

Emergency Medical Services CORP  
Form 10-Q  
August 15, 2011  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

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**FORM 10-Q**

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(Mark one)

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

For the quarterly period ended June 30, 2011

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:

001-32701

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## EMERGENCY MEDICAL SERVICES CORPORATION

(Exact name of Registrants as Specified in their Charters)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**20-3738384**  
(IRS Employer  
Identification Number)

**6200 S. Syracuse Way, Suite 200**  
**Greenwood Village, CO**  
(Address of principal executive offices)

**80111**  
(Zip Code)

Registrants telephone number, including area code: **303-495-1200**

Former name, former address and former fiscal year, if changed since last report:

**Not applicable**

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   
(Do not check if a smaller reporting company)

Smaller reporting company

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

The registrant is a privately held corporation, and its common stock is not publicly traded. Shares of common stock outstanding at August 10, 2011 1,000. All of our outstanding stock was held at such date by CDRT Acquisition Corporation, our sole stockholder.

The registrant is not required to file this Quarterly Report on Form 10-Q with the Securities and Exchange Commission and is doing so on a voluntary basis.

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(unaudited; in thousands)

	Successor Period from May 25 through June 30, 2011	Predecessor Period from April 1 through May 24, 2011	Quarter ended June 30, 2010
Net revenue	\$ 319,543	\$ 460,955	\$ 708,804
Compensation and benefits	221,804	337,556	496,443
Operating expenses	41,856	59,777	90,586
Insurance expense	10,089	20,690	25,942
Selling, general and administrative expenses	6,861	11,406	18,298
Depreciation and amortization expense	11,061	10,942	15,692
Income from operations	27,872	20,584	61,843
Interest income from restricted assets	162	728	859
Interest expense	(17,950)	(3,069)	(5,060)
Realized gain (loss) on investments	7	(5)	57
Interest and other (expense) income	(140)	(27,127)	206
Loss on early debt extinguishment		(10,069)	(19,091)
Income (loss) before income taxes and equity in earnings of unconsolidated subsidiary	9,951	(18,958)	38,814
Income tax (expense) benefit	(4,158)	3,410	(14,955)
Income (loss) before equity in earnings of unconsolidated subsidiary	5,793	(15,548)	23,859
Equity in earnings of unconsolidated subsidiary	33	52	105
Net income (loss)	5,826	(15,496)	23,964
Other comprehensive (loss) income, net of tax:			
Unrealized holding (losses) gains during the period	(140)	872	1,101
Unrealized losses on derivative financial instruments	(253)	(959)	(563)
Comprehensive income (loss)	\$ 5,433	\$ (15,583)	\$ 24,502

The accompanying notes are an integral part of these financial statements.

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	Successor Period from May 25 through June 30, 2011	Predecessor Period from January 1 through May 24, 2011	Six months ended June 30, 2010
Net revenue	\$ 319,543	\$ 1,221,790	\$ 1,388,158
Compensation and benefits	221,804	874,633	976,760
Operating expenses	41,856	156,740	177,115
Insurance expense	10,089	47,229	48,012
Selling, general and administrative expenses	6,861	29,241	35,156
Depreciation and amortization expense	11,061	28,467	31,872
Income from operations	27,872	85,480	119,243
Interest income from restricted assets	162	1,124	1,714
Interest expense	(17,950)	(7,886)	(13,326)
Realized gain (loss) on investments	7	(9)	149
Interest and other (expense) income	(140)	(28,873)	471
Loss on early debt extinguishment		(10,069)	(19,091)
Income before income taxes and equity in earnings of unconsolidated subsidiary	9,951	39,767	89,160
Income tax expense	(4,158)	(19,242)	(34,365)
Income before equity in earnings of unconsolidated subsidiary	5,793	20,525	54,795
Equity in earnings of unconsolidated subsidiary	33	143	199
Net income	5,826	20,668	54,994
Other comprehensive (loss) income, net of tax:			
Unrealized holding (losses) gains during the period	(140)	1,501	1,543
Unrealized losses on derivative financial instruments	(253)	25	(85)
Comprehensive income	\$ 5,433	\$ 22,194	\$ 56,452

The accompanying notes are an integral part of these financial statements.

