

WILLIS LEASE FINANCE CORP

Form 10-Q

May 10, 2016

[Table of Contents](#)

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

Commission File Number: 001-15369

WILLIS LEASE FINANCE CORPORATION

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(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	68-0070656 (IRS Employer Identification No.)
773 San Marin Drive, Suite 2215, Novato, CA (Address of principal executive offices)	94998 (Zip Code)

Registrant's telephone number, including area code (415) 408-4700

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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Title of Each Class	Outstanding at May 3, 2016
Common Stock, \$0.01 par value per share	7,320,306

Table of Contents

WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES

INDEX

PART I. FINANCIAL INFORMATION

<u>Item 1.</u>	<u>Consolidated Financial Statements (Unaudited)</u>	3
	<u>Consolidated Balance Sheets as of March 31, 2016 and December 31, 2015</u>	3
	<u>Consolidated Statements of Income for the three months ended March 31, 2016 and 2015</u>	4
	<u>Consolidated Statements of Comprehensive Income for the three months ended March 31, 2016 and 2015</u>	5
	<u>Consolidated Statements of Shareholders' Equity for the three months ended March 31, 2016 and 2015</u>	6
	<u>Consolidated Statements of Cash Flows for the three months ended March 31, 2016 and 2015</u>	7
	<u>Notes to Unaudited Consolidated Financial Statements</u>	8
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	16
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	20
<u>Item 4.</u>	<u>Controls and Procedures</u>	20
<u>PART II. OTHER INFORMATION</u>		
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	21
<u>Item 6.</u>	<u>Exhibits</u>	22

Table of Contents

PART I — FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements (Unaudited)

WILLIS LEASE FINANCE CORPORATION
AND SUBSIDIARIES

Consolidated Balance Sheets

(In thousands, except share data, unaudited)

	March 31, 2016	December 31, 2015
ASSETS		
Cash and cash equivalents	\$ 12,743	\$ 9,732
Restricted cash	29,964	33,026
Equipment held for operating lease, less accumulated depreciation of \$320,609 and \$316,532 at March 31, 2016 and December 31, 2015, respectively	1,101,604	1,122,859
Equipment held for sale	25,971	23,454
Operating lease related receivables, net of allowances of \$1,121 and \$912 at March 31, 2016 and December 31, 2015, respectively	15,690	14,072
Spare parts inventory	19,293	20,526
Investments	43,272	41,295
Property, equipment & furnishings, less accumulated depreciation of \$4,902 and \$11,102 at March 31, 2016 and December 31, 2015, respectively	17,001	20,247
Intangible assets, net	874	932
Other assets	11,048	9,839
Total assets	\$ 1,277,460	\$ 1,295,982
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Accounts payable and accrued expenses	\$ 23,087	\$ 21,665
Deferred income taxes	99,347	96,742
Notes payable	850,031	866,089
Maintenance reserves	65,554	71,054
Security deposits	25,074	25,010
Unearned lease revenue	4,351	5,090
Total liabilities	1,067,444	1,085,650
Shareholders' equity:		

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Common stock (\$0.01 par value, 20,000,000 shares authorized; 7,423,654 and 7,548,395 shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively)	74	75
Paid-in capital in excess of par	24,925	28,720
Retained earnings	185,826	182,058
Accumulated other comprehensive loss, net of income tax benefit of \$427 and \$275 at March 31, 2016 and December 31, 2015, respectively.	(809)	(521)
Total shareholders' equity	210,016	210,332
Total liabilities and shareholders' equity	\$ 1,277,460	\$ 1,295,982

(1) Total assets at March 31, 2016 and December 31, 2015 include the

following assets of a variable interest entity (VIE) that can only be used

to settle the liabilities of the VIE: Cash, \$32,156 and \$33,776; Equipment,

\$330,182 and \$335,327; and Other, \$12,457 and \$11,490, respectively.

(2) Total liabilities at March 31, 2016 and December 31, 2015 include

the following liabilities of a VIE for which the VIE creditors do not have

recourse to Willis Lease Finance Corporation: Notes payable, \$294,337

and \$300,467, respectively.