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TBI - Q4 2014 TrueBlue Inc Earnings Call

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PRESENTATION

Operator

Good day, ladies and gentlemen. And welcome to TrueBlue's Q4 and full year 2014 earnings results conference call. My name is Steve, and I'll be your operator for today. (Operator Instructions)

As a reminder, this conference is being recorded for replay purposes.

I would now like to turn the call over to your host for today, Ms. Stacey Burke. Please proceed.

Stacey Burke - *TrueBlue, Inc. - VP of Corporate Communications*

Thank you, and welcome. We appreciate everyone joining us on our call today.

Please note that on this conference call management will reiterate forward-looking statements contained in today's press release and may make or refer to additional forward-looking statements relating to the Company's financial results and operations in the future. Although we believe the expectations reflected in these statements are reasonable, actual results may be materially different from the forward-looking statements set forth in today's press release and presentation slides which were filed in an 8-K today. Examples of factors which could cause results to differ materially can also be found in our most recent filings with the Securities and Exchange Commission.

The discussion today also contains certain non-GAAP financial measures. Information relating to the comparable GAAP financial measures may be found in the press release and presentation slides, which were posted on our website at www.trueblue.com. We encourage you to review that information in conjunction with today's discussion.

On this call today is TrueBlue's CEO and President, Steve Cooper; and CFO Derrek Gafford. I'll now turn the call over to TrueBlue's CEO, Steve Cooper.

Steve Cooper - *TrueBlue, Inc. - CEO and President*

Thank you, Stacey. And good afternoon, everyone.

Today, we reported 2014 fourth quarter revenue grew 54%, to $691 million, which produced $42 million of adjusted EBITDA, an increase of 53%; compared to the $27 million in the fourth quarter of 2013. We're really pleased with the success of our growth strategies, which produced record revenue and profits this quarter.

On the first day of the third quarter of 2014, we completed the acquisition of Seaton and have had a very successful first two quarters together. The acquisition included the industry-leading brands of PeopleScout, HRX and Staff Management. The operations and results in the fourth quarter for these new brands performed as expected. And we remain excited about the future growth opportunities we now have in recruitment process outsourcing, along with our ability to serve large accounts with on-premise services.

The RPO business is a fast-growing segment in the human capital space. PeopleScout and HRX are positioned well in this space, with award-winning service delivery. Staff Management is serving some of the largest and fastest-growing companies in the United States. We are proud of the quality each of these brands deliver and are excited about how they will help shape TrueBlue as we continue to grow and develop our service capabilities.

For our legacy business, we have continued to make progress in building a more efficient business model through the use of technology and combining certain leadership and sales teams across our industrial staffing business lines. This allowed us to close 69 branches during 2014, while maintaining the revenue in those combined markets. Cost savings related to those 69 closings should continue to show up in our leverage throughout 2015, as we continue to grow revenue with a more stable base of costs.

For the most part, we've retained the employees in those closed branches, while we retained the customer and the worker base. We do expect to see expanding EBITDA margins through 2015 as a result of these closings.

Our fourth quarter organic growth was impacted by the energy business declines. We continued to serve the energy sector very well, as we had $20 million in revenue in the fourth quarter from energy clients. We feel comfortable at this point with approximately this amount of revenue going forward in this sector.

Although this created a drag in organic growth in Q4 of 2014, and will again in Q1 of 2015, we do not believe that will continue after Q1 in 2015. Our organic growth, excluding energy, was 3%, slightly below our expectation.

We remain enthused with the organic growth opportunities in our business, though. We are in the right services lines that are showing growth in demand. With our focus on a broader spectrum of capabilities for our customers, we have the opportunity to improve our growth rates from here. From general labor to skilled construction to workforce management, and recruiting full-time positions, we find ourselves well positioned in sectors that are growing.

We're also encouraged that our adjusted EBITDA margins expanded during 2014 by 20 basis points. Our goal remains to surpass 6% EBITDA margins and continue to grow beyond that, which we believe is within reach over the next couple years.

Let me turn the call over to Derrek for further analysis and commentary. Derrek?

Derrek Gafford - *TrueBlue, Inc. - CFO*

Thanks, Steve.