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(in thousands, except share and per share data)

	<b>Successor June 30, 2011 (Unaudited)</b>	<b>Predecessor December 31, 2010</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 186,811	\$ 287,361
Insurance collateral	36,649	33,476
Trade and other accounts receivable, net	510,279	489,658
Parts and supplies inventory	23,349	23,031
Prepays and other current assets	26,305	18,617
Total current assets	783,393	852,143
Non-current assets:		
Property, plant and equipment, net	135,479	133,731
Intangible assets, net	758,031	180,374
Insurance collateral	116,952	136,063
Goodwill	2,163,961	427,405
Other long-term assets	114,980	18,836
Total assets	\$ 4,072,796	\$ 1,748,552
<b>Liabilities and Equity</b>		
Current liabilities:		
Accounts payable	\$ 39,767	\$ 39,581
Accrued liabilities	336,028	259,638
Current deferred tax liabilities	7,345	5,114
Current portion of long-term debt	15,065	16,333
Total current liabilities	398,205	320,666
Long-term debt	2,364,270	404,943
Long-term deferred tax liabilities	238,286	5,971
Insurance reserves and other long-term liabilities	180,734	169,767
Total liabilities	3,181,495	901,347
Equity:		
Preferred stock (\$0.01 par value; 20,000,000 shares authorized in 2010, 0 issued and outstanding)		
Common stock (\$0.01 par value; 1,000 shares authorized, issued and outstanding in 2011)		
Class A common stock (\$0.01 par value; 100,000,000 shares authorized and 30,404,572 issued and outstanding in 2010)		304
Class B common stock (\$0.01 par value; 40,000,000 shares authorized in 2010, 65,052 issued and outstanding in 2010)		1
Class B special voting stock (\$0.01 par value; 1 share authorized, issued and outstanding in 2010)		
LP exchangeable units (13,724,676 shares issued and outstanding in 2010)		90,776
Treasury stock at cost (30,778 shares in 2010)		(1,684)
Additional paid-in capital	885,868	305,258
Retained earnings	5,826	450,766
Accumulated other comprehensive (loss) income	(393)	1,784
Total equity	891,301	847,205
Total liabilities and equity	\$ 4,072,796	\$ 1,748,552

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## EMERGENCY MEDICAL SERVICES CORPORATION

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited; in thousands)

	Successor Period from May 25 through June 30, 2011	Predecessor Period from April 1 through May 24, 2011	Quarter ended June 30, 2010
<b>Cash Flows from Operating Activities</b>			
Net income (loss)	\$ 5,826	\$ (15,496)	\$ 23,964
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	12,962	11,485	16,321
Loss on disposal of property, plant and equipment	12		45
Equity-based compensation expense	430	13,150	1,441
Excess tax benefits from stock-based compensation		(11,258)	(2,917)
Loss on early debt extinguishment		10,069	19,091
Equity in earnings of unconsolidated subsidiary	(33)	(52)	(105)
Deferred income taxes	48		973
Changes in operating assets/liabilities, net of acquisitions:			
Trade and other accounts receivable	7,102	613	(21,750)
Parts and supplies inventory	18	(35)	75
Prepays and other current assets	2,511	(3,828)	(8,828)
Accounts payable and accrued liabilities	1,708	(3,750)	7,093
Insurance accruals	7,137	(4,922)	4,754
Net cash provided by (used in) operating activities	37,721	(4,024)	40,157
<b>Cash Flows from Investing Activities</b>			
Merger, net of cash received	(2,844,221)		
Purchases of property, plant and equipment	(2,892)	(3,190)	(8,652)
Proceeds from sale of property, plant and equipment	55	45	66
Acquisition of businesses, net of cash received	(4,668)	(62,150)	(47,675)
Net change in insurance collateral	4,542	10,630	(7,627)
Other investing activities	(262)	342	10,648
Net cash used in investing activities	(2,847,446)	(54,323)	(53,240)
<b>Cash Flows from Financing Activities</b>			
EMSC issuance of class A common stock		8	1,791
Borrowings under senior secured credit facility	1,440,000		425,000
Proceeds from issuance of senior subordinated notes	950,000		
Proceeds from CD&R equity investment	887,051		
Repayments of capital lease obligations and other debt	(418,875)	(2,150)	(451,443)
Equity issuance costs	(26,196)		
Debt issue costs	(114,021)		(11,749)
Payment for debt extinguishment premiums			(14,513)
Excess tax benefits from stock-based compensation		11,258	2,917
Class A common stock repurchased as treasury stock		(1,137)	
Net change in bank overdrafts	(7,971)	2,144	(6,942)
Net cash provided by (used in) financing activities	2,709,988	10,123	(54,939)
Change in cash and cash equivalents	(99,737)	(48,224)	(68,022)
Cash and cash equivalents, beginning of period	286,548	334,772	381,055
Cash and cash equivalents, end of period	\$ 186,811	\$ 286,548	\$ 313,033

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	Successor Period from May 25 through June 30, 2011	Predecessor Period from January 1 through May 24, 2011	Six months ended June 30, 2010
<b>Cash Flows from Operating Activities</b>			
Net income	\$ 5,826	\$ 20,668	\$ 54,994
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	12,962	29,800	33,008
Loss on disposal of property, plant and equipment	12	39	89
Equity-based compensation expense	430	15,112	2,545
Excess tax benefits from stock-based compensation		(12,427)	(13,498)
Loss on early debt extinguishment		10,069	19,091
Equity in earnings of unconsolidated subsidiary	(33)	(143)	(199)
Dividends received		427	403
Deferred income taxes	48		