

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

FLUOR CORP/DE/

CIK: **37748** | IRS No.: **950740960** | State of Incorporation: **DE** | Fiscal Year End: **1031**
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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 January 31, 1994

OR

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

For the transition period from _____ to _____

Commission File No. 1-7775

FLUOR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

95-0740960

(I.R.S Employer I.D. No.)

3333 Michelson Drive, Irvine, CA 92730

(Address of principal executive offices)

Registrant's telephone number including area code: (714)975-2000

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 last 90 days.

Yes () No ()

As of February 28, 1994 there were 82,186,958 shares of common stock outstanding.

FLUOR CORPORATION

FORM 10-Q

January 31, 1994

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Part I: Financial Information

FLUOR CORPORATION
 CONDENSED CONSOLIDATED STATEMENT OF EARNINGS
 Three Months Ended January 31, 1994 and 1993
 (In Thousands Except Per Share Amounts)
 UNAUDITED

	1994	1993
REVENUES.....	\$2,057,665	\$1,806,939
COSTS AND EXPENSES		
Cost of revenues.....	1,976,626	1,740,868
Corporate administrative and general expenses.....	10,680	9,680
Interest expense.....	4,230	4,603
Interest income.....	(4,869)	(5,093)
Total Costs and Expenses.....	1,986,667	1,750,058
EARNINGS FROM CONTINUING OPERATIONS		
BEFORE INCOME TAXES.....	70,998	56,881
INCOME TAX EXPENSE.....	27,000	21,200
NET EARNINGS.....	\$ 43,998	\$ 35,681
NET EARNINGS PER SHARE.....	\$ 0.53	\$ 0.43
DIVIDENDS PER COMMON SHARE.....	\$ 0.13	\$ 0.12
SHARES USED TO CALCULATE EARNINGS PER SHARE.....		
	82,415	82,210

See Accompanying Notes.

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FLUOR CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
January 31, 1994 and October 31, 1993
(Dollars in Thousands)

ASSETS

	January 31, 1994 (Unaudited)	October 31, 1993 *
Current Assets		
Cash and cash equivalents.....	\$ 258,994	\$ 214,844
Marketable securities.....	87,635	97,335
Accounts and notes receivable.....	346,164	392,577
Contract work in progress.....	308,350	306,251
Net assets of discontinued operations.....	175,960	172,822
Deferred taxes.....	74,331	76,364
Inventories and other current assets	61,563	48,831
Total Current Assets.....	1,312,997	1,309,024
Property, plant and equipment (net of accumulated depreciation, depletion and amortization of \$466,389 and \$441,676, respectively)	1,135,065	1,100,909
Investments and goodwill, net.....	61,110	52,383
Other.....	130,648	126,568
	\$2,639,820	\$2,588,884

(Continued On Next Page)

* Amounts at October 31, 1993 have been derived from audited financial statements.

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FLUOR CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET
January 31, 1994 and October 31, 1993
(Dollars in Thousands)

LIABILITIES AND SHAREHOLDERS' EQUITY

	January 31, 1994 (Unaudited)	October 31, 1993 *
Current Liabilities		
Accounts and notes payable.....	\$ 271,424	\$ 289,721
Note payable to affiliate.....	13,650	30,000
Commercial paper.....	29,983	30,053
Advance billings on contracts.....	230,351	194,695
Accrued salaries, wages and benefit plans.....	164,261	194,270
Other accrued liabilities.....	221,017	190,447
Current portion of long-term debt...	2,099	1,687
Total Current Liabilities.....	932,785	930,873
Long-term debt due after one year.....	59,226	59,637
Deferred taxes.....	51,514	51,642
Other noncurrent liabilities.....	517,382	502,610
Commitments and contingencies		
Shareholders' Equity		
Capital stock		
Preferred - authorized 20,000,000 shares without par value, none issued		
Common - authorized 150,000,000 shares of \$0.625 par value; issued and outstanding - 82,144,429 shares and 82,093,207 shares, respectively.....	51,340	51,308
Additional capital.....	479,636	478,204

Retained earnings (since October 31, 1987).....	568,004	534,678
Unamortized executive stock plan expense.....	(15,941)	(16,828)
Cumulative translation adjustments..	(4,126)	(3,240)
Total Shareholders' Equity.....	1,078,913	1,044,122
	\$2,639,820	\$2,588,884

See Accompanying Notes.

