

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-02-10** | Period of Report: **1993-12-31**  
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FILER

**JACOBS ENGINEERING GROUP INC /DE/**

CIK: **52988** | IRS No.: **954081636** | State of Incorpor.: **DE** | Fiscal Year End: **0930**  
Type: **10-Q** | Act: **34** | File No.: **001-07463** | Film No.: **94505995**  
SIC: **1600** Heavy construction other than bldg const - contractors

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PASADENA CA 91101-3063  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

Quarterly Report on  
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 December 31, 1993  
-----

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 1-7463

JACOBS ENGINEERING GROUP INC.

-----  
(Exact name of Registrant as specified in its charter)

Delaware

95-4081636

-----  
(State of incorporation)

(I.R.S. employer identification number)

251 South Lake Avenue, Pasadena, California

91101

-----  
(Address of principal executive offices)

(Zip code)

(818) 449 - 2171

-----  
(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

Number of shares of common stock outstanding at February 10, 1994: 24,829,463

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JACOBS ENGINEERING GROUP INC.

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PART I - FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED BALANCE SHEETS  
(UNAUDITED)

<TABLE>  
<CAPTION>

	December 31, 1993	September 30, 1993
	-----	-----
<S>	<C>	<C>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 12,719,300	\$ 20,515,000

Marketable securities	3,020,200	20,061,900
Receivables	212,151,100	201,438,800
Deferred income taxes	20,241,900	19,391,900
Prepaid expenses and other	3,932,900	3,541,200
-----	-----	-----
Total current assets	252,065,400	264,948,800
-----	-----	-----
Property, Equipment and Improvements, Net	53,418,800	43,516,400
-----	-----	-----
Other Assets, Net	45,432,000	42,554,900
-----	-----	-----
	\$350,916,200	\$351,020,100
	=====	=====

#### LIABILITIES AND STOCKHOLDERS' EQUITY

##### Current Liabilities:

Notes payable to banks	\$ 17,012,100	\$ 6,206,800
Accounts payable	26,124,900	42,918,500
Accrued liabilities	74,957,400	81,908,000
Customers' advances in excess of related revenues	25,565,900	22,364,700
Income taxes payable	13,528,300	10,862,400
-----	-----	-----
Total current liabilities	157,188,600	164,260,400
-----	-----	-----

##### Deferred Gains on Real Estate Transactions

	3,389,600	3,631,100
-----	-----	-----
Other Deferred Liabilities	9,410,400	9,332,000
-----	-----	-----

##### Commitments and Contingencies

##### Stockholders' Equity:

###### Capital stock:

Preferred stock, \$1 par value, authorized - 1,000,000 shares, issued and outstanding - none	-	-
Common stock, \$1 par value, authorized - 60,000,000 shares, issued and outstanding - 24,791,707 and 24,757,318 shares, respectively	24,791,700	24,757,300
Additional paid-in capital	31,231,500	30,436,000
Retained earnings	125,104,100	118,555,400
Cumulative foreign currency translation adjustment	(199,700)	47,900
-----	-----	-----
Total stockholders' equity	180,927,600	173,796,600
-----	-----	-----
	\$350,916,200	\$351,020,100
	=====	=====

See the accompanying notes.

</TABLE>

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JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF INCOME  
FOR THE THREE MONTHS ENDED DECEMBER 31, 1993 AND 1992  
(UNAUDITED)

<TABLE>

<CAPTION>

	1993	1992
	-----	-----
<S>	<C>	<C>
Revenues	\$260,609,900	\$298,612,000
-----	-----	-----
Costs and Expenses:		
Direct costs of contracts	226,424,800	264,580,200
Selling, general and administrative expenses	22,507,700	23,112,800
Interest income, net	(190,700)	(358,400)
Other income, net	(470,900)	(674,700)
-----	-----	-----
	248,270,900	286,659,900
-----	-----	-----
Income before taxes	12,339,000	11,952,100
-----	-----	-----
Provision for Income Taxes	5,059,000	5,035,100
-----	-----	-----
Net Income	\$ 7,280,000	\$ 6,917,000
=====	=====	=====
Net Income Per Share	\$.29	\$.28
=====	=====	=====

</TABLE>

See the accompanying notes.