As a reminder for everyone, we purchased Seaton Corp effective the first day of the third quarter 2014. In addition to our consolidated reporting, we've also provided standalone reporting for our legacy TrueBlue and Seaton businesses.

We believe this approach provides the most transparency to help investors assess our performance. Once we have a full year of ownership to provide prior-period comparisons, we will provide reporting for two new accounting segments.

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The first, managed services, will include the recruitment process outsourcing [and] managed service provider businesses. The second, staffing services, will include all of our staffing operations. Until we reach the anniversary of the Seaton acquisition, we will continue to discuss the business from a legacy perspective. In my commentary, any reference to our performance is based on a comparison to the same period a year ago unless stated otherwise.

Adjusted EBITDA for the quarter, which excludes nonrecurring integration costs, was $42 million as expected. Excluding nonrecurring integration costs, adjusted EPS was $0.67 and included a sizeable income tax benefit. Excluding this benefit, adjusted earnings per share of $0.49 was at the high end of our expectations.

Please note that going forward the adjusted EPS calculation will continue to exclude nonrecurring integration costs but will also exclude intangible asset amortization. Income tax expense will also be adjusted to a marginal rate of 40%. This is a measure used by management in assessing performance, which we believe will also be a benefit to investors. Adjusted EPS was $0.52 for the quarter using this method.

Total revenue grew by 54%, producing $691 million of revenue for the quarter. Revenue was $9 million less than expected, split equally between the legacy TrueBlue and acquired Seaton businesses.

Revenue growth in legacy TrueBlue was softer than expected in November, from less seasonal build leading up to the Thanksgiving holiday, while December came in as expected. For the quarter, organic revenue declined by 1%. Excluding the headwind in green energy, organic revenue grew by 3%.

In the on-premise business acquired from Seaton, the seasonal revenue ramp of new customers was a bit less than their original forecasts, which are included in the expectation we share with you. All other revenue trends for this business were at or above expectation for the quarter, including a record December.

Gross margin was 22.9%, versus 26.8% in Q4 2013 due to the blended impact of the Seaton acquisition, which carries a lower gross margin than legacy TrueBlue. Excluding the impact of Seaton, gross margin was the same as Q4 last year.

Now, let's discuss sales, general and administrative expense. SG&A was $23 million higher than Q4 last year, as a result of the acquired Seaton operations. SG&A as a percentage of revenue was 16.9%, versus 20.9% last year, due to the blended impact of Seaton, which carries a lower SG&A percentage than legacy TrueBlue.

Adjusted EBITDA margins -- adjusted consolidated EBITDA margin of 6.1% was the same as Q4 last year. Adjusted EBITDA margins for legacy TrueBlue and Seaton were both similar to the consolidated margin. We recognized an income tax benefit of a little over $7 million net of fees. The tax benefit was primarily due to the renewal of the worker opportunity tax credit for 2014 only.

Now for a couple points on the balance sheet. The fourth quarter is our seasonal peak in working capital, which deleverages in January. We finished the fourth quarter with $200 million of debt and a [debt-to-total-capital] (corrected by company after the call) ratio of 30%. At the end of January, debt was $130 million, and debt to total capital was 20%.

Now, let's jump to the future. We are very pleased with the Seaton acquisition. Customers have been retained, as has the management team. It's been one of the smoothest integrations in our history and is largely complete. Work on a few remaining back office systems is still in process and will be wrapped up by Q2 of 2015.

The team is executing very well, and the pipeline of new customers is healthy. The business remains on track to hit the original adjusted EBITDA target of $37 million in our first year of ownership.

Now, let's discuss revenue and profitability expectations for Q1 2015. We expect total revenue of $556 million to $570 million, or growth of about 42%, which include the following assumptions -- Seaton revenue of $159 million to $163 million, legacy TrueBlue revenue of $397 million to $407 million. This represents organic growth of 2%, or 4% excluding green energy.

We expect adjusted earnings per share of $0.10 to $0.15, which excludes $1 million of Seaton integration costs and $5 million of intangible asset amortization expense. We expect an effective income tax rate of about 40%.

