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USCR - Q4 2014 U.S. Concrete, Inc. Earnings Call

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PRESENTATION

Operator

Good day. Welcome to the U.S. Concrete, Inc. fourth quarter and full year 2014 earnings conference call.

At this time, all participants are in a listen-only mode. Later, we will conduct a question and answer session and instructions will follow at that time. If anyone should require assistance during the conference, please press star, then zero on your touchtone telephone.

As a reminder, this conference call is being recorded.

I would now like to turn the conference over to your host, Matt Brown, Senior Vice President and CFO. You may begin.

Matt Brown - ***U.S. Concrete, Inc. – Sr. Vice President & CFO***

Thank you, Nicole. Good morning and welcome to U.S. Concrete's fourth quarter and full year 2014 earnings conference call. Joining me on the call today is Bill Sandbrook, our President and Chief Executive Officer. Before I turn the call over to Bill, I would like to cover a few administrative items.

U.S. Concrete would like to take advantage of the Safe Harbor provisions of the US Private Securities Litigation Reform Act of 1995. Certain statements in this conference call may be considered forward-looking statements within the meaning of that act. Such forward-looking statements are subject to risks, uncertainties, and other factors which could cause actual results to differ materially. For a list of these factors, please refer to the legal disclaimers contained in our filings with the Securities and Exchange Commission.

Please note that you can find the reconciliations to non-GAAP financial measures that we will discuss on this call in the Form 8-K filed earlier today and in the Investor Relations section of our website.

If you would like to be on an email distribution list to receive future news releases, please sign up in the Investor Relations section of our website, under E-mail Alerts. If you would like to listen to a replay of today's call, it will be available on the Investor Relations section of our website, under Events & Presentations.

Now I'd like to turn the call over to Bill Sandbrook, our President and CEO, to discuss the highlights for the fourth quarter and full year of 2014.

Bill Sandbrook - ***U.S. Concrete, Inc. - President & CEO***

Thanks, Matt.

As we announced this morning, the fourth quarter was an explanation point on the end of an extremely successful 2014, which culminated in 95% growth in fourth quarter adjusted EBITDA and a record setting full year adjusted EBITDA margin of 10.7%. All of our regional markets continued to strengthen as we captured full year growth in revenue and profit in all regions, and in both segments of our business. The focused execution of our operating plan continues to take advantage of the operating leverage in our core business.

In addition, we are very excited about the progress we made in the acquisition markets, particularly momentum gained in the fourth quarter of 2014 leading into the beginning of 2015. Our ready-mixed concrete acquisitions will further strengthen our core market positions in Dallas, Texas, the Bay Area of California, and New York City. Our new aggregate distribution terminals in New York City will enhance our vertical integration and improve our operating efficiencies in the surrounding markets. The addition of the two largest volumetric concrete businesses in Texas is a unique opportunity to expand into enhanced product offerings, with high margins within our core ready-mixed concrete segment. These recent transactions illustrate the strength and diversity of our acquisition strategy, and together will be immediately accretive to our bottom line.

Despite recent uncertainty in the oil and gas industry, and its potential impact on the Texas economy, we continue to see no negative impact in our backlog or bidding opportunities. Texas led the nation in job growth during 2014, with all 11 major industries of the Texas economy boasting net employment growth. The oil and gas industry accounts for less than 3% of the overall Texas economy and 1% of the employment in Texas. The favorable business climate, positive demographic trends, economic diversity, and the substantial backlog of major construction projects, bolstered by the recent approval of Proposition 1, shows a commitment to infrastructure and a platform for growth in Texas. The Dallas-Fort Worth regional market or D/FW Metroplex is even less energy dependent than the state as a whole, with only 1% of its economy reliant on natural resources. The D/FW Metroplex boasts one of the most broadly diverse economies in the nation, led by a world-class transportation infrastructure, making it an international gateway. The Metroplex ranks among the top three in the nation for business expansion, relocations and employment growth with eight fortune 500 companies headquartered in the area, home to the third busiest airport, the largest domestic airline in the country, and the world's first fully industrial airport. It's central location, low cost of living, and pro-business mindset make it an ideal climate for continued growth in the future.

