

GENESEE & WYOMING INC

Form 10-Q

August 07, 2009

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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2009

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

Commission File No. 001-31456

GENESEE & WYOMING INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of

06-0984624
(I.R.S. Employer

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incorporation or organization)

Identification No.)

66 Field Point Road,

Greenwich, Connecticut
(Address of principal executive offices)

06830
(Zip Code)

(203) 629-3722

(Registrant's telephone number, including area code)

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 or 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 "large accelerated filer," "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

Shares of common stock outstanding as of the close of business on July 31, 2009:

Class	Number of Shares Outstanding
Class A Common Stock	38,369,586
Class B Common Stock	2,558,790

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Table of Contents**GENESEE & WYOMING INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****AS OF JUNE 30, 2009 and DECEMBER 31, 2008****(in thousands, except share amounts)****(Unaudited)**

	June 30, 2009	December 31, 2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 62,417	\$ 31,693
Accounts receivable, net	105,974	120,874
Materials and supplies	7,949	7,708
Prepaid expenses and other	10,582	12,270
Current assets of discontinued operations	1,249	1,676
Deferred income tax assets, net	18,106	18,101
Total current assets	206,277	192,322
PROPERTY AND EQUIPMENT, net	994,339	998,995
INVESTMENT IN UNCONSOLIDATED AFFILIATES	5,104	4,986
GOODWILL	161,347	150,958
INTANGIBLE ASSETS, net	228,118	223,442
DEFERRED INCOME TAX ASSETS, net	3,118	
OTHER ASSETS, net	16,286	16,578
Total assets	\$ 1,614,589	\$ 1,587,281
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 27,154	\$ 26,034
Accounts payable	101,137	124,162
Accrued expenses	36,084	37,903
Current liabilities of discontinued operations	1,021	1,121
Deferred income tax liabilities, net		192
Total current liabilities	165,396	189,412
LONG-TERM DEBT, less current portion	433,057	535,231
DEFERRED INCOME TAX LIABILITIES, net	238,450	234,979
DEFERRED ITEMS - grants from outside parties	122,354	113,302
OTHER LONG-TERM LIABILITIES	22,497	34,943
COMMITMENTS AND CONTINGENCIES		
EQUITY:		
Class A Common Stock, \$0.01 par value, one vote per share; 90,000,000 shares authorized; 50,777,987 and 45,830,569 shares issued and 38,367,681 and 33,435,168 shares outstanding (net of 12,410,306 and 12,395,401 shares in treasury) on June 30, 2009 and December 31, 2008	508	458
Class B Common Stock, \$0.01 par value, ten votes per share; 15,000,000 shares authorized; 2,558,790 and 2,585,152 shares issued and outstanding on June 30, 2009 and December 31, 2008, respectively	26	26
Additional paid-in capital	329,211	214,356

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Retained earnings	500,960	479,598
Accumulated other comprehensive income/(loss)	3,487	(14,033)
Less treasury stock, at cost	(202,776)	(202,342)
Total Genesee & Wyoming Inc. stockholders' equity	631,416	478,063
Noncontrolling interest	1,419	1,351
Total equity	632,835	479,414
Total liabilities and equity	\$ 1,614,589	\$ 1,587,281

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**GENESEE & WYOMING INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS****FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2009 and 2008****(dollars in thousands, except per share amounts)****(Unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
OPERATING REVENUES	\$ 130,055	\$ 152,715	\$ 268,513	\$ 293,396
OPERATING EXPENSES:				
Transportation	39,942	52,876	83,071	100,732
Maintenance of ways and structures	13,336	13,195	26,769	26,163
Maintenance of equipment	16,395	17,929	33,503	35,870
Diesel fuel sold to third parties	3,104	10,379	6,493	18,946
General and administrative	24,044	21,689	48,076	45,083
Net loss/(gain) on sale and impairment of assets	4,889	(2,082)	4,650	(2,632)
Gain on insurance recovery	(500)	(399)	(500)	(399)
Restructuring and related charges	2,288		2,288	
Depreciation and amortization	11,917	9,453	23,423	18,652
Total operating expenses	115,415	123,040	227,773	242,415
INCOME FROM OPERATIONS	14,640	29,675	40,740	50,981
Interest income	243	571	425	1,156
Interest expense	(7,094)	(4,044)	(14,274)	(7,953)
Other income, net	1,202	561	1,244	659
Income from continuing operations before income taxes	8,991	26,763	28,135	44,843
Provision for income taxes	873	10,577	6,036	17,396
Income from continuing operations, net of tax	8,118	16,186	22,099	27,447
Loss from discontinued operations, net of tax	(636)	(735)	(669)	(1,574)
Net income	7,482	15,451	21,430	25,873
Less: Net income attributable to noncontrolling interest	(67)	(60)	(68)	(85)
Net income attributable to Genesee & Wyoming Inc.	\$ 7,415	\$ 15,391	\$ 21,362	\$ 25,788
Basic earnings per common share attributable to Genesee & Wyoming Inc. common stockholders:				
Basic earnings per common share from continuing operations	\$ 0.24	\$ 0.51	\$ 0.65	\$ 0.87
Basic loss per common share from discontinued operations	(0.02)	(0.02)	(0.02)	(0.05)
Basic earnings per common share	\$ 0.22	\$ 0.48	\$ 0.63	\$ 0.82
Weighted average shares - Basic	34,053	31,755	33,762	31,626

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Diluted earnings per common share attributable to Genesee & Wyoming Inc. common stockholders:								
Diluted earnings per common share from continuing operations	\$	0.22	\$	0.44	\$	0.60	\$	0.76
Diluted loss per common share from discontinued operations		(0.02)		(0.02)		(0.02)		(0.04)
Diluted earnings per common share	\$	0.20	\$	0.42	\$	0.58	\$	0.71
Weighted average shares - Diluted		36,907		36,378		36,641		36,197

The accompanying notes are an integral part of these consolidated financial statements.

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GENESEE & WYOMING INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED JUNE 30, 2009 and 2008

(dollars in thousands)

(Unaudited)

	Six Months Ended June 30,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 21,430	\$ 25,873
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss from discontinued operations	669	1,574
Depreciation and amortization	23,423	18,652
Compensation cost related to equity awards	2,826	2,598
Excess tax benefit from share-based compensation	(1,114)	(1,598)
Deferred income taxes	(872)	8,268
Net loss/(gain) on sale and impairment of assets	4,650	(2,632)
Gain on insurance recovery	(500)	(399)
Changes in assets and liabilities which provided (used) cash, net of effect of acquisitions:		
Accounts receivable trade, net	10,178	