* Amounts at October 31, 1993 have been derived from audited financial statements.

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FLUOR CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Three Months Ended January 31, 1994 and 1993
(Dollars in Thousands)
UNAUDITED

	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings.....	\$ 43,998	\$ 35,681
Adjustments to reconcile net earnings to cash provided (utilized) by operating activities:		
Depreciation, depletion and amortization.....	27,134	28,501
Increase in net assets of discontinued operations.....	(3,138)	(17,132)
Deferred taxes.....	906	(8,746)
Change in operating assets and liabilities.....	50,353	(62,999)
Other, net.....	2,236	8,473
Cash provided (utilized) by operating activities.....	121,489	(16,222)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures.....	(64,644)	(35,212)
Proceeds from sale of property, plant and equipment.....	2,766	5,318
Sale of marketable securities.....	9,700	18,039
Other, net.....	647	2,642
Cash utilized by investing activities.	(51,531)	(9,213)
CASH FLOWS FROM FINANCING ACTIVITIES		

Payments on note payable to affiliate.....	(16,350)	--
Cash dividends paid.....	(10,672)	(9,825)
Payments on long-term debt.....	(72)	(16,121)
Stock options exercised.....	1,852	6,063
Other, net.....	(566)	(8,459)
Cash utilized by financing activities.	(25,808)	(28,342)
Increase (decrease) in cash and cash equivalents.....	44,150	(53,777)
Cash and cash equivalents at beginning of period.....	214,844	195,346
Cash and cash equivalents at end of period.....	\$ 258,994	\$ 141,569

See Accompanying Notes.

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FLUOR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

UNAUDITED

- (1) The condensed consolidated financial statements do not include footnotes and certain financial information normally presented annually under generally accepted accounting principles and, therefore, should be read in conjunction with the company's October 31, 1993 annual report on Form 10-K. Accounting measurements at interim dates inherently involve greater reliance on estimates than at year-end. The results of operations for the three months ended January 31, 1994 are not necessarily indicative of results that can be expected for the full year.

The condensed consolidated financial statements included herein are unaudited; however, they contain all adjustments (consisting of normal recurring accruals) which, in the opinion of the company, are necessary to present fairly its consolidated financial position at January 31, 1994 and the consolidated results of operations and cash flows for the three months ended January 31, 1994 and 1993.

- (2) Earnings per share is based on the weighted average number of common and, when appropriate, common equivalent shares outstanding in each period. Common equivalent shares are included when the effect of the potential exercise of

stock options is dilutive.

(3) Inventories comprise the following:

	January 31, 1994	October 31, 1993
	(Dollars in Thousands)	
Coal.....	\$ 16,008	\$ 15,375
Supplies and other.....	18,698	17,459
	\$ 34,706	\$ 32,834

(4) Cash paid for interest was \$3.0 million and \$5.3 million for the three month periods ended January 31, 1994 and 1993, respectively. Income tax payments, net of refunds, were \$7.0 million and \$17.3 million in the three month periods ended January 31, 1994 and 1993, respectively.

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(5) The Internal Revenue Service is currently examining the company's income tax returns for years 1987 through 1989. Management does not expect the resolution of any tax issues raised by the IRS for these years to have a material adverse effect on the company's consolidated financial position or results of operations.

(6) In November 1992, the company announced its decision to exit its Lead business. As of October 31, 1992, the Lead business was classified as a discontinued operation and adjusted to estimated net realizable value. The company believes that its reserves for loss on disposal are adequate at January 31, 1994 in relation to its consolidated financial statements taken as a whole. During 1993 and the first quarter of 1994, the company made substantial progress toward the disposition of its Lead business. While the outcome of such disposition cannot be determined with certainty at this time, management's intent to dispose of the Lead business remains unaltered and management believes that a disposal will be accomplished during fiscal 1994.