In San Francisco, construction job growth in the Bay Area grew 5.7% in 2014. The city has issued record permits for new projects over the past 12 months and expects double-digit growth in 2015. Additionally, construction spending in the Oakland, Fremont, and Hayward metro area is expected to increase by over 40% this year, with a surge in new apartment buildings and condominiums.

New York City construction is equally vibrant, with a 31% increase in construction starts in 2014 compared to 2013. Housing starts rose for the 4th consecutive year, with an increase of 73% over 2013. This trend is projected to continue as the market demand has shifted toward a need for additional multi-family luxury apartments. Nonresidential construction starts increased 26% over 2013, with the resumption of full scale construction on multiple large high-rise office buildings, including Three World Trade Center and Hudson Yards. 2015 is shaping up to be a great year in this market.

Our recent expansions in Texas, California, and New York give us an exciting opportunity to capitalize on the accelerated growth in these markets in the upcoming years.

We are very pleased with our fourth quarter and full year results and the progress made in support of our strategic plan.

Now I would like to turn the call back over to Matt to discuss our fourth quarter and full year results in more detail.

Matt Brown *- U.S. Concrete, Inc. - Sr. Vice President & CFO*

Thanks, Bill.

First, I would like to summarize a few highlights of our full year, and then I will discuss our fourth quarter results in a little more detail.

For the full year, total revenues from continuing operations were up $105.6 million, or 17.6% over the prior year. We saw improvement in both of our operating segments. Ready-mix concrete revenue increased by 16% over prior year, and aggregate products revenue increased by 37.7% over prior year. Revenue growth was driven by both volume and pricing improvements. Ready-mix concrete volume and pricing increased by 9% and 6.6%, respectively, year-over-year. Aggregates volume and pricing increased 29.3% and 6.3%, respectively, year-over-year. The combination of volume and pricing improvements drove increased operating profit in all aspects of our business. Ready-mix concrete gross profit increased $25.9 million, or 30.5%, on a 16% improvement in revenue. This represents a 190 basis point expansion in our ready-mixed concrete gross profit margin for the year. Our aggregates gross profit increased $3.8 million, or 42.2%, on a 37.7% improvement in revenue. This represents a 70 basis point expansion in our aggregates gross profit margin for the year. We continue to validate our commitment and ability to effectively pass through increased costs in cement and aggregates in the form of increased ready-mix pricing. Adjusted EBITDA for the year was $75.2 million, a 55.7% improvement over prior year. Adjusted EBITDA margin was 10.7% for the year, compared to 7.9% in the prior year. This represents a new record high margin for a full year for U.S. Concrete and continues to show the operating leverage that we have in our business.

Now I would like to discuss our fourth quarter results in a little more detail.

Total revenues from continuing operations of $179.5 million was up $31.4 million, or 21.2% year-over-year for the quarter. Acquisitions completed during the year accounted for $13.8 million in incremental revenue during the fourth quarter of 2014. Ready-mix revenue increased by $23.6 million, or 17.4% year-over-year, due to a combination of higher volumes and higher average sales prices per cubic yard. In addition, acquisitions completed during the year accounted for $8.9 million in incremental ready-mixed concrete revenue during the fourth quarter of 2014. Aggregate products revenue increased by $4.1 million, or 40.4%, for the same period. This marks the 16th consecutive quarter where we reported an increase in consolidated revenue on a year-over-year comparative basis.

Ready-mix volume for the quarter increased by 9.7% compared to the fourth quarter of 2013. We are pleased to see that ready-mix volumes have now increased year-over-year in the last 14 consecutive quarters.

On the price side, we realized an increase in our average ready-mix sales price of 7.2%, from $107.36 per yard in the fourth quarter of 2013 to $115.05 per yard in the fourth quarter of 2014.

Our ready-mixed concrete raw material spread increased $5.70 per yard in the fourth quarter of 2014 compared to 2013, to $55.76 per yard. This represents a 190 basis point expansion in raw material spread margin year-over-year to 48.4%.