Adjusted EBITDA, which excludes Seaton integration costs, should be $13 million to $16 million and is comprised of the following assumptions -- legacy TrueBlue adjusted EBITDA of $7.5 million to $9 million and Seaton adjusted EBITDA of $5.5 million to $7 million. Lastly, here are some additional consolidated assumptions -- gross margin of 22.2% to 22.6% and CapEx of $4 million to $5 million.

A variety of additional information on our performance can be found in our press release, earnings release deck and roadshow presentation located on our website.

That's it for prepared comments. We can now open the call for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Ato Garrett, Deutsche Bank.

Ato Garrett - *Deutsche Bank - Analyst*

Just a quick one on your revenue guidance for the first quarter -- just given how results have kind of worked out versus the guidance you've given over the last quarter or two, what can we look to for the first quarter that would really give us confidence that you guys are going to come in in accordance with the guidance?

Derrek Gafford - *TrueBlue, Inc. - CFO*

Sure. We finished December with organic revenue growth of 4%. That's a good place to leave off. But it had some seasonal work in it that won't continue into January.

Let me talk to you a little bit about our trends in January. Overall for the month of January, growth was flat. But keep in mind, in January, we have two holiday weeks, where New Year's falls and Martin Luther King holiday fall. So it's not very predictive of our results for the rest of the quarter. However, for the last two weeks revenue growth has been 3%, which is kind of right in line with basically the 2% that we have embedded in our guidance for Q1.

Ato Garrett - *Deutsche Bank - Analyst*

Okay, great.

And then also, you mentioned you're still seeing some headwinds from the energy segment. Can you give us just an overview of what your other end markets are trending like?

Derrek Gafford - *TrueBlue, Inc. - CFO*

Sure. The level of growth that we've got here -- really, if you exclude the energy out of it for the fourth quarter, we're talking growth of about 3%. Retail finished pretty strong; it was a good season for us in December. Construction, general logistics has been pretty close to the overall blended rate. I think retail was our best balance coming out of the quarter. Going into the first quarter, we expect those same types of trends to continue. And as weather warms up, we're optimistic that construction will turn for us.

Ato Garrett - *Deutsche Bank - Analyst*

Great. Thank you very much.

Operator

Jeff Silber, BMO Capital Markets.

Jeff Silber - *BMO Capital Markets - Analyst*

In terms of your energy exposure, I think there may be some folks confused between what you call energy and maybe what they're looking at. I just want to double-check -- what you're calling energy is just your green energy business, correct?

Steve Cooper - *TrueBlue, Inc. - CEO and President*

Yes, that's right, Jeff. The work that we've done over the last three years that we've built that business working with clients that are doing windmills, doing solar plants and solar panels in commercial buildings.

Jeff Silber - *BMO Capital Markets - Analyst*

Great. And I don't know if you -- do you track what I would call [maybe] overall energy sector -- oil and gas, et cetera -- what maybe the markets kind of look at as the energy sector?

Steve Cooper - *TrueBlue, Inc. - CEO and President*

Yes, we don't have a specific tracker on those accounts. We are keeping a close eye on those geographies that are impacted by other energy accounts. But we don't -- they're mixed between many of our sectors.

Jeff Silber - *BMO Capital Markets - Analyst*

Thanks.

Derrek Gafford - *TrueBlue, Inc. - CFO*

We just don't have that much -- Jeff, this is Derrek -- we just don't have that much work here in either upstream of downstream activities related to traditional oil and gas. That's just really not our sector.

So thank you for asking the question. Because when we refer to energy, we're just talking about green energy. Maybe some -- certainly some exposure in maybe communities that are in energy-related sectors to traditional oil and gas, but not any direct end market work there.

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Jeff Silber - *BMO Capital Markets - Analyst*

Okay. And just to follow up on that -- considering what's been happening with gas prices going down -- again, not talking about your exposure to the energy segment, but I'm just generally wondering in terms of the overall economy, have you seen an impact on your business? Is that driving any demand for your services?

Derrek Gafford - *TrueBlue, Inc. - CFO*

Well, I think it's a little too soon to tell. Maybe we just take this whole energy piece and break it down, some of the pros and cons, as we see it. We certainly have some exposure in Canada; that's less than -- it's 2% or 3% of our total revenue, though, on the [SSG] side, pretty minor. And certainly some communities impacted there.

