

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q/A

Quarterly report pursuant to sections 13 or 15(d) [amend]

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**  
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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/A** | Act: **34** | File No.: **001-07463** | Film No.: **94527919**  
SIC: **1600** Heavy construction other than bldg const - contractors

Business Address  
251 S LAKE AVE  
PASADENA CA 91101-3063  
8184492171

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 March 31, 1994  
-----

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 May 11, 1994: 24,974,349

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JACOBS ENGINEERING GROUP INC.

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<CAPTION>

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PART I - FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED BALANCE SHEETS  
AT MARCH 31, 1994 AND SEPTEMBER 30, 1993  
(UNAUDITED)

<TABLE>  
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	1994	1993
<S>	<C>	<C>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 21,127,200	\$ 20,515,000
Marketable securities	3,058,500	20,061,900
Receivables	201,850,200	201,438,800
Deferred income taxes	20,932,900	19,391,900
Prepaid expenses and other	3,589,600	3,541,200
Total current assets	250,558,400	264,948,800
Property, Equipment and Improvements, Net	54,392,000	43,516,400
Other Assets, Net	50,481,800	42,554,900
	\$355,432,200	\$351,020,100

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Notes payable to banks	\$ 9,436,600	\$ 6,206,800
Accounts payable	25,464,400	42,918,500
Accrued liabilities	84,215,300	81,908,000
Customers' advances in excess of related revenues	22,129,700	22,364,700
Income taxes payable	9,785,700	10,862,400

-----  
 Total current liabilities 151,031,700 164,260,400  
 -----

Deferred Gains on Real Estate Transactions 3,148,000 3,631,100  
 -----

Other Deferred Liabilities 9,488,600 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 - 24,965,816 and 24,757,318 shares, respectively	24,965,800	24,757,300
Additional paid-in capital	34,543,700	30,436,000
Retained earnings	132,256,000	118,555,400
Cumulative foreign currency translation adjustment	(1,600)	47,900

-----  
 Total stockholders' equity 191,763,900 173,796,600  
 -----

-----  
 \$355,432,200 \$351,020,100  
 =====

</TABLE>

See the accompanying notes.

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JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES  
 CONSOLIDATED CONDENSED STATEMENTS OF INCOME  
 (UNAUDITED)

<TABLE>

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	For the Three Months Ended March 31,		For the Six Months Ended March 31,	
	1994	1993	1994	1993
<S>	<C>	<C>	<C>	<C>
Revenues	\$272,646,100	\$286,296,600	\$533,256,000	\$584,908,600
Costs and Expenses:				
Direct costs of contracts	238,162,700	248,668,500	464,587,500	513,248,700
Selling, general and administrative expenses	22,534,800	26,486,300	45,042,500	49,599,100
Interest income, net	(25,200)	(331,600)	(215,900)	(690,000)
Other income, net	(197,600)	(873,000)	(668,500)	(1,547,700)
	260,474,700	273,950,200	508,745,600	560,610,100

Income before taxes	12,171,400	12,346,400	24,510,400	24,298,500
Provision for Income Taxes	4,871,400	5,124,400	9,930,400	10,159,500
Net Income	\$ 7,300,000	\$ 7,222,000	\$ 14,580,000	\$ 14,139,000
Net Income Per Share	\$.29	\$.29	\$.58	\$.57

</TABLE>

See the accompanying notes.

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JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED MARCH 31, 1994 AND 1993  
(UNAUDITED)