Our SG&A expense was $18.4 million in the fourth quarter of 2014, compared to $14.5 million in the prior year quarter. Our fourth quarter 2014 expenses included $1.6 million of acquisition related professional fees. The remaining increase was primarily due to higher non-cash stock and incentive compensation expenses. Excluding non-cash stock compensation and acquisition related costs, SG&A expenses as a percentage of revenue decreased to 8.8% in the fourth quarter of 2014, compared to 9.1% in the prior year. For the full year, excluding non-cash stock compensation and acquisition related expenses, our SG&A expense as a percentage of total revenue decreased to 7.9% in 2014, compared to 8.9% in 2013. We continue to focus on and aggressively manage our SG&A costs, but we anticipate we will continue to incur transactional expenses in this area, as we deploy capital in support of our acquisition strategy.

Consolidated adjusted EBITDA increased by 94.6% to $17.4 million in the fourth quarter 2014, compared to $9 million in the fourth quarter of 2013. Acquisitions completed during the year accounted for $1.6 million in incremental adjusted EBITDA during the fourth quarter of 2014. Adjusted EBITDA as a percentage of revenue was 9.7% for the fourth quarter of 2014, compared to 6% for the prior year quarter.

During the fourth quarter of 2014, our free cash flow was $17.9 million, compared to negative $8.9 million in the prior year quarter. The increase in free cash flow year-over-year for the quarter was related to improved financial performance and continued focus on management of trade working capital. For the full year, we generated $50.9 million of cash from operations in 2014, an improvement of $26.8 million, or 111%, over 2013.

We spent $32.6 million on capital expenditures during 2014, up approximately $12.6 million compared to the prior year. The increase in capital expenditures was due to higher spending on mixer trucks, an aggregate plant upgrade in New Jersey, and plant equipment and improvements, all to support the growing demand in our markets.

The book value of our long-term debt, including current maturities, was $220.4 million on December 31, 2014. This included $200 million of senior secured notes due 2018, $18.9 million of equipment financing for new mixer trucks and mobile equipment, and $1.5 million of other notes payable. As of December 31, 2014, we had zero drawn on our credit facility, with $11.3 million of undrawn letters of credit outstanding. This left us with $109.8 million of availability as of December 31, 2014, compared to $88.3 million available as of December 31, 2013. Our availability is net of a $13.5 million availability reserve for outstanding letters of credit in sales tax and other reserves. It is also limited by the eligible amount of our accounts receivable, inventory, and rolling stock, which was $123.3 million as of December 31, 2014. We had $30.2 million of cash and cash equivalents on our balance sheet, for total liquidity of $140 million at the end of 2014.

Now, let me turn the call back over to Bill.

Bill Sandbrook *- U.S. Concrete, Inc. - President & CEO*

Thanks, Matt.

To wrap things up, we are very pleased with another solid year of growth and look forward to building on that momentum throughout 2015. We have created defensible positions in all of our core markets, and we have begun an aggressive campaign to strategically deploy capital that will further enhance these positions and expand into new high growth markets. The disciplined execution of our strategic plan remains a focus of the entire team, as we continue to aggressively execute on our vision of making U.S. Concrete the preeminent value added supplier of ready-mixed concrete in the markets we serve, while simultaneously delivering superior returns for our shareholders.

Thank you for your interest in U.S. Concrete. We look forward to reporting on continued successes in future quarters.

We would like to turn the call back over to the operator for the question and answer session.

QUESTION AND ANSWER

Operator

Thank you. Ladies and gentlemen, at this time if you have a question, please press the star and then the number one key on your touchtone telephone. If your question has been answered or you wish to remove yourself from the cue, please press the pound key.

As a reminder, that’s star and then the number one to ask a question.

Our first question comes from the line of Todd Vencil, of Sterne Agee. Your line is now open.

Todd Vencil - ***Sterne, Agee & Leach - Analyst***

Thanks, good morning, guys.

Bill Sandbrook - ***U.S. Concrete, Inc. - President & CEO***

Hey, Todd.

Todd Vencil - ***Sterne, Agee & Leach - Analyst***

Bill, you talked in the press release about the fact that momentum gained from your fourth quarter transactions kicked off a great start to the new year. I think that's how you put it.

Since you opened the door on that, and we're a couple months in, I figured I would go ahead and ask you if you can give us a feel of how things have progressed here in the first quarter?