Texas -- that's probably another place for us to talk about. Overall mix of business -- let's call that 5% on our legacy TrueBlue side. A big part of the work there, though, is diversified across a [variety] of industries, I think we can all agree that Texas over the last decade or two has become much more diversified. But still, some exposure there.

From a broader perspective, it's hard for us to make any comments. Right now, we're optimistic on the other side, though, of the impact this has to consumer pocketbooks, and what that could mean for the economy, and maybe even more so for small- to mid-size businesses, which is a sector that we play in quite a bit on the traditional TrueBlue side.

Jeff Silber - *BMO Capital Markets - Analyst*

Great. That's very helpful.

And just a quick numbers question -- did you give out what the acquisition integration expense was on a pre-tax basis in the quarter?

Derrek Gafford - *TrueBlue, Inc. - CFO*

On a pre-tax basis, it was -- on a pre-tax basis, it was just a little south of $1 million.

Jeff Silber - *BMO Capital Markets - Analyst*

I'll jump back in the queue. Thanks so much.

Operator

Kevin McVeigh; Macquarie.

Kevin McVeigh - *Macquarie Research - Analyst*

Great. Thank you.

Hey, Derrek, I wonder if you can give us a sense -- looks like the Q1 EPS range is coming in above where the street is. Is that just a function of the contribution from the acquisition? Or what's driving that relative to where consensus is, and ultimately our numbers?

Derrek Gafford - *TrueBlue, Inc. - CFO*

You cut out a little bit there. The estimate range that we provided for Q1 is $0.10 to $0.15 of adjusted earnings per share, which excludes non-recurring integration costs, and also excludes amortization from intangibles. I believe that's actually higher than where the street is. I don't think the street has intangible asset amortization excluded from that calculation.

If you did that, that would probably be somewhere maybe around, call it, $0.07 lower in our range compared to the street. So take $0.07 off the bottom end of the range of $0.10, and $0.07 off the top end of the range of $0.15, and that'll give you a comparable number to where the street is, which I believe is still higher than where the street is.

Kevin McVeigh - *Macquarie Research - Analyst*

Yes. And I guess (inaudible) my question is -- what's driving that outperformance relative to expectations?

Derrek Gafford - *TrueBlue, Inc. - CFO*

Well, I can't really comment on where the street is. I think what we've provided here for you from a revenue perspective is kind of right in line with where we finished this quarter -- maybe a little bit of pickup from what we're seeing; the Seaton business performing really well. I think our guidance is right down the middle of the street.

Kevin McVeigh - *Macquarie Research - Analyst*

Okay. Thank you.

Operator

Randy Reece, Avondale Partners.

Randy Reece - *Avondale Partners, LLC - Analyst*

I was just wondering if you could discuss a little bit how you look at your organization entering 2015 compared with where you were a year ago. You've made a number of acquisitions and have been pretty hard at work on that sort of thing. And I was wondering if your management attention maybe is turning a little more to operations now.

Steve Cooper - *TrueBlue, Inc. - CEO and President*

Well thanks, Randy, I appreciate that. And yes, it's been a busy six months with that large of an acquisition. The nice part about it is it came with a lot of great leadership from the Seaton teams, those that are running PeopleScout and Staff Management. And the distraction really didn't faze those front offices, so that's a good thing. And Derrek has reported here that Seaton has performed as high as we expected and continues to be a bright star as far as hitting expectations. So we're excited about that.

The core business wasn't that distracted, either, by the acquisition. Because it's different accounts; it's different service individuals.

But your question is more about how are we positioned now going into the future. And we're really excited about it. We have the opportunity to serve accounts across a broad spectrum, from general labor sending out a couple of workers at a time, all the way up to our staffing business can handle 100, 200 workers on demand, fast.

As we get more into a planned business, and accounts that want us to be more part of their annual cycle and provide workers throughout the year and even on-premise, we have partnered now with Staff Management, which is one of the best at on-premise. And we've actually transferred our on-premise business out of our legacy business over to Staff Management. We're in the process of just finishing that work up -- and then, on the high end of being able to serve accounts with full-time recruiting now through PeopleScout.

