

CORE LABORATORIES N V
Form 10-Q
October 25, 2017

UNITED STATES
SECURITIES AND
EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark One)

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

For the quarterly period ended
September 30, 2017
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 Not
 Applicable
 (I.R.S.
(State or other Employer
jurisdiction of Identification
 No.)

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

The Netherlands Not Applicable
(Address of principal executive(Zip Code) offices)

(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 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 (§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 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 Accelerated filer Non-accelerated filer Smaller reporting company Emerging growth company
(Do not check if a smaller reporting 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 October 23, 2017 was 44,147,365.

CORE LABORATORIES N.V.
FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2017

INDEX

PART I - FINANCIAL INFORMATION

| | Page |
|--|------|
| <u>Item 1. Financial Statements</u> | |
| <u>Consolidated Balance Sheets (Unaudited) at September 30, 2017 and December 31, 2016</u> | 1 |
| <u>Consolidated Statements of Operations (Unaudited) for the Three Months Ended September 30, 2017 and 2016</u> | 2 |
| <u>Consolidated Statements of Operations (Unaudited) for the Nine Months Ended September 30, 2017 and 2016</u> | 3 |
| <u>Consolidated Statements of Comprehensive Income (Unaudited) for the Three and Nine Months Ended September 30, 2017 and 2016</u> | 4 |
| <u>Consolidated Statements of Cash Flows (Unaudited) for the Nine Months Ended September 30, 2017 and 2016</u> | 5 |
| <u>Notes to the Unaudited Consolidated Interim Financial Statements</u> | 6 |
| <u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u> | 16 |
| <u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u> | 24 |
| <u>Item 4. Controls and Procedures</u> | 24 |
| | |
| PART II - OTHER INFORMATION | |
| <u>Item 1. Legal Proceedings</u> | 25 |
| <u>Item 1A. Risk Factors</u> | 25 |
| <u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u> | 25 |
| <u>Item 6. Exhibits</u> | 26 |
| <u>Signature</u> | 27 |

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CORE LABORATORIES N.V.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

| | September 30, 2017 | December 31, 2016 |
|--|-----------------------|----------------------|
| | (Unaudited) | |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 13,780 | \$ 14,764 |
| Accounts receivable, net of allowance for doubtful accounts of \$3,050 and \$3,139 at 2017 and 2016, respectively | 129,656 | 114,329 |
| Inventories | 34,499 | 33,720 |
| Prepaid expenses | 10,019 | 10,711 |
| Income taxes receivable | 8,801 | 6,426 |
| Other current assets | 6,374 | 6,511 |
| TOTAL CURRENT ASSETS | 203,129 | 186,461 |
| PROPERTY, PLANT AND EQUIPMENT, net | 124,120 | 129,882 |
| INTANGIBLES, net | 9,533 | 9,936 |
| GOODWILL | 179,044 | 179,044 |
| DEFERRED TAX ASSETS, net | 15,574 | 20,605 |
| OTHER ASSETS | 51,344 | 47,124 |
| TOTAL ASSETS | \$ 582,744 | \$ 573,052 |
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 34,904 | \$ 33,720 |
| Accrued payroll and related costs | 25,576 | 19,411 |
| Taxes other than payroll and income | 7,275 | 5,816 |
| Unearned revenue | 14,297 | 15,690 |
| Income taxes payable | 1,223 | 15,718 |
| Other current liabilities | 9,863 | 13,668 |
| TOTAL CURRENT LIABILITIES | 93,138 | 104,023 |
| LONG-TERM DEBT, net | 233,864 | 216,488 |
| DEFERRED COMPENSATION | 51,286 | 46,251 |
| DEFERRED TAX LIABILITIES, net | 5,099 | 6,277 |
| OTHER LONG-TERM LIABILITIES | 46,060 | 44,716 |
| COMMITMENTS AND CONTINGENCIES (Note 6) | | |
| 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 44,147,284 outstanding at 2017 and 44,796,252 issued and 44,151,261 outstanding at 2016 | 1,148 | 1,148 |
| Additional paid-in capital | 61,768 | 52,850 |
| Retained earnings | 176,446 | 187,957 |
| Accumulated other comprehensive income (loss) | (9,510) | (9,828) |
| Treasury shares (at cost), 648,968 at 2017 and 644,991 at 2016 | (80,481) | (80,773) |
| Total Core Laboratories N.V. shareholders' equity | 149,371 | 151,354 |
| Non-controlling interest | 3,926 | 3,943 |

| | | |
|------------------------------|------------|------------|
| TOTAL EQUITY | 153,297 | 155,297 |
| TOTAL LIABILITIES AND EQUITY | \$ 582,744 | \$ 573,052 |

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

1

[Return to Index](#)

CORE LABORATORIES N.V.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

| | Three Months Ended September 30, | |
|---|-------------------------------------|-----------|
| | 2017 | 2016 |
| | (Unaudited) | |
| REVENUE: | | |
| Services | \$117,550 | \$114,137 |
| Product sales | 48,697 | 29,346 |
| Total revenue | 166,247 | 143,483 |
| OPERATING EXPENSES: | | |
| Cost of services, exclusive of depreciation expense shown below | 83,807 | 80,419 |
| Cost of product sales, exclusive of depreciation expense shown below | 37,083 | 26,734 |
| General and administrative expense, exclusive of depreciation expense shown below | 11,887 | 8,406 |
| Depreciation | 5,841 | 6,548 |
| Amortization | 250 | 176 |
| Other (income) expense, net | (97 |) (288 |
| OPERATING INCOME | 27,476 | 21,488 |