Bill Sandbrook - ***U.S. Concrete, Inc. - President & CEO***

I don't want to get too specific on that, Todd, obviously, but I would characterize it almost exactly as I said in the press release. We ended the year very strongly, as you can see, in our quarterly results.

The underlying demand in all of our markets remained intact through this portion of the first quarter, with obviously seasonal and weather effects on various portions of the country, as you can see in the weather map every day. But the underlying trends that I described remain intact, and I'm very confident that we have those trends pegged pretty well.

Todd Vencil - ***Sterne, Agee & Leach - Analyst***

Good. Thanks for that.

Then, with regard to the acquisition you guys just made in the East Bay in Northern California, you know, can you just sort of give us a little color and an update on the market structure there? You know, maybe where this deal has taken you in that particular market or sub market, however you want to think about that? And then where do you think you can go?

Bill Sandbrook - ***U.S. Concrete, Inc. - President & CEO***

Sure. This continues our strategy of consolidating around areas of regional strength so that we can leverage our existing management teams.

We are pretty consolidated on the West Bay area of that market, and there was further consolidation to be accomplished in the Oakland area and north and south Hayward, et cetera. It's exactly a continuation of our overarching strategy to leverage our management teams in areas of the country that exhibit higher than average current growth characteristics.

Todd Vencil - ***Sterne, Agee & Leach - Analyst***

If I remember right, please correct me if I'm wrong, you are down to two competitors in the West Bay at this point. Is that right?

Bill Sandbrook - ***U.S. Concrete, Inc. - President & CEO***

That is not accurate.

Todd Vencil - ***Sterne, Agee & Leach - Analyst***

Oh, okay. Sorry about that. How many -- how fragmented is the East Bay looking at this point?

Bill Sandbrook - ***U.S. Concrete, Inc. - President & CEO***

There is competition in the East Bay and West Bay, more than you described, there.

There are obviously both union and nonunion competitors in the markets, and as we have been very clear with our strategy, we try to compete for the high end work in these urban areas, which tend to limit the number of players that can accomplish it because of their customer relationships or ability to produce the quality concrete needed for the high end work. But there is competition in all parts of the Northern California markets.

Todd Vencil - ***Sterne, Agee & Leach - Analyst***

Got it.

Final one from me, looking at the aggregates business, drilling down a little bit, margins came in lower than we had in the model, not that there is anything magic about that. Incrementals looked like they kind of -- incremental margins on sort of revenue growth have come in the last couple of quarters from the level they had been.

Is there anything going on with the acquisitions that is sort of, you know, reducing those incrementals and the overall margins, either on a temporary basis or a structural basis?

Bill Sandbrook - ***U.S. Concrete, Inc. - President & CEO***

No. In our results or in the press release, we do discuss that we had a major upgrade of a facility in New Jersey. It's our Glenn Gardner quarry. While we were accomplishing that upgrade, the existing antiquated plant sufficiencies were severely degraded. That is probably what you are seeing in the numbers.

Todd Vencil - ***Sterne, Agee & Leach - Analyst***

Is that effect behind us, now?

Bill Sandbrook *- U.S. Concrete, Inc. - President & CEO*

Yes.

Todd Vencil *- Sterne, Agee & Leach - Analyst*

Okay. Thanks a bunch.

Bill Sandbrook *- U.S. Concrete, Inc. - President & CEO*

You are welcome.

Matt Brown *- U.S. Concrete, Inc. - Sr. Vice President & CFO*

Thanks, Todd.

Operator

Our next question comes from the line of Trey Grooms of Stephens Inc. Your line is now open.

Trey Grooms *- Stephens Inc. - Analyst*

Good morning, guys.

Matt Brown *- U.S. Concrete, Inc. - Sr. Vice President & CFO*

Good morning, Trey.

Trey Grooms *- Stephens Inc. - Analyst*

I guess the first one would be -- my first question would be on input costs, with the announcements that we've heard in cement and aggregates. Can you talk about what you are seeing in your key markets, as far as price increases, there? And how we should be thinking about, you know, how that impacts you guys this year?

Bill Sandbrook *- U.S. Concrete, Inc. - President & CEO*

Sure. As has been the case over the last 18 to 24 months, obviously, cement and aggregate pricing momentum has increased commensurate with the increased demand for those building inputs.

