

KIRBY CORP
Form 10-Q
November 05, 2014

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

Form 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2014

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 1-7615

KIRBY CORPORATION
(Exact name of registrant as specified in its charter)

Nevada 74-1884980
(State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

55 Waugh Drive, Suite 1000, 77007
Houston, TX (Zip Code)
(Address of principal executive offices)

(713) 435-1000
(Registrant's telephone number, including area code)

No Change
(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 Regulations 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, or a non-accelerated filer. See definition of "large accelerated filer" and "accelerated filer" 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

The number of shares outstanding of the registrant's Common Stock, \$.10 par value per share, on November 4, 2014 was 57,059,000.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED BALANCE SHEETS

(Unaudited)

ASSETS

	September 30, 2014	December 31, 2013
	(\$ in thousands)	
Current assets:		
Cash and cash equivalents	\$3,684	\$4,022
Accounts receivable:		
Trade – less allowance for doubtful accounts	395,868	311,549
Other	93,692	43,053
Inventories – net	164,843	135,887
Prepaid expenses and other current assets	48,214	40,037
Deferred income taxes	8,409	9,458
 Total current assets	 714,710	 544,006
Property and equipment	3,584,634	3,375,893
Less accumulated depreciation	(1,099,203)	(1,005,090)
 Property and equipment – net	 2,485,431	 2,370,803
Goodwill	591,405	591,405
Other assets	160,588	176,303
 Total assets	 \$3,952,134	 \$3,682,517

See accompanying notes to condensed financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED BALANCE SHEETS

(Unaudited)

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, 2014	December 31, 2013
	(\$ in thousands)	
Current liabilities:		
Income taxes payable	\$3,082	\$2,915
Accounts payable	210,448	177,375
Accrued liabilities	176,733	129,001
Deferred revenues	68,873	36,698
Total current liabilities	459,136	345,989
Long-term debt – less current portion	649,350	749,150
Deferred income taxes	574,145	544,110
Other long-term liabilities	15,052	21,115
Total long-term liabilities	1,238,547	1,314,375
Contingencies and commitments	—	—
Equity:		
Kirby stockholders' equity:		
Common stock, \$.10 par value per share. Authorized 120,000,000 shares, issued 59,776,000 shares	5,978	5,978
Additional paid-in capital	425,606	410,615
Accumulated other comprehensive income – net	(16,254)	(16,793)
Retained earnings	1,906,095	1,692,140
Treasury stock – at cost, 2,718,000 at September 30, 2014 and 2,930,000 at December 31, 2013	(78,188)	(81,254)
Total Kirby stockholders' equity	2,243,237	2,010,686
Noncontrolling interests	11,214	11,467
Total equity	2,254,451	2,022,153
Total liabilities and equity	\$3,952,134	\$3,682,517

See accompanying notes to condensed financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED STATEMENTS OF EARNINGS

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	(\$ in thousands, except per share amounts)			
Revenues:				
Marine transportation	\$448,744	\$436,181	\$1,341,260	\$1,278,567
Diesel engine services	231,977	114,924	556,761	395,231
Total revenues	680,721	551,105	1,898,021	1,673,798
Costs and expenses:				
Costs of sales and operating expenses	457,177	344,396	1,243,866	1,083,257
Selling, general and administrative	49,331	43,241	154,994	128,335
Taxes, other than on income	3,701	3,714	12,905	12,589
Depreciation and amortization	42,433	41,640	124,876	122,907
Gain on disposition of assets	(47)	(223)	(625)	(728)
Total costs and expenses	552,595	432,768	1,536,016	1,346,360
Operating income	128,126	118,337	362,005	327,438
Other income (expense)	27	60	(86)	236
Interest expense	(5,225)	(6,694)	(16,312)	(21,901)
Earnings before taxes on income	122,928	111,703	345,607	305,773
Provision for taxes on income	(45,715)	(42,007)	(129,472)	(114,733)
Net earnings	77,213	69,696	216,135	191,040
Less: Net earnings attributable to noncontrolling interests	(496)	(573)	(2,180)	(2,246)
Net earnings attributable to Kirby	\$76,717	\$69,123	\$213,955	\$188,794
Net earnings per share attributable to Kirby common stockholders:				
Basic	\$1.34	\$1.22	\$3.75	\$3.33
Diluted	\$1.34	\$1.21	\$3.74	\$3.32

See accompanying notes to condensed financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
	(\$ in thousands)			
Net earnings	\$77,213	\$69,696	\$216,135	\$191,040
Other comprehensive income (loss), net of taxes:				
Pension and postretirement benefits	11	1,185	479	2,856
Foreign currency translation adjustments	(16)	(124)	(24)	125
Change in fair value of derivative instruments		(12)	84	958
Total other comprehensive income (loss), net of taxes	(5)	1,049	539	3,939
Total comprehensive income, net of taxes	77,208	70,745	216,674	194,979
Net earnings attributable to noncontrolling interests	(496)	(573)	(2,180)	(2,246)
Comprehensive income attributable to Kirby	\$76,712	\$70,172	\$214,494	\$192,733

See accompanying notes to condensed financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine months ended September 30,	
	2014	2013
	(\$ in thousands)	
Cash flows from operating activities:		
Net earnings	\$216,135	\$191,040
Adjustments to reconcile net earnings to net cash provided by operations:		
Depreciation and amortization	124,876	122,907
Provision for deferred income taxes	30,727	68,523
Amortization of unearned share-based compensation	8,824	8,921
Other	11,338	5,656
Increase (decrease) in cash flows resulting from changes in operating assets and liabilities, net	(66,335)	53,668
Net cash provided by operating activities	325,565	450,715
Cash flows from investing activities:		
Capital expenditures	(234,098)	(207,047)
Acquisition of businesses and marine equipment	(6,500)	(3,643)
Proceeds from disposition of assets	8,139	30,390
Net cash used in investing activities	(232,459)	(180,300)
Cash flows from financing activities:		
Borrowings on bank credit facilities, net	8,200	(143,180)
Borrowings on long-term debt		225,000
Payments on long-term debt	(108,000)	(356,000)
Proceeds from exercise of stock options	7,410	4,328
Payment of contingent liability	(4,756)	(5,000)
Excess tax benefit from equity compensation plans	6,136	2,824
Other	(2,434)	(2,964)
Net cash used in financing activities	(93,444)	(274,992)
Decrease in cash and cash equivalents	(338)	(4,577)
Cash and cash equivalents, beginning of year	4,022	11,059
Cash and cash equivalents, end of period	\$3,684	\$6,482
Supplemental disclosures of cash flow information:		
Cash paid during the period:		
Interest	\$18,375	\$19,921
Income taxes	\$84,983	\$23,000

See accompanying notes to condensed financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONDENSED FINANCIAL STATEMENTS

(Unaudited)

(1) BASIS FOR PREPARATION OF THE CONDENSED FINANCIAL STATEMENTS

The condensed financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Although the Company believes that the disclosures are adequate to make the information presented not misleading, certain information and footnote disclosures, including significant accounting policies normally included in annual financial statements, have been condensed or omitted pursuant to such rules and regulations. It is suggested that these condensed financial statements