<TABLE>

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	1994	1993
Cash Flows from Operating Activities:		
Net income	\$ 14,580,000	\$ 14,139,000
Adjustments to reconcile net income to net cash flows from operations:		
Depreciation and amortization	4,907,100	3,652,600
Amortization of deferred gains	(483,000)	(483,000)
Gains on disposals of property, equipment and other assets	(1,057,900)	(1,764,100)
Change in assets and liabilities:		
Receivables	(460,200)	4,393,500
Prepaid expenses and other	(54,400)	(760,400)
Accounts payable	(17,434,700)	(14,136,900)
Accrued liabilities	1,696,200	573,600
Customers' advances	(229,600)	2,312,800
Income taxes payable	(1,071,100)	960,100
Deferred income taxes	(1,541,000)	(1,716,400)
Other	-	(94,600)
Net cash provided (used)	(1,148,600)	7,076,200
Cash Flows from Investing Activities:		
Additions to property and equipment	(15,827,900)	(3,370,400)
Disposals of property and equipment	255,100	-
Increase in notes receivable and other assets, net	(3,027,200)	(10,600)
Decrease (increase) in marketable securities, net	17,559,800	(4,390,600)
Decrease (increase) in investments, net	(4,692,800)	2,102,800
Cash used to acquire a business, net	-	(5,670,000)
Net cash used	(5,733,000)	(11,338,800)
Cash Flows from Financing Activities:		
Exercise of stock options	4,094,900	3,789,400
Bank borrowings, net of repayments	3,437,100	2,502,100
Net cash provided	7,532,000	6,291,500
Effect of Exchange Rate Changes	(38,200)	(415,800)

Increase in Cash and Cash Equivalents	612,200	1,613,100
Cash and Cash Equivalents at the Beginning of the Period	20,515,000	23,911,300
Cash and Cash Equivalents at the End of the Period	\$ 21,127,200	\$ 25,524,400

</TABLE>

See the accompanying notes.

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
MARCH 31, 1994

- 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 note 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 March 31, 1994 and September 30, 1993, its consolidated results of operations for the three months and six months ended March 31, 1994 and 1993, and its consolidated cash flows for the six months ended March 31, 1994 and 1993.

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

- Included in receivables at March 31, 1994 and September 30, 1993 were unbilled amounts totaling \$56,136,000 and \$38,445,500, respectively.
- Property, equipment and improvements are carried at cost and consisted of the following at March 31, 1994 and September 30, 1993:

<TABLE>  
<CAPTION>

	March 31, 1994	September 30, 1993
<S>	<C>	<C>
Land	\$ 6,184,600	\$ 5,484,600
Buildings	25,105,100	15,520,000
Equipment	63,690,300	60,861,400
Leasehold improvements	11,796,300	11,462,300
	106,776,300	93,328,300
Less - accumulated depreciation and amortization	52,384,300	49,811,900
	\$ 54,392,000	\$43,516,400

</TABLE>

- Other assets consisted of the following at March 31, 1994 and September 30, 1993:

<TABLE>  
<CAPTION>

	March 31, 1994	September 30, 1993
<S>	<C>	<C>
Goodwill	\$17,846,500	\$17,266,700
Prepaid pension costs	10,753,600	10,864,000
Cash surrender value of life insurance policies	11,296,700	8,846,000
Investments	8,498,400	3,304,100
Miscellaneous	4,640,700	4,609,900
	53,035,900	44,890,700
Less - accumulated amortization of goodwill	2,554,100	2,335,800
	\$50,481,800	\$42,554,900

</TABLE>

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JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS  
MARCH 31, 1994

- During the six months ended March, 31, 1994 and 1993, Jacobs made cash payments of approximately \$519,000 and \$195,000 respectively, for interest and approximately \$11,521,000 and \$9,481,000, respectively, for income taxes.
- Net income per share for the three and six months ended March 31, 1994 and 1993 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>

	Three Months Ended March 31,		Six Months Ended March 31,	
	1994	1993	1994	1993
<S>	<C>	<C>	<C>	<C>
Average number of shares of common stock outstanding	24,881,500	24,555,900	24,832,900	24,504,100
Average number of shares of common stock equivalents outstanding	300,200	487,700	315,200	519,100
	25,181,700	25,043,600	25,148,100	25,023,200

</TABLE>

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JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES  
MARCH 31, 1994

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

Revenues for the three months ended March 31, 1994 (the "second quarter of 1994") were \$272.6 million; \$13.7 million less than the amount for the three months ended March 31, 1993 (the "second quarter of 1993"). The decrease was attributable primarily to a 21.5% reduction in the Company's maintenance activities. Construction revenues for the second quarter of 1994 were relatively the same as the second quarter of 1993. With respect to engineering services, the Company experienced a 3.2% increase in revenues for the second quarter of 1994 as compared to the second quarter of 1993. The Company billed approximately 2.7% more professional service hours to projects during the second quarter of 1994 as compared to the second quarter of 1993.