As is traditional, through all of the cycles and is the same in this case, the announced price increases are kind of a starting point for negotiations, and the more concentrated your purchasing power is in a local market, the more leverage you have in somewhat attenuating those price increases, i.e, we are power buyers in all of our markets, so we invariably never end up having to pay the announced increase, although we do think that smaller players do because they just don't have the leverage that we do.

There are, obviously, inflationary dynamics at play. As you can see quarter after quarter, we have been successful in passing those on and increasing our material margin sequentially and year-over-year for a long period of time.

Trey Grooms *- Stephens Inc. - Analyst*

Yes, I have seen that. You guys have done a great job with that. So should we expect that material margin spread to continue to expand as these raw materials continue to move up through this year?

Bill Sandbrook *- U.S. Concrete, Inc. - President & CEO*

Well, it's always a negotiation between us and our material suppliers, and us and our customers. We have shown the ability to successfully navigate both sides of that negotiation equation. So, I have no indication at this point that we won't be successful in the future, although that is no guarantee.

Trey Grooms *- Stephens Inc. - Analyst*

Fair enough. Thanks, Bill.

Then on -- you know, diesel costs, diesel's obviously come in some. How should we think about the potential impact from lower diesel prices on you guys' business?

Matt Brown *- U.S. Concrete, Inc. - Sr. Vice President & CFO*

Trey, it’s Matt. Diesel costs represent about 5% of our total cost of goods sold on a consolidated basis.

If you consider that diesel is down about 20% from the peak, just consider if we went from 2014 to 2015 hypothetically. If diesel costs were 20% lower, that would result in an approximate $3 million to $5 million positive impact on cost of goods sold for us, which would go straight to EBITDA. That is what we are thinking at this point.

Trey Grooms *- Stephens Inc. - Analyst*

That is very helpful. And then also, Matt, how should we be thinking -- with the acquisitions that you guys have completed so far, how should we be thinking about SG&A and D&A as we go through 2015?

Matt Brown *- U.S. Concrete, Inc. - Sr. Vice President & CFO*

Well, with respect to SG&A, I would say -- you saw that SG&A was up a little bit in Q4. That's really related to the prosecution of the acquisition pipeline.

During Q4 we had $1.6 million of professional fees related to M&A activity. And that ended up resulting in adjusted SG&A, after taking that out and taking out stock comp of $1 million, of 8.8% of total revenue.

Going forward, I would say that, before adjusting for those items in SG&A, I would target 9% to 9.5% of revenue for SG&A. After removing those items, 8% to 8.5% of revenue. Going forward, over the next couple of years, our aspirational target would be 7.5% on an adjusted basis.

Trey Grooms *- Stephens Inc. - Analyst*

Okay. Great. That's helpful as well.

Then last one for me, you guys touched on M&A. Obviously that is a big part of the story here. What would your appetite be for, you know, looking into -- you mentioned new markets, obviously, and I don't know how much detail you can go into there, but anything you can give us on, you know, roughly which markets you might be interested in?

Then also, what is your appetite for potentially doing a larger deal? Should we expect a continuation of the same level, same size deals we have been seeing you guys execute on? Thank you.

Bill Sandbrook - ***U.S. Concrete, Inc. - President & CEO***

You are welcome, Trey. I will take that on.

As far as new markets, we are actively prospecting in areas of the country that we feel can replicate the successful model that we are employing in our existing regions. We have been public about how we would rather have that more southerly than northerly just to remove seasonality from our cash flows. But we are actively looking in multiple markets around the country to see if we can find an appropriate one with the right characteristics.

As far as the deal size that we anticipate, we are not limiting ourself on the low end, because very small deals in the $1 million range, if it's a critical plant or operation that can enhance our existing footprint, we will undertake that minor bolt on. And we have no problem now executing up into the $30 million, $40 million, $50 million range and higher.

If an appropriate large deal comes along in the $100 million range, we are not discounting that either. It's all depending on how good that deal is, and how it fits in with our strategic plan.

Trey Grooms - ***Stephens Inc. - Analyst***

Thanks a lot. Great quarter and good luck. Thank you.

Matt Brown - ***U.S. Concrete, Inc. - Sr. Vice President & CFO***

Okay, thanks, Trey.