(7) In November 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" (SFAS No. 112). The statement requires accrual of the

estimated cost of benefits provided by the employer to former or inactive employees after employment but before retirement. Adoption of SFAS No. 112 is not required by the company until fiscal year 1995. Although the precise method and impact of implementation is not known at this time, management believes the effect, based on the company's current benefit programs, will not be material.

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FLUOR CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is provided to increase understanding of, and should be read in conjunction with, the condensed consolidated financial statements and accompanying notes.

RESULTS OF OPERATIONS

Revenues for the three month period ended January 31, 1994, increased to \$2.1 billion from \$1.8 billion for the same period in 1993. Net earnings for the three month period ended January 31, 1994 were \$44.0 million compared with \$35.7 million for the same period of 1993.

ENGINEERING AND CONSTRUCTION

Revenues for the Engineering and Construction segment increased 14 percent for the three month period ended January 31, 1994 compared with the same period in 1993, primarily due to an increase in the level of work performed. Engineering and

Construction operating profit increased in the first quarter of 1994 compared with the first quarter of 1993 due to the increased volume of work performed, as well as a slight improvement in margins. The company experienced an increase in new awards of 13 percent to \$2.3 billion for the three months ended January 31, 1994 compared with \$2.1 billion for the three months ended January 31, 1993. New awards within the Hydrocarbon sector represented approximately 65 percent of total new awards for the first quarter of 1994. Over 70 percent of first quarter 1994 new awards consisted of international work, with the majority located in the European and Asia Pacific regions. This reflects new work within certain international markets, particularly within the Hydrocarbon sector, together with relatively modest domestic business opportunities. Backlog at both January 31, 1994 and October 31, 1993 was \$14.8 billion, down slightly from \$14.9 billion at January 31, 1993.

The following table sets forth backlog for each of the company's business sectors:

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(\$ in millions)	January 31, 1994	October 31, 1993	January 31, 1993
Hydrocarbon	\$ 6,861	\$ 6,198	\$ 4,666
Government	2,364	2,520	2,859
Process	2,333	2,441	3,294
Industrial	2,479	2,706	3,041
Power	778	889	1,076
Total	\$ 14,815	\$ 14,754	\$ 14,936

The ratio of international to total backlog was 43 percent at January 31, 1994.

COAL

Revenues for the Coal segment increased 9 percent for the three month period ended January 31, 1994 compared with the same period in 1993. This increase is due to a 20 percent increase

in the sales volume of produced coal more than offsetting a decline in the sales volume of brokered coal. The sales price and cost per ton for both produced and brokered coal in the first quarter of 1994 was essentially unchanged compared with the same period of 1993. Gross margin increased due to a higher percentage of produced coal, which has a higher margin than brokered coal. Operating profit for the three months ended January 31, 1994 increased 23 percent compared with the three months ended January 31, 1993 primarily due to increased gross margin.

OTHER

Corporate administrative and general expenses increased \$1.0 million for the three months ended January 31, 1994, compared with the same period of 1993 due primarily to higher stock price driven compensation plan expense.

Net interest income for the three months ended January 31, 1994 was essentially level with the same period of 1993 due to the decline in interest expense offsetting a similar decline in interest income.

The effective income tax rate for the three month period ended January 31, 1994 was essentially unchanged compared with the same period of 1993.

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In November 1992, the Financial Accounting Standards board issued Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" (SFAS No. 112). The statement requires accrual of the estimated cost of benefits provided by the employer to former or inactive employees after employment but before retirement. Adoption of SFAS No. 112 is not required by the company until fiscal year 1995. Although the precise method and impact of implementation is not known at this time, management believes the effect, based on the company's current benefit programs, will not be material.

