

North American Construction Group Ltd.
Form 6-K
July 31, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 6-K
Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
under the Securities Exchange Act of 1934
For the month of July 2018
Commission File Number 001-33161
NORTH AMERICAN CONSTRUCTION GROUP LTD.
26550 Acheson Road
Acheson, Alberta T7X 6B2
(780) 960-7171

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Documents Included as Part of this Report

1. Interim consolidated financial statements of North American Construction Group Ltd. for the three and six months ended June 30, 2018.
 2. Management's Discussion and Analysis for the three and six months ended June 30, 2018.
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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.

NORTH AMERICAN
CONSTRUCTION GROUP
LTD.

By: /s/ Rob Butler
Name: Rob Butler
Title: Vice President, Finance
Date: July 31, 2018

NORTH AMERICAN CONSTRUCTION GROUP LTD.
Interim Consolidated Financial Statements
For the three and six months ended June 30, 2018
(Expressed in thousands of Canadian Dollars)
(Unaudited)

Interim Consolidated Balance Sheets
(Expressed in thousands of Canadian Dollars)
(Unaudited)

| | June 30, 2018 | December 31, 2017 |
|---|------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash | \$2,836 | \$ 8,186 |
| Accounts receivable, net (note 7(c)) | 53,142 | 46,806 |
| Contract assets (note 7(c)) | 8,848 | 21,572 |
| Inventories | 6,201 | 4,754 |
| Prepaid expenses and deposits | 2,882 | 1,898 |
| Assets held for sale | 4,066 | 5,642 |
| | 77,975 | 88,858 |
| Property, plant and equipment (net of accumulated depreciation of \$234,308, December 31, 2017 – \$220,320) | 307,293 | 278,648 |
| Other assets (note 7(f)) | 5,355 | 5,599 |
| Deferred tax assets | 8,427 | 10,539 |
| Total assets | \$399,050 | \$ 383,644 |
| Liabilities and shareholders' equity | | |
| Current liabilities | | |
| Accounts payable | \$48,579 | \$ 35,191 |
| Accrued liabilities | 9,410 | 12,434 |
| Contract liabilities (note 7(c)) | 773 | 824 |
| Current portion of capital lease obligation | 28,441 | 29,136 |
| | 87,203 | 77,585 |
| Long term debt (note 5(a)) | 62,190 | 70,065 |
| Capital lease obligations | 40,527 | 37,833 |
| Other long term obligations | 18,231 | 14,080 |
| Deferred tax liabilities | 40,180 | 38,157 |
| | 248,331 | 237,720 |
| Shareholders' equity | | |
| Common shares (authorized – unlimited number of voting common shares; issued and outstanding – 27,300,585 (December 31, 2017 – 28,070,150)) (note 9(a)) | 223,603 | 231,020 |
| Treasury shares (2,716,023 (December 31, 2017 - 2,617,926)) (note 9(a)) | (13,013) | (12,350) |
| Additional paid-in capital | 57,169 | 54,416 |
| Deficit | (117,040) | (127,162) |
| | 150,719 | 145,924 |
| Total liabilities and shareholders' equity | \$399,050 | \$ 383,644 |
| Subsequent events (note 7(d)) | | |
| See accompanying notes to interim consolidated financial statements. | | |

NOA

Interim Consolidated Statements of Operations and
Comprehensive Income (Loss)

(Expressed in thousands of Canadian Dollars, except per share amounts)

(Unaudited)

| | Three months ended | | Six months ended | |
|--|-----------------------|------------|------------------|-----------|
| | June 30, | | June 30, | |
| | 2018 | 2017 | 2018 | 2017 |
| Revenue (note 7) | \$79,471 | \$47,624 | \$194,174 | \$140,466 |
| Project costs | 31,793 | 21,990 | 73,256 | 51,197 |
| Equipment costs | 26,990 | 18,720 | 55,247 | 44,775 |
| Depreciation | 11,037 | 8,073 | 29,229 | 22,631 |
| Gross profit (loss) | 9,651 | (1,159) | 36,442 | 21,863 |
| General and administrative expenses | 8,207 | 5,335 | 16,008 | 13,410 |
| Loss on sublease | — | — | 1,732 | — |
| (Gain) loss on disposal of property, plant and equipment | (185) | 5 | (105) | 219 |
| Gain on disposal of assets held for sale | (155) | (115) | (197) | (183) |
| Amortization of intangible assets | 88 | 206 | 241 | 558 |
| Operating income (loss) before the undernoted | 1,696 | (6,590) | 18,763 | 7,859 |
| Interest expense, net (note 8) | 1,622 | 1,758 | 3,441 | 3,124 |
| Foreign exchange loss | 33 | 15 | 23 | 12 |
| Income (loss) before income taxes | 41 | (8,363) | 15,299 | 4,723 |
| Deferred income tax expense (benefit) | 8 | (2,163) | 4,135 | 1,324 |
| Net income (loss) and comprehensive income (loss) | \$33 | \$(6,200) | \$11,164 | \$3,399 |
| Per share information | | | | |
| Net income (loss) - basic (note 9(b)) | \$0.00 | \$(0.23) | \$0.45 | \$0.12 |
| Net income (loss) - diluted (note 9(b)) | \$0.00 | \$(0.23) | \$0.38 | \$0.11 |

See accompanying notes to interim consolidated financial statements.