Operator

Thank you. Our next question is from the line of Craig Bibb from CJS Securities.

Craig Bibb - ***CJS Securities - Analyst***

Congratulations on an outstanding quarter. From your comments on the press release and on the call, it sounds like your three key geographic markets could see double digit construction growth in 2015. So, if I add 5 to 7% price on top of that, you could be looking at a plus 15% top line in 2015. Is that a fair way to look at it?

Matt Brown - ***U.S. Concrete, Inc. - Sr. Vice President & CFO***

Craig, I think you may be a little bit aggressive there, particularly on the volume.

Some of our regions may grow in double digit volume percentages, year-over-year, but I would say the weighted average on a consolidated basis would be more in the high single digit area, percentage wise, which would get you to low double digit revenue growth year-over-year.

Craig Bibb - ***CJS Securities - Analyst***

And then price was a little bit better in the fourth quarter. Can we roll that across the quarters?

Bill Sandbrook - ***U.S. Concrete, Inc. - President & CEO***

It's dynamic. As I have described in the past, there are old jobs falling off of our book of work, which bring down the average selling price, and we price jobs specific on a rolling basis, based on the complexity of the job, what we forecast to be the increase in our raw material inputs and our variable cost inputs.

Sequentially, each project is priced higher and higher than the previous one. I think if you would look at an average over the last couple of years of how our price increases have come in, that I would see nothing taking us off that same trajectory.

Craig Bibb - ***CJS Securities - Analyst***

And then away from organic growth, can you ballpark that total volume of M&A that would be reasonable for 2015?

Matt Brown - ***U.S. Concrete, Inc. - Sr. Vice President & CFO***

Well, in terms of dollar value of deals, we still have a large number and larger sizes of deals in our pipeline at this point. So, we don't want to put an exact dimension on it, but its bigger than the ones we have done in Q4 and so far Q1 of this year.

Craig Bibb - ***CJS Securities - Analyst***

Would you expect activity to pick up next year?

Matt Brown - ***U.S. Concrete, Inc. - Sr. Vice President & CFO***

We expect it to continue similarly to what you saw in Q4, and so far in Q1.

Craig Bibb - ***CJS Securities - Analyst***

Can you make any generalizations about the sellers in this point in the cycle? You're mainly talking to mom and pops for the most part, I believe?

Bill Sandbrook - ***U.S. Concrete, Inc. - President & CEO***

That would be true in general, although we still expect some of the strategics to be divesting non-core assets, as you have seen over the last 12 months, in various parts of the country.

Craig Bibb - ***CJS Securities - Analyst***

Great, well, outstanding quarter -- actually, let me ask the one Texas question before I let you go. Are you seeing weakness in West Texas?

Bill Sandbrook - ***U.S. Concrete, Inc. - President & CEO***

Not at this point. You know, we don't have a lot of visibility into Q4, yet, if oil prices remain low. However, we are working through a large backlog of projects, currently, and have not seen any effect in our bidding or activity to this point in West Texas.

Matt Brown - ***U.S. Concrete, Inc. - Sr. Vice President & CFO***

And just to put that in perspective, West Texas represents between 15% and 20% of consolidated revenue. There are really five plants in West Texas, in the Midland and San Angelo areas that are really exposed to oil and gas, although we are not actually doing down-the-well activity there.

That represents about 4% of consolidated revenue and volume. That is five plants out of 142 in the Company.

Craig Bibb - ***CJS Securities - Analyst***

Right now sounds like you have a decent backlog that, if it were to start to slow down, that is more like a second half kind of concern and a tiny percentage of your volume?

Bill Sandbrook - ***U.S. Concrete, Inc. - President & CEO***

Correct.

Craig Bibb - ***CJS Securities - Analyst***

Great, again, thanks for making us all look smart. Great quarter.

Bill Sandbrook - ***U.S. Concrete, Inc. - President & CEO***

Thanks, Craig.

Operator

Thank you. The next question is from the line of Phillip Volpicelli, Deutsche Bank. Your line is open.

Phillip Volpicelli - ***Deutsche Bank - Analyst***

Could you repeat those numbers for West Texas as a percent of total revenue? I think you said 15% to 20%, then there was a comment about 4%?