For the six months ended March 31, 1994, revenues totaled \$533.3 million; \$51.7 million less than the amount for the six months ended March 31, 1993. The decrease was due primarily to a 17.3% reduction in construction revenues and a 9.6% reduction in maintenance revenues, offset in part by a 5.0% increase in engineering revenues. The Company billed approximately 5.3% more professional service hours to projects during the six month period ended March 31, 1994 as compared to the comparable period last year.

As a percent of revenues, direct costs of contracts were 87.4% for the second quarter of 1994, as compared to 86.9% for the second 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, as well as the level of margins earned from the various services provided in the various industry groups and markets serviced by the Company. The increase in this percentage relationship in the second quarter of 1994 as compared to the second quarter of 1993 was due primarily to the effects of increased competition for engineering services.

For the six months ended March 31, 1994, direct costs of contracts were 87.1% of revenues, as compared to 87.7% for the six months ended March 31, 1993. This improvement in the percentage relationship during the current six-month period as compared to the comparable period last year was due primarily to an increase in the margins realized on the Company's construction services, combined with the effects of an increasing portion of the Company's total business volume coming from engineering services relative to construction and maintenance.

Selling, general and administrative ("SG & A") expenses for the second quarter of 1994 were \$22.5 million; \$4.0 million less than the amount for the second quarter of 1993. For the six months ended March 31, 1994, SG & A expenses were \$45.0 million; \$4.6 million less than the amount for the six months ended March 31, 1993. These decreases were due primarily to the effects of integrating the operations of the businesses the Company acquired last year into Jacobs, as well as other operating efficiencies.

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JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES  
MARCH 31, 1994

The Company's operating profit (defined as income before taxes, other income,



net and interest income, net) was \$11.9 million for the second quarter of 1994; \$0.8 million more than the amount for the second quarter of 1993. For the six months ended March 31, 1994, the Company's operating profit totaled \$23.6 million; \$1.6 million more than the amount for the comparable period in 1993. In general, the increases in operating profit were attributable primarily to lower SG & A expenses, offset in part by lower contract margins.

Interest income, net was \$0.03 million and \$0.2 million for the three months and six months ended March 31, 1994, respectively. This compares to net interest income of \$0.3 million and \$0.7 million, respectively, for the comparable periods last year. The decreases were due to higher borrowings by the Company's U.K. subsidiary, combined with lower levels of cash invested in interest-bearing accounts.

Other income, net was \$0.2 million for the second quarter of 1994; \$0.7 million less than the amount for the second quarter of 1993. For the six months ended March 31, 1994, other income, net was \$0.7 million; \$0.9 million less than the amount for the six months ended March 31, 1993. The lower amount of other income resulted primarily from gains from sales of marketable securities and other assets recorded last year.

#### Backlog Information

- - - - -

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

<TABLE>  
<CAPTION>

	March 31, 1994	March 31, 1993
	-----	-----
<S>	<C>	<C>
Engineering services	\$ 702.7	\$ 721.0
Total	1,961.0	1,810.0

</TABLE>

#### Liquidity and Capital Resources

- - - - -

The Company's cash and cash equivalents increased \$0.6 million during the six months ended March 31, 1994. This compares to a net increase of \$1.6 million during the second quarter of 1993. The current year increase in cash and cash equivalents was due primarily to cash provided by financing activities (\$7.5 million), offset in part by cash used in operations (\$1.1 million) and investing activities (\$5.7 million).

Operations used \$1.1 million of cash and cash equivalents during the six months ended March 31, 1994. This compares to a net contribution of cash of \$7.1 million for the six months ended March 31, 1993. The decrease in cash provided by operations in the current year as compared to last year was due primarily to a \$4.9 million increase in the amount of receivables outstanding, a \$3.3 million reduction in accounts payable and a \$2.5 million reduction in customer advances. These additional uses of cash were offset in part by a \$1.3 million increase in depreciation and amortization and a \$1.1 million increase in accrued liabilities.

