

ATLAS AIR WORLDWIDE HOLDINGS INC

Form 10-Q

May 05, 2016

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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 March 31, 2016

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

13-4146982
(IRS Employer

of incorporation)

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)

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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 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 May 2, 2016, there were 24,811,018 shares of the registrant's Common Stock outstanding.

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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)*

	March 31, 2016	December 31, 2015
Assets		
Current Assets		
Cash and cash equivalents	\$ 317,410	\$ 425,950
Short-term investments	3,990	5,098
Restricted cash	14,503	12,981
Accounts receivable, net of allowance of \$2,288 and \$1,247, respectively	134,677	164,308
Prepaid maintenance	5,621	6,052
Prepaid expenses and other current assets	44,937	37,548
Total current assets	521,138	651,937
Property and Equipment		
Flight equipment	3,709,611	3,687,248
Ground equipment	60,968	58,487
Less: accumulated depreciation	(472,389)	(450,217)
Purchase deposits for flight equipment	64,624	39,678
Property and equipment, net	3,362,814	3,335,196
Other Assets		
Long-term investments and accrued interest	34,089	37,604
Deposits and other assets	90,234	81,183
Intangible assets, net	56,380	58,483
Total Assets	\$ 4,064,655	\$ 4,164,403
Liabilities and Equity		
Current Liabilities		
Accounts payable	\$ 58,471	\$ 93,278
Accrued liabilities	294,570	293,138
Current portion of long-term debt	157,701	161,811
Total current liabilities	510,742	548,227

Other Liabilities		
Long-term debt	1,711,861	1,739,496
Deferred taxes	287,922	286,928
Other liabilities	98,400	135,569
Total other liabilities	2,098,183	2,161,993
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; 29,242,911 and 28,955,445 shares issued, 24,812,088 and 24,636,651, shares outstanding (net of treasury stock), as of March 31, 2016 and December 31, 2015, respectively		
	293	290
Additional paid-in-capital	630,151	625,244
Treasury stock, at cost; 4,430,823 and 4,318,794 shares, respectively	(175,956)	(171,844)
Accumulated other comprehensive loss	(5,785)	(6,063)
Retained earnings	1,007,027	1,006,556
Total equity	1,455,730	1,454,183
Total Liabilities and Equity	\$ 4,064,655	\$ 4,164,403

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)*

	For the Three Months Ended	
	March 31, 2016	March 31, 2015
Operating Revenue		
ACMI	\$ 182,740	\$ 189,047
Charter	202,303	220,138
Dry leasing	28,192	31,919
Other	5,380	3,741
Total Operating Revenue	418,615	444,845
Operating Expenses		
Salaries, wages and benefits	93,845	88,773
Aircraft fuel	63,220	78,115
Maintenance, materials and repairs	57,024	58,832
Aircraft rent	37,037	34,261
Depreciation and amortization	35,005	32,030
Travel	30,323	20,813
Navigation fees, landing fees and other rent	21,974	23,503
Passenger and ground handling services	20,879	19,963
Loss on disposal of aircraft		1,209
Special charge	6,631	(568)
Acquisition-related expenses	793	
Other	31,827	30,944
Total Operating Expenses	398,558	387,875
Operating Income	20,057	56,970
Non-operating Expenses (Income)		
Interest income	(1,604)	(4,488)
Interest expense	21,302	24,548
Capitalized interest	(357)	(26)
Loss on early extinguishment of debt	132	
Other expense (income), net	(240)	675
Total Non-operating Expenses (Income)	19,233	20,709
Income before income taxes	824	36,261

Income tax expense	353	7,029
Net Income	\$ 471	\$ 29,232
Earnings per share:		
Basic	\$ 0.02	\$ 1.18
Diluted	\$ 0.02	\$ 1.17
Weighted average shares:		
Basic	24,711	24,876
Diluted	24,846	25,070

See accompanying Notes to Unaudited Consolidated Financial Statements

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Atlas Air Worldwide Holdings, Inc.

Consolidated Statements of Comprehensive Income

*(in thousands)**(Unaudited)*

	For the Three Months Ended	
	March 31, 2016	March 31, 2015
Net Income	\$ 471	\$ 29,232
Other comprehensive income (loss):		
Interest rate derivatives:		
Reclassification to interest expense	454	650
Income tax expense	(176)	(248)
Foreign currency translation:		
Translation adjustment		(58)
Other comprehensive income	278	344
Comprehensive Income	\$ 749	\$ 29,576

See accompanying Notes to Unaudited Consolidated Financial Statements

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

	For the Three Months Ended	
	March 31, 2016	March 31, 2015
Operating Activities:		
Net Income	\$ 471	\$ 29,232
Adjustments to reconcile Net Income to net cash provided by operating activities:		
Depreciation and amortization	39,817	36,375
Accretion of debt securities discount	(332)	(1,902)
Provision for allowance for doubtful accounts	221	(174)
Special charge, net of cash payments	6,631	(568)
Loss on early extinguishment of debt	132	
Loss on disposal of aircraft		1,209
Deferred taxes	292	7,029
Stock-based compensation expense	5,455	5,285
Changes in:		
Accounts receivable	29,871	11,088
Prepaid expenses, current assets and other assets	(10,575)	(949)
Accounts payable and accrued liabilities	(52,544)	4,023
Net cash provided by operating activities	19,439	90,648
Investing Activities:		
Capital expenditures	(10,682)	(10,385)
Purchase deposits and payments for flight equipment	(84,230)	(14,925)
Changes in restricted cash	(1,522)	(747)
Proceeds from investments	4,955	1,202
Proceeds from disposal of aircraft		24,345
Net cash used for investing activities	(91,479)	(510)
Financing Activities:		
Proceeds from debt issuance	14,790	
Customer maintenance reserves received	3,547	4,129
Proceeds from stock option exercises		52
Purchase of treasury stock	(4,112)	(6,118)
Excess tax benefit from stock-based compensation expense	158	449
Payment of debt issuance costs	(217)	
Payments of debt	(50,666)	(50,845)
Net cash used for financing activities	(36,500)	(52,333)

Net increase (decrease) in cash and cash equivalents	(108,540)	37,805
Cash and cash equivalents at the beginning of period	425,950	298,601
Cash and cash equivalents at the end of period	\$ 317,410	\$ 336,406

Non-cash Investing and Financing Activities:

Acquisition of flight equipment included in Accounts payable and accrued liabilities	\$ 12,059	\$
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See accompanying Notes to Unaudited Consolidated Financial Statements

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Atlas Air Worldwide Holdings, Inc.

Consolidated Statements of Stockholders Equity

*(in thousands, except share data)**(Unaudited)*

	Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders Equity	Total Equity
Balance at December 31, 2014	\$ 286	\$ (145,322)	\$ 573,133	\$ (9,572)	\$ 999,270	\$ 1,417,795	\$ 1,417,795
Net Income					29,232	29,232	29,232
Other comprehensive income				344			