

MANTECH INTERNATIONAL CORP
Form 10-Q
August 03, 2018

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 June 30, 2018

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. 000-49604

ManTech International Corporation
(Exact name of registrant as specified in its charter)

Delaware 22-1852179
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

12015 Lee Jackson Highway, Fairfax, VA 22033
(Address of principal executive offices) (Zip Code)
(703) 218-6000
(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 Website, if any, every Interactive Data File required to be submitted and posted 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 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, a smaller reporting company, or an emerging growth company. See 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 Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Emerging growth 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

As of August 1, 2018 there were 26,390,102 shares outstanding of our Class A common stock and 13,189,245 shares outstanding of our Class B common stock.

MANTECH INTERNATIONAL CORPORATION
FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2018
INDEX

	Page No.
<u>PART I - FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements (unaudited)</u>	
Condensed Consolidated Balance Sheets as of June 30, 2018 and December 31, 2017	<u>3</u>
Condensed Consolidated Statements of Income for the Three and Six Months Ended June 30, 2018 and 2017	<u>4</u>
Condensed Consolidated Statements of Comprehensive Income for the Three and Six Months Ended June 30, 2018 and 2017	<u>5</u>
Condensed Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2018 and 2017	<u>6</u>
Notes to Condensed Consolidated Financial Statements	<u>7</u>
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	<u>19</u>
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>27</u>
Item 4. <u>Controls and Procedures</u>	<u>27</u>
<u>Part II - OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	<u>29</u>
Item 1A. <u>Risk Factors</u>	<u>29</u>
Item 6. <u>Exhibits</u>	<u>29</u>

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

MANTECH INTERNATIONAL CORPORATION
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (In Thousands Except Share and Per Share Amounts)

	(unaudited)	
	June 30, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	\$7,197	\$9,451
Receivables—net	370,864	311,410
Prepaid expenses	40,701	22,933
Other current assets	10,912	23,370
Total Current Assets	429,674	367,164
Goodwill	1,085,806	1,084,560
Other intangible assets—net	182,597	194,348
Property and equipment—net	53,895	46,082
Employee supplemental savings plan assets	34,037	33,555
Investments	11,827	11,843
Other assets	7,943	6,923
TOTAL ASSETS	\$1,805,779	\$1,744,475
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Accounts payable and accrued expenses	\$134,355	\$122,405
Accrued salaries and related expenses	88,581	87,064
Contract liabilities	33,056	18,816
Total Current Liabilities	255,992	228,285
Long term debt	29,500	31,000
Deferred income taxes	106,030	97,194
Accrued retirement	33,623	34,517
Other long-term liabilities	10,534	10,505
TOTAL LIABILITIES	435,679	401,501
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock, Class A—\$0.01 par value; 150,000,000 shares authorized; 26,626,297 and 26,285,773 shares issued at June 30, 2018 and December 31, 2017; 26,382,184 and 26,041,660 shares outstanding at June 30, 2018 and December 31, 2017	266	263
Common stock, Class B—\$0.01 par value; 50,000,000 shares authorized; 13,189,245 and 13,189,245 shares issued and outstanding at June 30, 2018 and December 31, 2017	132	132
Additional paid-in capital	498,370	492,030
Treasury stock, 244,113 and 244,113 shares at cost at June 30, 2018 and December 31, 2017	(9,158)	(9,158)
Retained earnings	880,837	860,027
Accumulated other comprehensive loss	(347)	(320)
TOTAL STOCKHOLDERS' EQUITY	1,370,100	1,342,974
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$1,805,779	\$1,744,475
See notes to condensed consolidated financial statements.		

MANTECH INTERNATIONAL CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (In Thousands Except Per Share Amounts)

	(unaudited) Three months ended June 30,		(unaudited) Six months ended June 30,	
	2018	2017	2018	2017
REVENUE	\$491,044	\$413,694	\$964,280	\$832,068
Cost of services	421,012	350,674	824,945	707,721
General and administrative expenses	41,703	38,085	84,585	75,022
OPERATING INCOME	28,329	24,935	54,750	49,325
Interest expense	(657)	(317)	(1,391)	(611)
Interest income	27	28	42	52
Other income (expense), net	58	5	62	44
INCOME FROM OPERATIONS BEFORE INCOME TAXES AND EQUITY METHOD INVESTMENTS	27,757	24,651	53,463	48,810
Provision for income taxes	(7,821)	(9,126)	(13,500)	(18,226)
Equity in gains (losses) of unconsolidated subsidiaries	(21)	36	19	5
NET INCOME	\$19,915	\$15,561	\$39,982	\$30,589
BASIC EARNINGS PER SHARE:				
Class A common stock	\$0.50	\$0.40	\$1.01	\$0.79
Class B common stock	\$0.50	\$0.40	\$1.01	\$0.79
DILUTED EARNINGS PER SHARE:				