So as far as the strength of management, we've never been better. Because each of these new business lines and our legacy businesses -- the retention of management at all positions is really high.

Now, as we finished 2014, we were struggling in organic growth, which you're well aware of. And here in the beginning of 2015, don't have that all ironed out to the level that we can see it coming. That's been in just a few sectors, and construction is one of them. We were asked a little earlier about what do we see as big opportunities, and I think construction remains our largest.

We have refocused that; we've changed the organization slightly in that regard. We were serving construction through our Labor Ready group and our CLP group. And as far as construction accounts go, we're bringing a more centralized approach to how we service that.

I'm really excited about the team that's coming together on that, the leadership of focusing on large accounts in construction. One of the miscues that we haven't jumped on as fast as we should have is that historically, our best work in construction was with small- and mid-size contractors. As the recession cleaned up, more larger accounts are the ones that are winning in construction. Yet we've still been relying and been positioned to approach the construction market on a "onesie-twosie" one-off in these marketplaces.

Now, we did chase some large accounts in the energy business, which you've heard about. We've done well there.

So with a new focus on energy being a strong vertical -- and we do believe it is returning, and builder permits continue to increase, and commercial spending continues to be a big area of spend, that is our number-one focus in our legacy business, is how to return that construction business back to where it was.

So your broader question is -- how are we positioned? Yes, the acquisition noise is behind us. The teams are very focused. We're winning large accounts in our new outsourcing business. And we're very focused now in our construction business on larger accounts. And I believe that's going to pay off. Little longer sell cycle, so we don't have anything great to report here in January, but we have great momentum, and I think it's going to be a big category for us here.

Randy Reece - *Avondale Partners, LLC - Analyst*

Very good, thank you.

Operator

(Operator Instructions) Mark Marcon, R.W. Baird.

Mark Marcon - *Robert W. Baird & Co. - Analyst*

Was wondering -- could you just go into a little more detail with regards to how you're going to attack the construction space? It sounds like you're going to have a centralized approach. But is it going to be out of corporate? Or is it going to be concentrated in CLP? Or how is that -- how are you envisioning that?

Steve Cooper - *TrueBlue, Inc. - CEO and President*

Our CLP business has been growing very nicely. And it's mostly around larger accounts. And when you say corporate -- no, it's not being handled out of Tacoma, as some would think. It's being handled by the field leaders. And we're consolidating some of those teams that have really won big in the energy business and those that have won over on the CLP side during 2013 and 2014, to bring in more of the general labor side and have a more coordinated effort market by market.

So it's really looking for a little more larger hunt than "onesie-twosie" in every market, and taking a very organized approach to where large projects are and how we might approach them and bring a more on-demand general labor approach to these same places where skilled trades have been winning.

Mark Marcon - *Robert W. Baird & Co. - Analyst*

Great. So you still fulfill certain positions that would be typically filled by labor, but just the sourcing would be a little different?

Derrek Gafford - *TrueBlue, Inc. - CFO*

Yes, that's true. The work we've done over the last 18 months has really brought these leadership teams together; closer, anyway. The vertical construction group is one that we hadn't moved the vertical leaders together, although we've moved the branch network together. So there's common leadership amongst the branch network of Labor Ready and CLP. And now we'll have common leadership in the vertical market of construction that can use the branch network more effectively.

Mark Marcon - *Robert W. Baird & Co. - Analyst*

And how long has it been now that you've been approaching those larger construction clients?

Steve Cooper - *TrueBlue, Inc. - CEO and President*

This is just a new focus that we've taken on here in the fourth quarter, of organizing the teams and spreading the word, and showing them how we're going to go about this. And it's really following a consistent approach in how we've taken on some of the distribution of accounts, and where we've brought Spartan and Labor Ready together. They're bringing a more vertical leader in. And only one team going to these large national accounts in that space has served us very well.

And whether it ends up being serviced by Spartan or Labor Ready, we let the local operations teams decide where the actual sourcing comes from. But the sell and the account management comes from a more national point of view. We just had not organized our construction teams that way.