DISCONTINUED OPERATIONS

In November 1992, the company announced its decision to exit its Lead business. As of October 31, 1992 the Lead business was classified as a discontinued operation and adjusted to estimated net realizable value. The company believes that its reserves for loss on disposal are adequate at January 31, 1994

in relation to its consolidated financial statements taken as a whole. During 1993 and the first quarter of 1994, the company made substantial progress toward the disposition of its Lead business. While the outcome of such disposition cannot be determined with certainty at this time, management's intent to dispose of the Lead business remains unaltered and management believes that a disposal will be accomplished during fiscal 1994.

FINANCIAL POSITION AND LIQUIDITY

The company expects to have adequate resources available from cash and short-term investments currently on hand, plus available revolving credit facilities, capital market sources, and its commercial paper program to provide for its financing needs for the foreseeable future.

For the three months ended January 31, 1994, capital expenditures were \$64.6 million including \$53.3 million related to on-going coal mine development. Dividends paid in the three months ended January 31, 1994 were \$10.7 million (\$.13 per share) compared with \$9.8 million (\$.12 per share) for the same period of 1993.

The long-term debt to total capital ratio decreased slightly to 5.2 percent at January 31, 1994, compared with 5.4 percent at October 31, 1993, due to the increase in shareholders' equity from earnings net of dividends.

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FLUOR CORPORATION CONDENSED CONSOLIDATED CHANGES IN BACKLOG (Dollars in Millions)

UNAUDITED

For the Three Months Ended January 31,	1994	1993
Backlog - beginning of period.....	\$ 14,753.5	\$ 14,706.0
New awards.....	2,334.2	2,056.6
Adjustments and cancellations, net..	(407.3)	(194.8)
Work performed.....	(1,865.5)	(1,632.3)
Backlog - end of period.....	\$ 14,814.9	\$ 14,935.5

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FLUOR CORPORATION

PART II - Other Information

Item 4. Submission of Matters to a Vote of Security Holders.

(a) Date of meeting. The annual meeting of stockholders of Fluor Corporation was held on March 8, 1994 at the Hyatt Hotel, 17900 Jamboree Boulevard, Irvine, California.

(b) Election of Directors.

Directors elected -

David P. Gardner

65,064,590 FOR
665,914 VOTED TO WITHHOLD AUTHORITY

Gerald M. Glenn

65,099,700 FOR
630,804 VOTED TO WITHHOLD AUTHORITY

William R. Grant

65,030,974 FOR
699,530 VOTED TO WITHHOLD AUTHORITY

Vincent L. Kontny

65,107,330 FOR
623,174 VOTED TO WITHHOLD AUTHORITY

Vilma S. Martinez

65,043,353 FOR
687,151 VOTED TO WITHHOLD AUTHORITY

Other directors continuing in office -

Hugh K. Coble
Peter J. Fluor
Bobby R. Inman
Robert V. Lindsay
Leslie G. McCraw
Buck Mickel
Dr. Martha R. Seger
David S. Tappan, Jr.

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(c) Matters voted upon

Ratification of the appointment of Ernst & Young
as auditors for 1994:

65,107,330 FOR
101,602 AGAINST
521,572 ABSTAIN
-0- BROKER NON-VOTE

Approval of amendments to 1988 Executive Stock Plan

and executive compensation performance goals:

57,071,151	FOR
7,173,322	AGAINST
1,385,475	ABSTAIN
100,556	BROKER NON-VOTE

Stockholder proposal regarding a senior executive and director compensation ceiling:

4,218,092	FOR
44,358,447	AGAINST
3,926,305	ABSTAIN
13,227,660	BROKER NON-VOTE

(d) Terms of settlement between registrant and any other participant. None.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits. None.

(b) Reports on Form 8-K. None.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed

on its behalf by the undersigned thereunto duly authorized.

FLUOR CORPORATION
(Registrant)

Date: March 16, 1994 /s/ P.J. Trimble
P.J. Trimble, Senior Vice President -
Law and Secretary

/s/ J. Michal Conaway
J. Michal Conaway, Vice President -
Finance

