,892                         | 307,625                    |
| Selling, general and administrative                              | 45,738                          | 57,816                     |
| Depreciation and amortization                                    | 50,933                          | 38,015                     |
| Long-lived asset impairment (Note 10)                            | 651                             | 4,579                      |
| Restructuring and other charges (Note 11)                        | 12,567                          | —                          |
| Interest expense   | 8,463                           | 507                        |
| Equity in income of non-consolidated affiliates (Note 7)         | (5,174 )                        | (5,006 )                   |
| Other (income) expense, net                                      | (4,417 )                        | 7,788                      |
|  | 331,451                         | 480,820                    |
| Income (loss) before income taxes                                | (24,821 )                       | 39,000                     |
| Provision for income taxes (Note 12)                             | 4,009                           | 20,455                     |
| Income (loss) from continuing operations                         | (28,830 )                       | 18,545                     |
| Income (loss) from discontinued operations, net of tax (Note 3)  | (64,127 )                       | 17,932                     |
| Net income (loss)  | \$ (92,957 )                    |                            |