The Company's investing activities used \$5.7 million of cash and cash equivalents during the six months ended March 31, 1994. This compares to net

uses of cash of \$11.3 million for the six months ended March 31, 1993. Additions to property and equipment were \$12.5 million higher in the current year 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 \$3.0 million higher in the current year as compared to last year, and was due primarily to increases in the cash surrender value of company-owned life insurance policies. Net additions to long-term investments were \$6.8 million higher in the current year as compared to last year, and relates primarily to an investment in a newly-formed real estate investment company which will focus on providing facilities for companies in the biotechnology industry. These uses were offset in part by \$22.0 million more of cash generated by sales of marketable securities that had been held for investment purposes in the current year as compared to last year. Also contributing to the reduction in cash used in investing activities was \$5.7 million used last year towards the acquisition of a business; no similar transaction occurred in the current fiscal year.

Cash flows from financing activities contributed \$7.5 million in cash and cash equivalents during the six months ended March 31, 1994. This compares to net contributions of \$6.3 million for the six months ended March 31, 1993. The variance was due to a combination of higher short-term bank borrowings and an increase in the level of stock option exercises.

The Company believes it has adequate capital resources to fund its operations for the remainder of 1994 and beyond. At March 31, 1994, the Company's committed credit facilities totaled approximately \$43.4 million through banks in the U.S. and the U.K., against which \$9.4 million was outstanding as notes payable to banks at March 31, 1994.

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JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES  
MARCH 31, 1994

PART II - OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company's annual meeting of stockholders was held on February 8, 1994 at 3:30 p.m. as announced in its Notice of Annual Meeting of Shareholders and Proxy Statement dated December 27, 1993, copies of which have been filed with the Commission pursuant to Regulation 14A.

There were three matters voted upon by the stockholders at the annual meeting. Those matters were:

1. To elect a slate of directors nominated in the proxy statement (Messrs. Noel G. Watson, David M. Petrone and James L. Rainey, Jr. and Dr. James Clayburn LaForce);
2. To approve the adoption of the Outside Director Stock Option Plan (in the form of amendments to the Jacobs Engineering Group Inc. 1981 Executive Incentive Plan); and
3. To approve the appointment of Ernst & Young as independent auditors for the year ending September 30, 1994.

The results of the shareholder voting were as follows (all shares voted were voted by proxy):

With respect to the first matter, the following table presents the results of the shareholder voting for each of the individual nominees:

<TABLE>  
<CAPTION>

Nominee  
-----

	Noel G. Watson	David M. Petrone	James L. Rainey, Jr.	James C. LaForce
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Shares voting for the nominee	22,024,601	22,024,381	22,022,931	22,024,005
Shares instructing the proxy not to vote for the nominee	28,696	28,916	30,366	29,292
Shares not voted	2,735,550	2,735,550	2,735,550	2,735,550
	-----	-----	-----	-----
Total	24,788,847	24,788,847	24,788,847	24,788,847
	=====	=====	=====	=====

</TABLE>

With respect to the second matter, there were 20,696,543 shares which voted in favor of the Outside Director Stock Option Plan, 1,205,396 shares voted against the resolution and 65,281 shares instructed the proxy not to vote. There were 86,077 broker non-votes and there were 2,735,550 shares which were not present and for which no proxies were received.

With respect to the third matter, there were 22,015,670 shares which voted in favor of the appointment of Ernst & Young as the Company's independent auditors for the year ending September 30, 1994. There were 22,283 shares which voted against the appointment, 15,344 shares instructed the proxy not to vote and there were 2,735,550 shares which were not present and for which no proxies were received.

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JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES  
MARCH 31, 1994

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- (a) Exhibit 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: May 11, 1994

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<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

JACOBS ENGINEERING GROUP INC. AND SUBSIDIARIES

This Schedule contains summary financial information extracted from the Consolidated Condensed Balance Sheet as of March 31, 1994 and the Consolidated Condensed Statement of Income for the three months ended March 31, 1994 and is qualified in its entirety by reference to such financial statements.

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