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JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS ENDED DECEMBER 31, 1993 AND 1992  
(UNAUDITED)

<TABLE>

<CAPTION>

	1993	1992
<S>	<C>	<C>
Cash Flows from Operating Activities:		
Net income	\$ 7,280,000	\$ 6,917,000
Adjustments to reconcile net income to net cash flows from operations:		
Depreciation and amortization	2,096,700	1,905,300
Amortization of deferred gains	(241,600)	(241,600)
Gains on sales of investments	(682,200)	(878,900)
Change in assets and liabilities, excluding the effects of businesses acquired:		
Receivables	(10,899,000)	16,305,000
Prepaid expenses and other	(402,700)	(745,600)
Accounts payable	(16,633,400)	(17,297,200)
Accrued liabilities	(7,208,800)	(9,819,700)
Customers' advances	3,225,300	5,771,200
Income taxes payable	2,679,800	4,559,300
Deferred income taxes	(771,600)	(965,600)
Net cash provided (used)	(21,557,500)	5,509,200
Cash Flows from Investing Activities:		
Additions to property and equipment, net of disposals	(12,379,600)	(1,610,200)
Changes in other assets, net	(2,559,700)	(348,100)
Proceeds from sales of marketable securities	17,598,100	-
Deposit towards acquisition of business	-	(6,500,000)
Purchases of marketable securities	-	(169,400)
Proceeds from sales of investments	-	1,401,700
Purchases of investments	(67,800)	(597,000)
Net cash provided (used)	2,591,000	(7,823,000)
Cash Flows from Financing Activities:		
Exercise of stock options	460,200	1,011,200
Bank borrowings, net of repayments	10,805,300	1,955,100
Net cash provided	11,265,500	2,966,300
Effect of Exchange Rate Changes	(94,700)	(321,900)
Increase (Decrease) in Cash and Cash Equivalents	(7,795,700)	330,600
Cash and Cash Equivalents at Beginning of Period	20,515,000	23,911,300
Cash and Cash Equivalents at		

End of Period	\$ 12,719,300	\$ 24,241,900
=====	=====	=====

</TABLE>

See the accompanying notes.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
 DECEMBER 31, 1993

1. The accompanying consolidated condensed financial statements and financial information included herein have been prepared by the Company, without audit, pursuant to the interim period reporting requirements of Form 10-Q. Consequently, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. Accordingly, readers of this report should refer to the consolidated financial statements and the notes thereto incorporated into the Company's latest Annual Report on Form 10-K.

In the opinion of the Company, the accompanying unaudited consolidated condensed financial statements present fairly its consolidated financial position at December 31, 1993 and September 30, 1993, and its consolidated results of operations and cash flows for the three months ended December 31, 1993 and 1992.

The Company's interim results of operations are not necessarily indicative of the results to be expected for the full year.

2. Effective October 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109 - "Accounting for Income Taxes". Financial statements for prior periods were not restated and the cumulative effect of this change in accounting principle was not material. The effects of SFAS No. 109 on the Company's consolidated results of operations for the three months ended December 31, 1993 were also not material.
3. Included in receivables at December 31, 1993 and September 30, 1993 were unbilled amounts totalling \$48,797,800 and \$38,445,500, respectively.
4. Property, equipment and improvements are carried at cost and consisted of the following at December 31, 1993 and September 30, 1993:

<TABLE>  
 <CAPTION>

	December 31, 1993	September 30, 1993
	-----	-----
<S>	<C>	<C>
Land	\$ 6,184,600	\$ 5,484,600

Buildings	25,055,300	15,520,000
Equipment	62,188,300	60,861,400
Leasehold improvements	11,621,200	11,462,300
-----	-----	-----
	105,049,400	93,328,300
Less - accumulated depreciation and amortization	51,630,600	49,811,900
-----	-----	-----
	\$ 53,418,800	\$43,516,400
	=====	=====

</TABLE>

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JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
DECEMBER 31, 1993

5. Other assets consisted of the following at December 31, 1993 and September 30, 1993:

<TABLE>

<CAPTION>

	December 31, 1993	September 30, 1993
-----	-----	-----
<S>	<C>	<C>
Goodwill	\$17,624,700	\$17,266,700
Prepaid pension costs	10,710,000	10,864,000
Cash surrender value of life insurance policies	11,296,700	8,846,000
Investments	3,497,800	3,304,100
Miscellaneous	4,717,800	4,609,900
-----	-----	-----
	47,847,000	44,890,700
Less - accumulated amortization of goodwill	2,415,000	2,335,800
-----	-----	-----
	\$45,432,000	\$42,554,900
	=====	=====

</TABLE>

6. During the three months ended December 31, 1993 and 1992, the Company made cash payments of approximately \$2,704,800 and \$898,000, respectively, for income taxes, and approximately \$152,000 and \$48,000, respectively, for interest.

