

# LAYNE CHRISTENSEN CO

## **FORM 8-K** (Current report filing)

Filed 02/09/17 for the Period Ending 02/08/17

Address	1800 HUGHES LANDING BLVD., STE. 700 THE WOODLANDS, TX 77380
Telephone	281-475-2600
CIK	0000888504
Symbol	LAYN
SIC Code	1700 - Construction - Special Trade Contractors
Industry	Construction & Engineering
Sector	Industrials
Fiscal Year	01/31

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**Form 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **February 8, 2017**

**LAYNE CHRISTENSEN COMPANY**

(Exact name of registrant as specified in its charter)

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

**001-34195**  
(Commission  
File Number )

**48-0920712**  
(I.R.S. Employer  
Identification No.)

**1800 Hughes Landing Blvd., Ste. 800**  
**The Woodlands, Texas 77380**  
(Address of principal executive office)(Zip Code)

**(281) 475-2600**  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**ITEM 1.01. ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT**

On February 8, 2017, Layne Christensen Company ("Layne") and certain of its subsidiaries (collectively, the "Company"), entered into an Asset Purchase Agreement (the "Purchase Agreement") to sell substantially all of the assets of Layne's Heavy Civil business for \$10.1 million, subject to certain working capital adjustments. The purchaser of the Heavy Civil business is Reycon Partners LLC (the "Buyer"), which is owned by a group of private investors, including members of the current Heavy Civil senior management team.

Subject to certain exceptions, the Buyer will assume the Company's obligations under all the job contracts of the Heavy Civil business that are open as of the date of the Purchase Agreement and the Company will retain any other obligations of the business, including warranty obligations for the business' job contracts that were completed as of the date of the Purchase Agreement.

The Buyer has the option to pay up to \$3.7 million of the consideration in the form of Layne common stock currently owned by the owners of the Buyer (valued at the weighted average price of Layne's common stock for the 10 trading days immediately prior to the closing date). The total purchase price for the assets will increase or decrease on a dollar-for-dollar basis to the extent the Heavy Civil business' working capital is more or less than an agreed upon target working capital amount. In addition, Layne and the Buyer have agreed to split equally any amounts received with respect to a \$3.5 million outstanding receivable related to a job contract that is substantially completed.

The Purchase Agreement contains customary representations and warranties, closing conditions and indemnification provisions. The Company and Buyer have agreed to mutual non-solicitation of employees and non-competition covenants for a period of two years after the closing of the Purchase Agreement.

The Asset Purchase Agreement may be terminated under specific circumstances described therein, including by mutual written consent, in connection with a material breach of the agreement by a party thereto. Subject to satisfaction of customary closing conditions, including obtaining any required consents and approvals, the transaction is expected to close in approximately 90 days.

**ITEM 7.01 REGULATION FD DISCLOSURE**

A copy of the press release announcing the execution of the Asset Purchase Agreement is attached as Exhibit 99.1 to this current report and is incorporated herein by reference. The press release shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be incorporated by reference in any registration statement filed under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated by reference therein.

**ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS**

(d) Exhibits

99.1 Press Release dated February 9, 2017 of Layne Christensen Company, furnished pursuant to Item 7.01

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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 hereunto duly authorized.

**LAYNE CHRISTENSEN COMPANY**

(Registrant)

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Date: February 9, 2017

By:

*/s/ J. Michael Anderson*

J. Michael Anderson,

Senior Vice President and Chief Financial Officer

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**LAYNE CHRISTENSEN  
ANNOUNCES DEFINITIVE AGREEMENT TO SELL ITS  
HEAVY CIVIL BUSINESS**

**THE WOODLANDS, TEXAS, Thursday, February 9, 2017** – Layne Christensen Company (NASDAQ: LAYN) (“Layne” or the “Company”) today announced that it has signed a definitive agreement to sell substantially all of its Heavy Civil business to a newly-formed entity owned by private investors, including members of the current Heavy Civil senior management team. The sale is the culmination of an extensive process to divest the business.

The transaction, which is expected to close in approximately 90 days, is subject to certain customary terms and closing conditions. The sale price for the Heavy Civil business is approximately \$10.1 million, consisting of at least \$6.4 million in cash, with the remainder consisting of Layne common stock currently owned by the investors. The Layne stock will be valued based upon Layne’s volume weighted average share price during the 10 days prior to closing.

The Company currently estimates that the transaction will result in a book loss in the first quarter of fiscal 2018. The net book value of the Heavy Civil business being sold was approximately \$22.6 million as of October 31, 2016.

Michael J. Caliel, President and Chief Executive Officer of Layne, commented, “The sale of our Heavy Civil business is consistent with our previously-announced strategy to simplify and restructure our operating portfolio. The closing of this transaction enables us to focus on our core water-related businesses and reduce our risk exposure to large construction projects, while also positioning Layne to improve its profitability in a growing water and water infrastructure industry.”

Stinson Leonard Street LLP acted as exclusive legal advisor, and Houlihan Lokey acted as exclusive financial advisor to Layne on this transaction.

**Forward-Looking Statements**

This press release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act of 1934. Such statements may include, but are not limited to, statements of plans and objectives, statements of future economic performance and statements of assumptions underlying such statements, and statements of management's intentions, hopes, beliefs, expectations or predictions of the future. Forward-looking statements can often be identified by the use of forward-looking terminology, such as "should," "intend," "continue," "believe," "may," "hope," "anticipate," "goal," "forecast," "plan," "estimate" and similar words or phrases. Such statements are based on current expectations and are subject to certain risks, uncertainties and assumptions, including but not limited

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to: prevailing prices for various commodities, unanticipated slowdowns in the Company's major markets, the availability of credit, the risks and uncertainties normally incident to the construction industry, the impact of competition, the effectiveness of operational changes expected to increase efficiency and productivity, worldwide economic and political conditions and foreign currency fluctuations that may affect worldwide results of operations. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially and adversely from those anticipated, estimated or projected. These forward-looking statements are made as of the date of this filing, and the Company assumes no obligation to update such forward-looking statements or to update the reasons why actual results could differ materially from those anticipated in such forward-looking statements.

### **About Layne**

Layne is a global solutions provider to the world of essential natural resources—water, mineral and energy. We offer innovative, sustainable products and services with an enduring commitment to safety, excellence and integrity.

### **Contacts**

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