

PICO HOLDINGS INC /NEW

Form 10-Q

November 02, 2016

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2016

OR

“ 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 033-36383

PICO HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

California

94-2723335

(State or other jurisdiction of incorporation) (IRS Employer Identification No.)

7979 Ivanhoe Avenue, Suite 300 La Jolla, California 92037

(Address of principal executive offices, including zip code)

(858) 456-6022

(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

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

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 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 ý

On October 28, 2016, the registrant had 23,069,381 shares of common stock, \$0.001 par value per share outstanding.

PICO Holdings, Inc.

Form 10-Q
For the Nine Months Ended September 30, 2016

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Part I: Financial Information

Item 1: Condensed Consolidated Financial Statements (Unaudited)

PICO Holdings, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets - Unaudited

(In thousands, except par value)

	September 30, 2016	December 31, 2015
Assets		
Cash and cash equivalents	\$ 37,953	\$ 56,462
Investments (\$24,870 and \$22,590 measured at fair value at September 30, 2016 and December 31, 2015, respectively)	28,352	26,072
Real estate and tangible water assets, net	439,401	424,235
Intangible assets, net	126,919	126,533
Other assets	16,996	19,990
Assets held-for-sale	10,900	8,793
Total assets	\$ 660,521	\$ 662,085
Liabilities and equity		
Debt		
Accounts payable and accrued expenses	36,553	34,458
Deferred compensation	26,744	25,493
Other liabilities	13,193	11,556
Liabilities held-for-sale	903	608
Total liabilities	235,178	228,081
Commitments and contingencies		
Common stock, \$0.001 par value; authorized 100,000 shares, 23,125 issued and 23,070 outstanding at September 30, 2016, and 23,116 issued and 23,038 outstanding at December 31, 2015	23	23
Additional paid-in capital	493,744	494,207
Accumulated deficit	(164,466)	(151,366)
Accumulated other comprehensive income	6,502	4,961
Treasury stock, at cost (common shares: 55 and 78 at September 30, 2016 and December 31, 2015, respectively)	(927)	(1,413)
Total PICO Holdings, Inc. shareholders' equity	334,876	346,412
Noncontrolling interest in subsidiaries	90,467	87,592
Total equity	425,343	434,004
Total liabilities and equity	\$ 660,521	\$ 662,085

The accompanying notes are an integral part of the condensed consolidated financial statements.

PICO Holdings, Inc. and Subsidiaries

Condensed Consolidated Statements of Operations and Comprehensive Income or Loss - Unaudited

(In thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenues and other income:				
Sale of real estate and water assets	\$95,816	\$77,044	\$247,009	\$175,718
Impairment loss on investment in unconsolidated affiliate				(20,696)
Other income, net	892	1,047	2,445	3,501
Total revenues and other income	96,708	78,091	249,454	158,523
Cost of sales and expenses:				
Cost of real estate and water assets sold	78,977	60,626	202,157	142,566
General, administrative, and other	10,098	10,168	34,867	33,661
Sales and marketing	4,963	4,818	14,061	13,373
Impairment loss on intangible and long-lived assets	4,615	727	7,012	2,090
Depreciation and amortization	302	653	1,193	1,649
Total cost of sales and expenses	98,955	76,992	259,290	193,339
Income (loss) from continuing operations before income taxes and equity in loss of unconsolidated affiliates	(2,247)	1,099	(9,836)	(34,816)
Benefit (provision) for federal and state income taxes	406	(22)	372	