

KIRBY CORP
Form 10-Q
August 08, 2016

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 June 30, 2016

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
Houston, TX 77007
(Address of principal executive offices) (Zip Code)

(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

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(§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 August 5, 2016 was 53,856,000.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED BALANCE SHEETS

(Unaudited)

ASSETS

	June 30, 2016	December 31, 2015
	(\$ in thousands)	
Current assets:		
Cash and cash equivalents	\$2,859	\$ 5,885
Accounts receivable:		
Trade – less allowance for doubtful accounts	271,698	290,931
Other	88,477	102,443
Inventories – net	187,717	184,511
Prepaid expenses and other current assets	58,480	45,283
Deferred income taxes	11,302	11,723
Total current assets	620,533	640,776
Property and equipment	4,259,895	4,059,763
Less accumulated depreciation	(1,342,645)	(1,280,783)
Property and equipment – net	2,917,250	2,778,980
Goodwill	587,703	586,718
Other assets	143,329	145,807
Total assets	\$4,268,815	\$ 4,152,281

See accompanying notes to condensed financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED BALANCE SHEETS

(Unaudited)

LIABILITIES AND STOCKHOLDERS' EQUITY

	June 30, 2016	December 31, 2015
	(\$ in thousands)	
Current liabilities:		
Income taxes payable	\$3,173	\$ 3,564
Accounts payable	134,480	132,799
Accrued liabilities	173,039	184,254
Deferred revenues	33,757	41,300
Total current liabilities	344,449	361,917
Long-term debt – less current portion	798,687	774,849
Deferred income taxes	697,517	669,808
Other long-term liabilities	77,483	66,511
Total long-term liabilities	1,573,687	1,511,168
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	427,173	434,783
Accumulated other comprehensive income – net	(47,186)	(44,686)
Retained earnings	2,277,871	2,200,830
Treasury stock – at cost, 5,920,000 at June 30, 2016 and 6,056,000 at December 31, 2015	(320,301)	(328,094)
Total Kirby stockholders' equity	2,343,535	2,268,811
Noncontrolling interests	7,144	10,385
Total equity	2,350,679	2,279,196
Total liabilities and equity	\$4,268,815	\$ 4,152,281

See accompanying notes to condensed financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED STATEMENTS OF EARNINGS

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	(\$ in thousands, except per share amounts)			
Revenues:				
Marine transportation	\$378,303	\$425,053	\$756,646	\$844,958
Diesel engine services	63,279	118,103	143,669	285,871
Total revenues	441,582	543,156	900,315	1,130,829
Costs and expenses:				
Costs of sales and operating expenses	276,897	343,745	565,807	728,526
Selling, general and administrative	42,842	49,165	93,303	100,209
Taxes, other than on income	5,468	5,378	10,872	9,923
Depreciation and amortization	49,661	46,825	98,285	92,591
Gain on disposition of assets	(94)	(91)	(161)	(1,646)
Total costs and expenses	374,774	445,022	768,106	929,603
Operating income	66,808	98,134	132,209	201,226
Other income (expense)	179	(303)	314	(243)
Interest expense	(4,513)	(4,759)	(8,706)	(10,009)
Earnings before taxes on income	62,474	93,072	123,817	190,974
Provision for taxes on income	(23,365)	(34,696)	(46,224)	(71,187)
Net earnings	39,109	58,376	77,593	119,787
Less: Net earnings attributable to noncontrolling interests	(167)	(301)	(552)	(634)
Net earnings attributable to Kirby	\$38,942	\$58,075	\$77,041	\$119,153
Net earnings per share attributable to Kirby common stockholders:				
Basic	\$0.72	\$1.04	\$1.43	\$2.14
Diluted	\$0.72	\$1.04	\$1.43	\$2.13

See accompanying notes to condensed financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	(\$ in thousands)			
Net earnings	\$39,109	\$58,376	\$77,593	\$119,787
Other comprehensive income (loss), net of taxes:				
Pension and postretirement benefits	(3,149)	2,458	(2,500)	3,566
Foreign currency translation adjustments	—	129	—	32
Total other comprehensive income (loss), net of taxes	(3,149)	2,587	(2,500)	3,598
Total comprehensive income, net of taxes	35,960	60,963	75,093	123,385
Net earnings attributable to noncontrolling interests	(167)	(301)	(552)	(634)
Comprehensive income attributable to Kirby	\$35,793	\$60,662	\$74,541	\$122,751

See accompanying notes to condensed financial statements.

KIRBY CORPORATION AND CONSOLIDATED SUBSIDIARIES

CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six months ended June 30,	
	2016	2015
	(\$ in thousands)	
Cash flows from operating activities:		
Net earnings	\$77,593	\$119,787
Adjustments to reconcile net earnings to net cash provided by operations:		
Depreciation and amortization	98,285	92,591
Provision for deferred income taxes	29,682	13,801
Amortization of unearned share-based compensation	5,545	5,251
Amortization of major maintenance costs	9,295	10,360
Amortization of debt issuance costs	401	977
Other	(661)	70
Increase (decrease) in cash flows resulting from changes in operating assets and liabilities, net	(10,273)	3,081
Net cash provided by operating activities	209,867	245,918
Cash flows from investing activities:		
Capital expenditures	(111,048)	(190,152)
Acquisitions of businesses and marine equipment	(120,991)	(41,250)
Proceeds from disposition of assets	3,147	10,636
Net cash used in investing activities	(228,892)	(220,766)
Cash flows from financing activities:		
Borrowings on bank credit facilities, net	23,438	190,321
Payments on long-term debt		(100,000)
Proceeds from exercise of stock options	321	3,712
Purchase of treasury stock	(1,827)	(138,851)
Acquisition of noncontrolling interest	(4,160)	
Excess tax benefit from equity compensation plans		1,064
Other	(1,773)	(708)
Net cash provided by (used in) financing activities	15,999	(44,462)
Decrease in cash and cash equivalents	(3,026)	(19,310)
Cash and cash equivalents, beginning of year	5,885	24,299
Cash and cash equivalents, end of period	\$2,859	\$4,989
Supplemental disclosures of cash flow information:		
Interest paid	\$9,823	\$10,550
Income taxes paid	\$14,519	\$45,360
Capital expenditures included in accounts payable	\$(9,769)	\$
Fair value of property transferred in acquisition	\$3,681	\$

See accompanying notes to condensed financial statements.