

GENESEE & WYOMING INC
Form 10-Q
November 09, 2005
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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 quarter ended September 30, 2005

Commission File No. 001-31456

GENESEE & WYOMING INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of

incorporation or organization)

66 Field Point Road, Greenwich, Connecticut
(Address of principal executive offices)

06-0984624
(I.R.S. Employer

Identification No.)

06830
(Zip Code)

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(203) 629-3722

(Telephone No.)

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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act): YES NO

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 November 1, 2005:

<u>Class</u>	<u>Number of Shares Outstanding</u>
Class A Common Stock	24,663,616
Class B Common Stock	2,650,122

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GENESEE & WYOMING INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share amounts)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2005	2004	2005	2004
OPERATING REVENUES	\$ 105,250	\$ 77,243	\$ 282,073	\$ 223,707
OPERATING EXPENSES:				
Transportation	36,052	25,950	96,765	73,976
Maintenance of ways and structures	8,687	7,516	25,137	22,002
Maintenance of equipment	14,991	12,060	41,771	34,789
General and administrative	17,751	13,624	49,692	40,317
Net (gain) loss on sale and impairment of assets	(3,368)	81	(3,367)	(12)
Depreciation and amortization	7,058	4,812	17,717	14,295
Total operating expenses	81,171	64,043	227,715	185,367
INCOME FROM OPERATIONS	24,079	13,200	54,358	38,340
Interest expense	(4,919)	(2,352)	(9,875)	(7,070)
Other income (expense), net	82	(221)	(296)	203
Income before income taxes and equity earnings	19,242	10,627	44,187	31,473
Provision for income taxes	4,747	4,284	12,304	12,267
Income before equity earnings	14,495	6,343	31,883	19,206
Equity in net income of international affiliates:				
Australian Railroad Group	2,386	3,529	6,957	10,746
South America	163	273	468	496
Net income	\$ 17,044	\$ 10,145	\$ 39,308	\$ 30,448
Preferred stock dividends and cost accretion				479
Net income available to common stockholders	\$ 17,044	\$ 10,145	\$ 39,308	\$ 29,969
Basic earnings per common share	\$ 0.69	\$ 0.42	\$ 1.60	\$ 1.24
Weighted average shares - Basic	24,690	24,213	24,553	24,086
Diluted earnings per common share	\$ 0.61	\$ 0.37	\$ 1.42	\$ 1.09
Weighted average shares - Diluted	27,877	27,497	27,738	27,412

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

Table of Contents**GENESEE & WYOMING INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(in thousands, except share amounts)****(Unaudited)**

	September 30,	December 31,
	2005	2004
	_____	_____
ASSETS		
CURRENTS ASSETS:		
Cash and cash equivalents	\$ 6,219	\$ 14,451
Accounts receivable, net	89,023	64,537
Materials and supplies	7,596	5,263
Prepaid expenses and other	7,706	7,784
Deferred income tax assets, net	3,194	3,190
	_____	_____
Total current assets	113,738	95,225
	_____	_____
PROPERTY AND EQUIPMENT, net	531,169	337,024
INVESTMENT IN UNCONSOLIDATED AFFILIATES	137,630	132,528
GOODWILL	31,442	24,682
INTANGIBLE ASSETS, net	136,388	77,778
OTHER ASSETS, net	12,479	10,014
	_____	_____
Total assets	\$ 962,846	\$ 677,251
	_____	_____
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt	\$ 4,712	\$ 6,356
Accounts payable	85,454	63,794
Accrued expenses	29,522	21,598
	_____	_____
Total current liabilities	119,688	91,748
	_____	_____
LONG-TERM DEBT, less current portion	330,285	125,881
DEFERRED INCOME TAX LIABILITIES, net	55,955	50,517
DEFERRED ITEMS grants from governmental agencies	48,271	46,229
DEFERRED GAIN sale/leaseback	3,285	3,495
OTHER LONG-TERM LIABILITIES	14,462	14,122
MINORITY INTEREST	3,484	3,559
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Class A Common Stock, \$0.01 par value, one vote per share; 90,000,000 shares authorized; 28,268,698 and 27,930,147 shares issued and 24,720,792 and 24,397,918 shares outstanding (net of 3,547,906 and 3,532,229 shares in treasury) on September 30, 2005 and December 31, 2004, respectively	283	279
Class B Common Stock, \$0.01 par value, ten votes per share; 15,000,000 shares authorized; 2,650,122 shares issued and outstanding on September 30, 2005 and December 31, 2004	27	27
Additional paid-in capital	166,889	161,361
Retained earnings	207,362	168,054

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Accumulated other comprehensive income	27,140	25,228
Less treasury stock, at cost	(13,016)	(12,648)
Less restricted stock, net	(1,269)	(601)
	<u> </u>	<u> </u>
Total stockholders' equity	387,416	341,700
	<u> </u>	<u> </u>
Total liabilities and stockholders' equity	\$ 962,846	\$ 677,251
	<u> </u>	<u> </u>

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

(in thousands) (Unaudited)

	Nine Months Ended September 30,	
	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 39,308	\$ 30,448
Adjustments to reconcile net income to net cash provided by operating activities-		
Depreciation and amortization	17,717	14,295
Valuation of split dollar life insurance	32	(358)
Amortization of restricted stock	341	93
Compensation cost of stock options	910	
Excess tax benefit from share-based payment arrangements	(701)	(1,090)
Deferred income taxes	5,694	5,827
Net gain on disposition of property	(3,367)	(12)
Equity in net income of international affiliates	(7,425)	(11,242)
Minority interest expense	124	142
Changes in assets and liabilities -		
Accounts receivable	(11,115)	(7,774)
Materials and supplies	(1,091)	(184)
Prepaid expenses and other	741	(573)
Accounts payable and accrued expenses	8,220	10,727
Other assets and liabilities, net	1,118	80
Net cash provided by operating activities	50,506	40,379
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment, net of proceeds from government grants	(21,951)	