Matt Brown - ***U.S. Concrete, Inc. - Sr. Vice President & CFO***

You are correct on the 15 to 20% for West Texas. Then I really drilled down into which plants within West Texas are in the areas that are most exposed to oil and gas. Those would be the Midland, Odessa and San Angelo areas.

There are five plants that we have in those particular areas, and those plants represent 4% of consolidated revenue and volume. That is out of 142 plants total at the Company.

Phillip Volpicelli - ***Deutsche Bank - Analyst***

Great, thank you very much.

With regard to the cap structure, sounds like acquisitions are going to either continue or pick up as you move forward. How do you think about financing that? Would you use a combination of debt and equity? If you are using debt, how do you think about that with your bonds coming call at the end of the year?

Matt Brown - ***U.S. Concrete, Inc. - Sr. Vice President & CFO***

At this point we have done an acquisition since the beginning of the year. You saw we had cash of $30 million the end of last year. That is obviously down some since then.

We still have the revolver, which is undrawn at this point, and the availability on that as of the end of the year was $110 million. We wouldn't draw all of that. We would leave a cushion there. We have the revolver, really, as our first source of funding for acquisitions.

Beyond that, we have opportunities in the capital markets. We would look first at the debt capital markets so as not to dilute existing shareholders, and at some point in the future, maybe an equity offering would be palatable, but our first source of funding would be debt at this point.

At this point, if you look at our leverage, we're down to 2.9 times on a gross basis and 2.5 on a net basis, which is pretty conservative. We have a little bit of room to add some debt there to fund acquisitions in the near term, which would bring in EBITDA.

Phillip Volpicelli - ***Deutsche Bank - Analyst***

Thanks.

Operator

Our next question is from the line of Todd Vencil of Sterne Agee. Your line is now open.

Todd Vencil - ***Sterne, Agee & Leach - Analyst***

I had a couple of follow-ups on a couple of the questions that were asked before. You were talking about the fact that backlog is still strong in west Texas. How far out are you on deliveries, at this point? If I call up and ask you for a pour today, when could you deliver that?

Bill Sandbrook - ***U.S. Concrete, Inc. - President & CEO***

Seeing that it's winter, the overall tempo of construction has obviously declined everywhere. If we were talking about this in May or June in D/FW, it could have been up to three weeks.

Todd Vencil - ***Sterne, Agee & Leach - Analyst***

Perfect. You had a question about acquisitions, how much you might do on acquisitions this year. I was wondering, can you size up for us what the impact on this year's results will be from acquisitions you have already done? Things we haven't anniversaried yet, layered on top of organic.

Matt Brown - ***U.S. Concrete, Inc. - Sr. Vice President & CFO***

We had some like for like comparisons in the press release, which should give you a little bit of help there, as well as a few pieces of information within the prepared remarks of the call.

In addition to that, what I would tell you is that, of all the ready-mix acquisitions we did during 2014 and 2015, those added a run rate of 800,000 cubic yards to the Company in terms of volume, not capacity but volume. That is something you could consider.

You can't just add that to 2014 volume because some of those acquisitions were done during 2014. Most of them during Q4. One of the acquisitions was done in Q1. You have to figure all that out.

But between all those acquisitions on the ready-mix side, that is about 800,000 cubic yards of incremental volume run rate for the first year.

Todd Vencil - ***Sterne, Agee & Leach - Analyst***

Perfect. That's very helpful. Thank you.

Operator

Thank you.

As a reminder, ladies and gentlemen, that's star and then the number one key if you would like to ask a question. If your question has been answered or you wish to remove yourself from the cue, you press the pound key. As a reminder, that is star and then the number one.

I am showing no further questions at this time. I would like to hand the call back over to Bill Sandbrook for any closing remarks.

Bill Sandbrook - ***U.S. Concrete, Inc. - President & CEO***

Thanks, Nicole. Thank you everyone for participating on the call this morning and for your support of U.S. Concrete. We look forward to discussing our first quarter of 2015 results with you in May. Have a great day.

Operator

Ladies and gentlemen, thank you for participating in today's conference. That does include our program.

You may all disconnect. Have a great day, everyone.