

MEDNAX, INC.
Form 10-Q
August 05, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2009

OR

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

Commission File Number 001-12111

MEDNAX, INC.

(Exact name of registrant as specified in its charter)

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Florida
(State or other jurisdiction of
incorporation or organization)

26-3667538
(I.R.S. Employer
Identification No.)

1301 Concord Terrace

Sunrise, Florida 33323

(Address of principal executive offices)

(Zip Code)

(954) 384-0175

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and 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 N/A

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date:

Shares of common stock outstanding as of July 31, 2009: 46,377,623

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Table of Contents**PART I - FINANCIAL INFORMATION****Item 1. Financial Statements****MEDNAX, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited)**

	June 30, 2009	December 31, 2008
	(in thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 18,600	\$ 14,346
Short-term investments	12,590	20,764
Accounts receivable, net	163,435	162,395
Prepaid expenses	6,078	5,813
Deferred income taxes	76,474	70,384
Other assets	16,195	11,199
Total current assets	293,372	284,901
Investments	26,634	16,241
Property and equipment, net	42,128	38,807
Goodwill	1,192,852	1,127,959
Other assets, net	28,459	28,966
Total assets	\$ 1,583,445	\$ 1,496,874
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 273,356	\$ 302,584
Current portion of long-term debt and capital lease obligations	270	258
Income taxes payable	15,999	14,283
Total current liabilities	289,625	317,125
Line of credit	152,000	139,500
Long-term debt and capital lease obligations	314	356
Deferred income taxes	49,970	46,873
Other liabilities	35,001	27,882
Total liabilities	526,910	531,736
Commitments and contingencies		
Shareholders' equity:		
Preferred stock; \$.01 par value; 1,000 shares authorized; none issued		
Common stock; \$.01 par value; 100,000 shares authorized; 46,340 and 45,642 shares issued and outstanding, respectively	463	456
Additional paid-in capital	569,414	555,293

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Retained earnings	486,658	409,389
Total shareholders' equity	1,056,535	965,138
Total liabilities and shareholders' equity	\$ 1,583,445	\$ 1,496,874

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Table of Contents**MEDNAX, INC.****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
	(in thousands, except per share data)			
Net patient service revenue	\$ 319,815	\$ 257,704	\$ 623,700	\$ 503,277
Operating expenses:				
Practice salaries and benefits	191,756	150,696	385,764	302,056
Practice supplies and other operating expenses	12,798	10,529	25,439	20,243
General and administrative expenses	36,295	31,016	72,945	60,772
Depreciation and amortization	4,187	2,939	8,150	5,755
Total operating expenses	245,036	195,180	492,298	388,826
Income from operations	74,779	62,524	131,402	114,451
Investment income	429	645	870	1,958
Interest expense	(824)	(335)	(1,835)	(720)
Income from continuing operations before income taxes	74,384	62,834	130,437	115,689
Income tax provision	31,167	24,662	53,168	45,388
Income from continuing operations	43,217	38,172	77,269	70,301
(Loss) income from discontinued operations, net of income taxes		(1,158)		22,519
Net income	\$ 43,217	\$ 37,014	\$ 77,269	\$ 92,820
Per common and common equivalent share data:				
Income from continuing operations:				
Basic	\$ 0.95	\$ 0.82	\$ 1.70	\$ 1.49
Diluted	\$ 0.93	\$ 0.80	\$ 1.68	\$ 1.46
(Loss) income from discontinued operations:				
Basic	\$	\$ (0.02)	\$	\$ 0.48
Diluted	\$	\$ (0.02)	\$	\$ 0.46
Net income:				
Basic	\$ 0.95	\$ 0.80	\$ 1.70	\$ 1.97
Diluted	\$ 0.93	\$ 0.78	\$ 1.68	\$ 1.92
Weighted average shares:				
Basic	45,446	46,481	45,360	47,027

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Diluted	46,253	47,654	46,088	48,293
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The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

Table of Contents**MEDNAX, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)**

	Six Months Ended June 30,	
	2009	2008
	(in thousands)	
Cash flows from operating activities:		
Net income	\$ 77,269	\$ 92,820
Adjustments to reconcile net income to net cash provided from operating activities:		
Depreciation and amortization	8,150	5,894
Stock-based compensation expense	11,414	9,889
Deferred income taxes	(2,993)	9,979
Gain on sale of assets		(36,237)
Changes in assets and liabilities:		
Accounts receivable	(1,040)	(3,139)
Prepaid expenses and other assets	(5,261)	(1,859)
Other assets	766	370
Accounts payable and accrued expenses	(30,781)	(40,863)
Income taxes payable	1,726	118
Other liabilities	2,475	(6,990)
Net cash provided from operating activities	61,725	29,982
Cash flows from investing activities:		
Acquisition payments, net of cash acquired	(62,223)	(47,654)
Purchase of investments	(13,894)	(8,690)
Proceeds from maturities of investments	11,675	10,284
Purchase of property and equipment	(8,058)	(8,187)
Proceeds from sale of assets		66,000
Net cash (used in) provided from investing activities	(72,500)	11,753
Cash flows from financing activities:		
Borrowings on line of credit	262,000	76,700
Payments on line of credit	(249,500)	(19,200)
Payments on capital lease obligations	(175)	(362)
Excess tax benefit related to stock option exercises and restricted stock vestings	268	3,951
Reduction of excess tax benefit related to stock option exercises and restricted stock vestings	(797)	
Repurchases of common stock		(199,997)
Proceeds from issuance of common stock	3,233	8,585
Net cash provided from (used in) financing activities	15,029	(130,323)
Net increase (decrease) in cash and cash equivalents	4,254	(88,588)
Cash and cash equivalents at beginning of period	14,346	102,843
Cash held by discontinued operating unit at beginning of period		50
Cash held by discontinued operating unit on sale date		(72)