Interim Consolidated Statements of Changes in
Shareholders' Equity
(Expressed in thousands of Canadian Dollars)
(Unaudited)

| | Common shares | Treasury shares | Additional paid-in capital | Deficit | Total |
|---|------------------|--------------------|----------------------------------|-------------|-----------|
| Balance at December 31, 2016 | \$252,633 | \$(9,294) | \$45,915 | \$(130,300) | \$158,954 |
| Net income | — | — | — | 3,399 | 3,399 |
| Exercised options | 910 | — | (364) | — | 546 |
| Stock-based compensation | — | 299 | 613 | — | 912 |
| Dividends (note 9(d)) (\$0.04 per share) | — | — | — | (1,101) | (1,101) |
| Share purchase program (note 9(c)) | (9,760) | — | 2,289 | — | (7,471) |
| Purchase of treasury shares for settlement of certain equity classified stock-based compensation (note 9(a)) | — | (3,601) | — | — | (3,601) |
| Balance at June 30, 2017 | \$243,783 | \$(12,596) | \$48,453 | \$(128,002) | \$151,638 |
| Balance at December 31, 2017 | \$231,020 | \$(12,350) | \$54,416 | \$(127,162) | \$145,924 |
| Adoption of accounting standard (note 3(a(i))) | — | — | — | (45) | (45) |
| Net income | — | — | — | 11,164 | 11,164 |
| Exercised options | 1,097 | — | (438) | — | 659 |
| Stock-based compensation | — | — | 1,795 | — | 1,795 |
| Dividends (note 9(d)) (\$0.04 per share) | — | — | — | (997) | (997) |
| Share purchase program (note 9(c)) | (8,514) | — | 1,396 | — | (7,118) |
| Purchase of treasury shares for settlement of certain equity classified stock-based compensation (note 9(a)) | — | (663) | — | — | (663) |
| Balance at June 30, 2018 | \$223,603 | \$(13,013) | \$57,169 | \$(117,040) | \$150,719 |

See accompanying notes to interim consolidated financial statements.

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Interim Consolidated Statements of Cash Flows
 (Expressed in thousands of Canadian Dollars)
 (Unaudited)

| | Three months ended June 30, 2018 2017 | | Six months ended June 30, 2018 2017 | |
|---|--|-----------|---|----------|
| Cash provided by (used in): | | | | |
| Operating activities: | | | | |
| Net income (loss) | \$33 | \$(6,200) | \$11,164 | \$3,399 |
| Adjustments to reconcile to net cash from operating activities: | | | | |
| Depreciation | 11,038 | 8,073 | 29,229 | 22,631 |
| Amortization of intangible assets | 88 | 206 | 241 | 558 |
| Amortization of deferred financing costs (note 8) | 132 | 131 | 262 | 213 |
| Loss on sublease | — | — | 1,732 | — |
| (Gain) loss on disposal of property, plant and equipment | (185) | 5 | (105) | 219 |
| Gain on disposal of assets held for sale | (155) | (115) | (197) | (183) |
| Stock-based compensation expense | 2,757 | 391 | 4,655 | 2,449 |
| Other adjustments to cash from operating activities | (56) | 50 | (24) | 76 |
| Deferred income tax expense | 8 | (2,163) | 4,135 | 1,324 |
| Net changes in non-cash working capital (note 10(b)) | 12,130 | 19,325 | 13,733 | 14,104 |
| | 25,789 | 19,703 | 64,825 | 44,790 |
| Investing activities: | | | | |
| Purchase of property, plant and equipment | (22,369) | (9,010) | (41,222) | (26,473) |
| Proceeds on disposal of property, plant and equipment | 190 | 58 | 1,544 | 9,523 |
| Proceeds on disposal of assets held for sale | 752 | 1,125 | 862 | 1,335 |
| Additions to intangible assets | (84) | (25) | (84) | (25) |
| Net repayment of (advances to) partnership loan (note 4) | 102 | (256) | 765 | (256) |
| Investment in partnership (note 4) | — | (1,177) | — | (1,177) |
| | (21,409) | (9,285) | (38,135) | (17,073) |
| Financing activities: | | | | |
| Repayment of Credit Facility | (14,000) | (5,670) | (27,000) | (29,670) |