

ATLAS AIR WORLDWIDE HOLDINGS INC

Form 10-Q

November 07, 2013

[Table of Contents](#)

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, DC 20549**

**FORM 10-Q**

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

**For the quarterly period ended September 30, 2013**

**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: 001-16545**

**Atlas Air Worldwide Holdings, Inc.**

**(Exact name of registrant as specified in its charter)**

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

**13-4146982**  
(IRS Employer Identification No.)

**2000 Westchester Avenue, Purchase, New York**  
(Address of principal executive offices)

**10577**  
(Zip Code)

**(914) 701-8000**

(Registrant's telephone number, including area code)

**Not Applicable**

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

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 accelerated filer, large 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

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

As of October 31, 2013, there were 25,038,629 shares of the registrant's Common Stock outstanding.



**Table of Contents****TABLE OF CONTENTS**

	<b>Page</b>
<b><u>PART I. FINANCIAL INFORMATION</u></b>	
Item 1. <u>Financial Statements</u>	
<u>Consolidated Balance Sheets as of September 30, 2013 and December 31, 2012 (unaudited)</u>	2
<u>Consolidated Statements of Operations for the Three and Nine Months ended September 30, 2013 and 2012 (unaudited)</u>	3
<u>Consolidated Statements of Comprehensive Income for the Three and Nine Months ended September 30, 2013 and 2012 (unaudited)</u>	4
<u>Consolidated Statements of Cash Flows for the Nine Months ended September 30, 2013 and 2012 (unaudited)</u>	5
<u>Consolidated Statements of Stockholders' Equity as of and for the Nine Months ended September 30, 2013 and 2012 (unaudited)</u>	6
<u>Notes to Unaudited Consolidated Financial Statements</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	16
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	30
Item 4. <u>Controls and Procedures</u>	30
<b><u>PART II. OTHER INFORMATION</u></b>	
Item 1. <u>Legal Proceedings</u>	31
Item 1A. <u>Risk Factors</u>	31
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	32
Item 6. <u>Exhibits</u>	32
<u>Signatures</u>	33
<u>Exhibit Index</u>	34

Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****Atlas Air Worldwide Holdings, Inc.****Consolidated Balance Sheets***(in thousands, except share data)**(Unaudited)*

	<b>September 30, 2013</b>	<b>December 31, 2012</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 280,967	\$ 409,763
Short-term investments	11,573	10,119
Restricted cash	5,886	
Accounts receivable, net of allowance of \$1,539 and \$3,172, respectively	118,515	127,704
Prepaid maintenance	21,004	22,293
Deferred taxes	53,799	26,390
Prepaid expenses and other current assets	36,628	36,726
Total current assets	528,372	632,995
<b>Property and Equipment</b>		
Flight equipment	2,971,696	2,209,782
Ground equipment	45,049	39,230
Less: accumulated depreciation	(238,992)	(185,419)
Purchase deposits for flight equipment	38,978	147,946
Property and equipment, net	2,816,731	2,211,539
<b>Other Assets</b>		
Long-term investments and accrued interest	129,665	140,498
Deposits and other assets	133,238	132,120
Intangible assets, net	35,947	35,533
<b>Total Assets</b>	<b>\$ 3,643,953</b>	<b>\$ 3,152,685</b>
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 42,700	\$ 20,789
Accrued liabilities	150,741	152,467
Current portion of long-term debt	262,568	154,760
Total current liabilities	456,009	328,016

**Other Liabilities**

Long-term debt	1,473,685	1,149,282
Deferred taxes	302,274	265,384
Other liabilities	124,897	121,899

Total other liabilities	1,900,856	1,536,565
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**Commitments and contingencies****Equity****Stockholders' Equity**

Preferred stock, \$1 par value; 10,000,000 shares authorized; no shares issued

Common stock, \$0.01 par value; 50,000,000 shares authorized; 28,198,464 and 27,672,924 shares issued, 25,037,540 and 26,443,441, shares outstanding (net of treasury stock), as of September 30, 2013 and December 31, 2012, respectively	282	277
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Additional paid-in-capital	557,078	544,421
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Treasury stock, at cost; 3,160,924 and 1,229,483 shares, respectively	(125,796)	(44,850)
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Accumulated other comprehensive loss	(12,790)	(14,263)
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Retained earnings	862,555	798,676
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Total stockholders' equity	1,281,329	1,284,261
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Noncontrolling interest	5,759	3,843
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Total equity	1,287,088	1,288,104
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<b>Total Liabilities and Equity</b>	<b>\$ 3,643,953</b>	<b>\$ 3,152,685</b>
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*See accompanying Notes to Unaudited Consolidated Financial Statements*

**Table of Contents****Atlas Air Worldwide Holdings, Inc.****Consolidated Statements of Operations***(in thousands, except per share data)**(Unaudited)*