So here, starting in 2015, our construction vertical team that sells and manages those accounts will be doing it across -- not be siloed to one brand name.

Mark Marcon - *Robert W. Baird & Co. - Analyst*

Got it.

And with regards to some of the brands that you do have, can you give us a sense for how they've performed, particularly on the legacy side? Just interested in any sort of disparities that you're seeing there.

Derrek Gafford - *TrueBlue, Inc. - CFO*

Sure. I think from a [Southminster] perspective, this has been more so on the Labor Ready side. CLP has been growing, as Steve mentioned, quite well -- high single-digit to low double-digit growth there. Our Spartan service line, at least at the retail level, focusing on [setting on site-to-site]. The traditional retail level has been doing quite nice.

Our niche in drivers, direct drivers, is doing quite well. We're really pleased with that. And PlaneTechs has got some growth, but nothing in the double-digit range.

Mark Marcon - *Robert W. Baird & Co. - Analyst*

Okay. And how was Boeing?

Derrek Gafford - *TrueBlue, Inc. - CFO*

It's just stable. It's just not much of a piece of news really anymore.

Mark Marcon - *Robert W. Baird & Co. - Analyst*

Okay.

And then, you mentioned Seaton, and you kind of went through -- you made a comment that one area was just a little -- a touch light. What was that?

Derrek Gafford - *TrueBlue, Inc. - CFO*

Yes, that -- thanks for asking that. Let me make sure we're all clear here.

So on Seaton, let's talk about the business in two categories. It's more than this, but the first being their on-premise staffing operation. So that on-premise staffing operation is still staffing-based, it's serving larger customers, more sophisticated customers. And so my comment there was related to the revenue for new customers coming into the fourth quarter. Customers where we don't have any seasonal, Q4 history with them.

For those types of customers, we are almost exclusively relying on their expectations for the new plant, the start date; even more so what their seasonal build will be like. What actually happened compared to their initial expectations which was in our forecast, was a little bit lower than previously discussed with the customer.

So the rest of the business, though -- if you take out those new customers, in their ramp for the fourth quarter, the rest of that business was just right on the mark.

Mark Marcon - *Robert W. Baird & Co. - Analyst*

Okay. And what did the existing client base grow like on a year-over-year basis?

Derrek Gafford - *TrueBlue, Inc. - CFO*

We're just not giving that out. I guess I can talk directionally here.

Mark Marcon - *Robert W. Baird & Co. - Analyst*

Yes --

Derrek Gafford - *TrueBlue, Inc. - CFO*

Those numbers aren't audited or anything. Directionally, that business is growing in the teens across almost all service lines. I say almost across all -- just a small qualification for the RPO business this quarter, will continue into next quarter -- is not at that area. But it's not because it's not performing extremely strong; it is. It just happens to have a couple of customers that have large projects, a couple of customers that did pilots in the prior-year periods, and they decided not to do RPO. If you take those out, the growth rate is a strong double-digit growth rate in RPO.

Mark Marcon - *Robert W. Baird & Co. - Analyst*

Okay, great.

And then, at the end of last quarter, you gave some ways to think about the full year. I know you're not giving guidance for more than one quarter. But are there any general comments that some people should apply just to think things through, aside from the amortization of intangibles?

Derrek Gafford - *TrueBlue, Inc. - CFO*

Well, I think when we're talking about our growth rates, we're trying to give growth rates, at least on the legacy TBI side, with and without green energy. Because we largely anniversary that headwind of green energy as we go into the second quarter. I think that's very important to keep in mind.

I think our cost structure you'll see kind of implied in our guidance, and Steve mentioned because of the branch closings during the first half of the year particularly. We've got a pretty lean cost structure, despite any -- at least right now, any significant revenue growth. That's helping keep things in alignment here.

I think for modeling and those types of purposes, where our leverage starts to kick in on the legacy TBI side is when we get to maybe about 3%-plus revenue growth. That level of revenue growth is necessary to keep the EBITDA margins somewhat even. And above that, that's when the strong incremental operating EBITDA, let's call it, starts falling down the bottom line, maybe about 15% of revenue.