7. Net income per share for the three months ended December 31, 1993 and 1992 has been computed based upon the weighted average number of shares of common stock and, if dilutive, common stock equivalents outstanding as follows:



<TABLE>  
<CAPTION>

	1993	1992
<S>	<C>	<C>
Average number of shares of common stock outstanding	24,773,900	24,450,800
Average number of shares of common stock equivalents outstanding	325,800	521,300
	-----	-----
	25,099,700	24,972,100
	=====	=====

</TABLE>

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JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES  
DECEMBER 31, 1993

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion should be read in conjunction with management's discussion and analysis of financial condition and results of operations incorporated by reference into the Company's latest Annual Report on Form 10-K.

Results of Operations

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Revenues for the three months ended December 31, 1993 (the "first quarter of fiscal 1994") were \$260.6 million; \$38.0 million less than the amount for the three months ended December 31, 1992 (the "first quarter of fiscal 1993"). The decrease was attributable primarily to the Company's construction services where activities on several large construction projects were winding-down through much of fiscal 1993. With respect to engineering services, the Company billed 2.1 million professional services hours to projects during the first quarter of fiscal 1994; 0.2 million more hours than the number billed during the first quarter of fiscal 1993.

As a percent of revenues, direct costs of contracts were 86.9% for the first quarter of 1994, as compared to 88.6% for the first quarter of 1993. The percentage relationship between direct costs of contracts and revenues will fluctuate between reporting periods depending on a variety of factors including the mix of business during the reporting periods being compared. Historically, engineering services provide for higher margins than either construction or

maintenance services. In general, the improvement in this percentage relationship in the first quarter of fiscal 1994 as compared to the first quarter of fiscal 1993 was due to an increasing portion of the Company's total business volume coming from engineering services relative to construction and maintenance.

Selling, general and administrative ("S,G & A") expenses were \$22.5 million for the first quarter of fiscal 1994; \$0.6 million less than the amount for the corresponding period last year. The decrease in S,G & A expenses reflects the results of integrating the operations of the recently acquired businesses into Jacobs as well as other efficiencies. The decrease also reflects the results of efforts to reduce overheads to a level commensurate with the Company's overall business volume.

The Company's operating profit (defined as income before taxes, other income or expense, net and interest income, net) for the first quarter of 1994 was \$11.7 million; \$.8 million more than the operating profit for the first quarter of 1993. The increase was due primarily to the increase in engineering services and the reduction in S,G & A expenses discussed above.

Interest income, net was \$0.2 million for the first quarter of fiscal 1994; \$0.2 million less than the amount for the corresponding period last year. The decrease was due primarily to borrowings by the Company's recently-acquired U.K. subsidiary, combined with lower levels of cash invested in interest-bearing accounts.

Other income, net was \$0.5 million for the first quarter of fiscal 1994; \$0.2 million less than the amount for the corresponding period last year. The decrease was due primarily to a reduction in gains from sales of marketable securities.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES  
DECEMBER 31, 1993

Backlog Information  
- - - - -

The following table summarizes the Company's backlog information at the dates indicated (in millions):

<TABLE>  
<CAPTION>

	December 31, 1993	December 31, 1992
	-----	-----
<S>	<C>	<C>
Engineering services	\$ 736.0	\$ 717.0
Total	1,893.0	1,795.0

</TABLE>

## Liquidity and Capital Resources

-----

The Company's cash and cash equivalents decreased \$7.8 million during the first quarter of 1994. This compares to a net increase of \$0.3 million during the first quarter of 1993. The current year decrease in cash and cash equivalents was due primarily to cash used in operations (\$21.6 million), offset in part by cash provided from investing activities (\$2.6 million) and financing activities (\$11.3 million).

Operations used \$21.6 million of cash and cash equivalents in the first quarter of fiscal 1994. This compares to a net contribution of cash of \$5.5 million in the first quarter of fiscal 1993. The decrease in cash provided by operations in the current fiscal quarter as compared to last year was due primarily to a \$27.2 million increase in the amount of receivables outstanding.