	<b>For the Three Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>September 30, 2013</b>	<b>September 30, 2012</b>	<b>September 30, 2013</b>	<b>September 30, 2012</b>
<b>Operating Revenue</b>				
ACMI	\$ 189,583	\$ 177,722	\$ 552,710	\$ 492,846
AMC charter	95,668	117,377	287,840	376,685
Commercial charter	104,605	108,078	313,488	305,852
Dry leasing	11,874	3,057	21,844	8,864
Other	3,660	3,017	10,417	9,013
<b>Total Operating Revenue</b>	<b>405,390</b>	<b>409,251</b>	<b>1,186,299</b>	<b>1,193,260</b>
<b>Operating Expenses</b>				
Aircraft fuel	93,434	99,080	289,535	311,414
Salaries, wages and benefits	74,167	71,386	219,216	215,640
Maintenance, materials and repairs	31,306	40,524	133,152	136,875
Aircraft rent	48,448	44,133	130,703	126,309
Depreciation and amortization	23,661	16,612	61,840	44,792
Passenger and ground handling services	18,037	18,711	52,109	50,100
Navigation fees, landing fees and other rent	16,438	15,153	46,901	44,090
Travel	14,535	14,746	43,485	42,189
Loss (gain) on disposal of aircraft	501	(1,058)	79	(2,417)
Other	27,157	27,699	80,515	85,306
<b>Total Operating Expenses</b>	<b>347,684</b>	<b>346,986</b>	<b>1,057,535</b>	<b>1,054,298</b>
<b>Operating Income</b>	<b>57,706</b>	<b>62,265</b>	<b>128,764</b>	<b>138,962</b>
<b>Non-operating Expenses (Income)</b>				
Interest income	(4,849)	(4,833)	(15,003)	(14,629)
Interest expense	22,594	17,004	61,711	46,598
Capitalized interest	(291)	(4,052)	(1,985)	(16,356)
Loss on early extinguishment of debt	4,524	143	5,518	285
Other expense (income), net	(241)	(331)	1,415	454
<b>Total Non-operating Expenses (Income)</b>	<b>21,737</b>	<b>7,931</b>	<b>51,656</b>	<b>16,352</b>

Income before income taxes	35,969	54,334	77,108	122,610
Income tax expense	11,247	19,759	11,320	45,899
<b>Net Income</b>	24,722	34,575	65,788	76,711
Less: Net income (loss) attributable to noncontrolling interests	981	717	1,909	(834)
<b>Net Income Attributable to Common Stockholders</b>	\$ 23,741	\$ 33,858	\$ 63,879	\$ 77,545
<b>Earnings per share:</b>				
Basic	\$ 0.94	\$ 1.28	\$ 2.48	\$ 2.94
Diluted	\$ 0.94	\$ 1.27	\$ 2.48	\$ 2.92
<b>Weighted average shares:</b>				
Basic	25,124	26,443	25,710	26,410
Diluted	25,212	26,580	25,784	26,527

*See accompanying Notes to Unaudited Consolidated Financial Statements*



Table of Contents

## Atlas Air Worldwide Holdings, Inc.

## Consolidated Statements of Comprehensive Income

*(in thousands)**(Unaudited)*

	For the Three Months Ended		For the Nine Months Ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
<b>Net Income</b>	\$ 24,722	\$ 34,575	\$ 65,788	\$ 76,711
<b>Other comprehensive income (loss):</b>				
Interest rate derivatives:				
Net change in fair value				(713)
Reclassification into earnings	764	817	2,301	1,849
Income tax benefit (expense)	(277)	(286)	(835)	(398)
Foreign currency translation:				
Translation adjustment	356	173	14	250
Income tax benefit (expense)		137		121
Other comprehensive income (loss)	843	841	1,480	1,109
<b>Comprehensive Income</b>	<b>25,565</b>	<b>35,416</b>	<b>67,268</b>	<b>77,820</b>
Less: Comprehensive income (loss) attributable to noncontrolling interests	1,163	875	1,916	(645)
<b>Comprehensive Income Attributable to Common Stockholders</b>	<b>\$ 24,402</b>	<b>\$ 34,541</b>	<b>\$ 65,352</b>	<b>\$ 78,465</b>

*See accompanying Notes to Unaudited Consolidated Financial Statements*

**Table of Contents****Atlas Air Worldwide Holdings, Inc.****Consolidated Statements of Cash Flows***(in thousands)**(Unaudited)*

	<b>For the Nine Months Ended</b>	
	<b>September 30, 2013</b>	<b>September 30, 2012</b>
<b>Operating Activities:</b>		
Net Income Attributable to Common Stockholders	\$ 63,879	\$ 77,545
Net income (loss) attributable to noncontrolling interests	1,909	(834)
Net Income	65,788	76,711
Adjustments to reconcile Net Income to net cash provided by operating activities:		
Depreciation and amortization	73,324	51,509
Accretion of debt securities discount	(6,758) &	