On the Seaton side, we've given you the target here of $37 million our first year of ownership. I think if you take that, and what we've done so far, that gives you good trajectory on that side, along with some of the growth rate discussions on the Seaton business.

I think those are the main things, Mark.

Mark Marcon - *Robert W. Baird & Co. - Analyst*

Great, thank you.

Operator

Sara Gubins, Bank of America.

Brian Davis - *Bank of America Merrill Lynch Global Research - Analyst*

This is Brian Davis filling in for Sara. So a couple quick questions here.

First off, you had discussed some new energy projects you were looking at, including a coal plant decommissioning and some natural gas conversion projects last quarter. Did any of those projects start to come to fruition? Are they any further along than they were last time we talked?

Derrek Gafford - *TrueBlue, Inc. - CFO*

Those are some things that we talked about in the general landscape that might be opportunities. As Steve talked about right here, I think the best expectation here is a pretty stable run rate with our green energy-related projects. And I think it's just best for us to keep that expectation at that level.

And the direct answer to your question is no, because those are things further down the pipeline here. And we need to kind of see where everything settles here with traditional -- what's going on with oil prices. A lot has changed here over the last quarter, hasn't impacted this business at all, but could have some impact to that pipeline. We need to see some more time go by. Could be positive.

Brian Davis - *Bank of America Merrill Lynch Global Research - Analyst*

Okay, very good.

And then, regarding branch closures -- you touched upon that briefly before. It looks like you closed about 9% of branches last year. What's the expectation moving ahead? I'm guessing you're not going to be as aggressive with the branch closures in 2015. But what do you think we could expect?

Derrek Gafford - *TrueBlue, Inc. - CFO*

Yes. Total branch closures less consolidations for 2014 was 69. We did have some of those where those were movements, some new branches, so let's call that 60. We're going to slow down here on the branch consolidations. It's still part of our plan.

The main part of our focus right now, though, is on organic growth. That's where we have the teams focused. We don't want to step over long-term dollars to pick up short-term dimes in branch consolidations or closings. So there will still be a bit of that here and there. But you can expect to see less activity in that space until we get the organic revenue trends where we want them to be.

Brian Davis - *Bank of America Merrill Lynch Global Research - Analyst*

Okay. Thank you, guys.

Operator

Jeff Silber, BMO Capital Markets.

Jeff Silber - *BMO Capital Markets - Analyst*

Thanks so much. Just a couple quick numbers questions. How many branches did you close the year [at]?

Derrek Gafford - *TrueBlue, Inc. - CFO*

Total branches for 2014 -- 692.

Jeff Silber - *BMO Capital Markets - Analyst*

Okay, great. And is there any difference in billing days between 1Q 2015 and 1Q 2014?

Derrek Gafford - *TrueBlue, Inc. - CFO*

There's really not. What usually impacts that is the Easter holiday, and that's consistent between periods here. So it's -- let's call it equivalent.

Jeff Silber - *BMO Capital Markets - Analyst*

Okay, great.

And I know you gave guidance for intangible asset amortization. Can you give us some guidance for depreciation?

Derrek Gafford - *TrueBlue, Inc. - CFO*

Yes, let's just talk about it as all one big bucket. I think a $40 million number all-in for D&A is an appropriate amount to expect for next year. Maybe a little bit more on the D side; let's call that $21 million and amortization, at $19 million.

Jeff Silber - *BMO Capital Markets - Analyst*

Okay, great.

And then, just one more -- stock-based compensation for the year?

Derrek Gafford - *TrueBlue, Inc. - CFO*

Yes, we turned in about $11 million of stock comp expense this year. Some of that was performance-based that kicked in that will drop off. There'll be some more that comes on with Seaton. So I think a $10 million to $11 million number is a good number to use.

Jeff Silber - *BMO Capital Markets - Analyst*

All right, fantastic. Thanks so much, Derrek.

Operator

And now, I would like to turn the call back over to Steve Cooper for closing remarks.

Steve Cooper - *TrueBlue, Inc. - CEO and President*

Yes, thank you. We sure appreciate everybody joining us this afternoon. And have a good evening. Thanks.

Operator

Thank you for your participation in today's conference. This concludes the presentation. You may now disconnect.