The Company's investing activities provided \$2.6 million of cash and cash equivalents during the first quarter of fiscal 1994. This compares to net uses of cash of \$7.8 million during the first quarter of fiscal 1993. Additions to property and equipment was \$10.8 million higher in the current quarter as compared to last year, and was due primarily to the acquisition of an office building in Baton Rouge, Louisiana. The cash purchase price of the building was \$10.5 million; the Company was previously the principal lessee in the building. Additions to other, long-term assets were \$2.2 million higher in the current quarter as compared to last year, and was due primarily to increases in the cash surrender value of company-owned life insurance policies. These uses were offset in part by \$16.7 million of cash generated by the sales of marketable securities and investments, net of purchases. Also contributing to the improvement in cash provided by investing activities in the current fiscal quarter as compared to last year was \$6.5 million used last year as a deposit towards the acquisition of a business; no similar transaction occurred in the current fiscal quarter.

Cash flows from financing activities contributed \$11.3 million in cash and cash equivalents during the first quarter of fiscal 1994, compared to \$3.0 million during the first quarter of fiscal 1993. The variance was due primarily to increased short-term bank borrowings, offset in part by a slight reduction in cash provided by the exercise of stock options.

The Company believes it has adequate capital resources to fund its operations for the remainder of 1994 and beyond. At December 31, 1993, the Company's credit facilities totalled \$43.5 million through banks in the U.S. and the U.K., against which \$17.0 million was outstanding at December 31, 1993.

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## PART II - OTHER INFORMATION

### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

#### (a) Exhibits:

27. Financial Data Schedule - being filed herewith.

(b) Reports on Form 8-K - not applicable.

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.

JACOBS ENGINEERING GROUP INC.

s/n John W. Prosser, Jr.

\_\_\_\_\_  
John W. Prosser, Jr.  
Senior Vice President, Finance  
and Administration and Treasurer

Date: February 10, 1994

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EXHIBIT 27.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES  
FINANCIAL DATA SCHEDULE

This Schedule contains summary financial information extracted from the Consolidated Condensed Balance Sheet as of December 31, 1993 and the Consolidated Condensed Statement of Income for the three months ended December 31, 1993 and is qualified in its entirety by reference to such financial statements.

<TABLE>

<CAPTION>

Item Number	Item Description	Amount
<S>	<C>	<C>
5-02 (1)	Cash and cash items	\$ 12,719,300
5-02 (2)	Marketable securities	3,020,200
5-02 (3) (a) (1)	Notes and accounts receivable	212,151,100
5-02 (4)	Allowance for doubtful accounts	N/A
5-02 (6)	Inventory	N/A
5-02 (9)	Total current assets	252,065,400
5-02 (13)	Property, plant and equipment	105,049,400
5-02 (14)	Accumulated depreciation	51,630,600
5-02 (18)	Total assets	350,916,200
5-02 (21)	Total current liabilities	157,188,600
5-02 (22)	Bonds, mortgages and similar debt	N/A
5-02 (28)	Preferred stock-mandatory redemption	N/A
5-02 (29)	Preferred stock-no mandatory redemption	N/A

5-02 (30)	Common stock	24,791,700
5-02 (31)	Other stockholders' equity	156,135,900
5-02 (32)	Total liabilities and stockholders' equity	350,916,200
5-03 (b) 1 (a)	Net sales of tangible products	N/A
5-03 (b) 1	Total revenues	260,609,900
5-03 (b) 2 (a)	Cost of tangible goods sold	N/A
5-03 (b) 2	Total costs and expenses applicable to sales and revenues	226,424,800
5-03 (b) 3	Other costs and expenses	N/A
5-03 (b) 5	Provision for doubtful accounts and notes	N/A
5-03 (b) 8	Interest and amortization of debt discount	(190,700)
5-03 (b) (10)	Income before taxes and other items	12,339,000
5-03 (b) (11)	Income tax expense	5,059,000
5-03 (b) (14)	Income/loss continuing operations	7,280,000
5-03 (b) (15)	Discontinued operations	N/A
5-03 (b) (17)	Extraordinary items	N/A
5-03 (b) (18)	Cumulative effect-change in accounting principles	N/A
5-03 (b) (19)	Net income or loss	7,280,000
5-03 (b) (20)	Earnings per share-primary	0.29
5-03 (b) (20)	Earnings per share-fully diluted	0.29

</TABLE>

N/A - The item either does not apply, or the amount is not material.