

GENESEE & WYOMING INC
Form 10-Q
May 05, 2016
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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 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 001-31456

GENESEE & WYOMING INC.

(Exact name of registrant as specified in its charter)

Delaware 06-0984624
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

20 West Avenue, Darien, Connecticut 06820
(Address of principal executive offices)(Zip
Code)
(203) 202-8900
(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 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 the 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

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Shares of common stock outstanding as of the close of business on May 2, 2016:

Class	Number of Shares Outstanding
Class A Common Stock	57,155,398
Class B Common Stock	793,138

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Unless the context otherwise requires, when used in this Quarterly Report on Form 10-Q, the terms "Genesee & Wyoming," "G&W," the "Company," "we," "our" and "us" refer to Genesee & Wyoming Inc. and its subsidiaries. All references to currency amounts included in this Quarterly Report on Form 10-Q, including the financial statements, are in United States dollars unless specifically noted otherwise. The term carload represents physical railcars and the estimated railcar equivalents of commodities transported by metric ton or other measure, as well as intermodal units. From time to time, we may use our website as a channel of distribution of material company information. Financial and other material information regarding the Company is routinely posted on and accessible at www.gwrr.com/investors. In addition, you may automatically receive email alerts and other information about us by enrolling your email address in the "Email Alerts" section of www.gwrr.com/investors. The information contained on or connected to our Internet website is not deemed to be incorporated by reference in this Quarterly Report or filed with the SEC.

Forward-Looking Statements

This report and other documents referred to in this report contain forward-looking statements regarding future events and the future performance of Genesee & Wyoming Inc. that are based on current expectations, estimates and projections about our industry, our business and our performance, management's beliefs and assumptions made by management. Words such as "anticipates," "intends," "plans," "believes," "could," "should," "seeks," "expects," "will," "estimates," "trends," "outlook," variations of these words and similar expressions are intended to identify these forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to forecast, including the following: risks related to the operation of our railroads; severe weather conditions and other natural occurrences, which could result in shutdowns, derailments, railroad network congestion or other substantial disruption of operations; customer demand and changes in our operations or loss of important customers; exposure to the credit risk of customers and counterparties; changes in commodity prices; consummation and integration of acquisitions; economic, political and industry conditions, including employee strikes or work stoppages; retention and contract continuation; legislative and regulatory developments, including changes in environmental and other laws and regulations to which we or our customers are subject; increased competition in relevant markets; funding needs and financing sources, including our ability to obtain government funding for capital projects; international complexities of operations, currency fluctuations, finance, tax and decentralized management; challenges of managing rapid growth, including retention and development of senior leadership; unpredictability of fuel costs; susceptibility to various legal claims and lawsuits; increase in, or volatility associated with, expenses related to estimated claims, self-insured retention amounts and insurance coverage limits; consummation of new business opportunities; decrease in revenues and/or increase in costs and expenses; susceptibility to the risks of doing business in foreign countries; our ability to realize the expected synergies associated with acquisitions; risks associated with our substantial indebtedness and others including, but not limited to, those set forth in Part II, Item 1A of this Quarterly Report on Form 10-Q, if any, and those noted in our 2015 Annual Report on Form 10-K under "Risk Factors." Therefore, actual results may differ materially from those expressed or forecasted in any such forward-looking statements. Forward-looking statements speak only as of the date of this report or as of the date they were made. We do not undertake, and expressly disclaim, any duty to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by law.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

GENESEE & WYOMING INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

AS OF MARCH 31, 2016 and DECEMBER 31, 2015 (Unaudited)

(dollars in thousands, except per share and share amounts)

	March 31, 2016	December 31, 2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$39,113	\$ 35,941
Accounts receivable, net	362,433	382,458
Materials and supplies	48,023	45,790
Prepaid expenses and other	52,218	43,197
Total current assets	501,787	507,386
PROPERTY AND EQUIPMENT, net	4,230,511	4,215,063
GOODWILL	829,058	826,575
INTANGIBLE ASSETS, net	1,116,804	1,128,952
DEFERRED INCOME TAX ASSETS, net	2,520	2,270
OTHER ASSETS, net	25,372	22,836
Total assets	\$6,706,052	\$ 6,703,082
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$108,114	\$ 75,966
Accounts payable	257,166	282,275
Accrued expenses	181,509	169,586
Total current liabilities	546,789	527,827
LONG-TERM DEBT, less current portion	2,142,306	2,205,785
DEFERRED INCOME TAX LIABILITIES, net	983,925	983,136
DEFERRED ITEMS - grants from outside parties	298,085	292,198
OTHER LONG-TERM LIABILITIES	159,647	174,675
COMMITMENTS AND CONTINGENCIES		
EQUITY:		
Class A Common Stock, \$0.01 par value, one vote per share; 180,000,000 shares authorized at March 31, 2016 and December 31, 2015; 69,927,543 and 69,674,185 shares issued and 57,155,726 and 56,945,384 shares outstanding (net of 12,771,817 and 12,728,801 shares in treasury) on March 31, 2016 and December 31, 2015, respectively	699	697
Class B Common Stock, \$0.01 par value, ten votes per share; 30,000,000 shares authorized at March 31, 2016 and December 31, 2015; 793,138 shares issued and outstanding on March 31, 2016 and December 31, 2015.	8	8
Additional paid-in capital	1,362,523	1,355,345
Retained earnings	1,571,695	1,544,676
Accumulated other comprehensive loss	(129,844)	(153,457)
Treasury stock, at cost	(229,781)	(227,808)
Total equity	2,575,300	2,519,461
Total liabilities and equity	\$6,706,052	\$ 6,703,082

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

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GENESEE & WYOMING INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF OPERATIONS
 FOR THE THREE MONTHS ENDED MARCH 31, 2016 and 2015 (Unaudited)
 (in thousands, except per share amounts)

	Three Months Ended March 31,	
	2016	2015
OPERATING REVENUES	\$482,616	\$397,030
OPERATING EXPENSES:		
Labor and benefits	163,114	132,118
Equipment rents	38,430	22,032
Purchased services	46,502	24,381
Depreciation and amortization	49,330	42,217
Diesel fuel used in train operations	25,466	29,697
Electricity used in train operations	3,365	389
Casualties and insurance	10,120	8,523
Materials	21,591	18,695
Trackage rights	20,576	13,333
Net loss/(gain) on sale and impairment of assets	12,825	