

ATLAS AIR WORLDWIDE HOLDINGS INC

Form 10-Q

July 31, 2014

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2014

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: 001-16545

Atlas Air Worldwide Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

13-4146982
(IRS Employer Identification No.)

2000 Westchester Avenue, Purchase, New York
(Address of principal executive offices)

10577
(Zip Code)

(914) 701-8000
(Registrant's telephone number, including area code)

Not Applicable

(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 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 "accelerated filer," "large accelerated filer" and "smaller reporting company" 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

As of July 25, 2014, there were 25,258,346 shares of the registrant's Common Stock outstanding.

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Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****Atlas Air Worldwide Holdings, Inc.****Consolidated Balance Sheets***(in thousands, except share data)**(Unaudited)*

	June 30, 2014	December 31, 2013
Assets		
Current Assets		
Cash and cash equivalents	\$ 276,404	\$ 321,816
Short-term investments	9,592	10,904
Restricted cash	13,215	6,491
Accounts receivable, net of allowance of \$1,618 and \$1,402, respectively	162,860	132,159
Prepaid maintenance	10,411	31,620
Deferred taxes	28,977	54,001
Prepaid expenses and other current assets	30,131	36,962
Total current assets	531,590	593,953
Property and Equipment		
Flight equipment	3,474,759	2,969,379
Ground equipment	49,246	46,951
Less: accumulated depreciation	(304,257)	(256,685)
Purchase deposits for flight equipment	5,665	69,320
Property and equipment, net	3,225,413	2,828,965
Other Assets		
Long-term investments and accrued interest	129,092	130,267
Deposits and other assets	142,012	131,216
Intangible assets, net	71,957	33,858
Total Assets	\$ 4,100,064	\$ 3,718,259
Liabilities and Equity		
Current Liabilities		
Accounts payable	\$ 46,094	\$ 65,367
Accrued liabilities	233,079	194,292
Current portion of long-term debt	193,819	157,486
Total current liabilities	472,992	417,145
Other Liabilities		

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Long-term debt	1,876,961	1,539,139
Deferred taxes	328,707	371,655
Other liabilities	65,853	68,195
Total other liabilities	2,271,521	1,978,989
Commitments and contingencies		
Equity		
Stockholders' Equity		
Preferred stock, \$1 par value; 10,000,000 shares authorized; no shares issued		
Common stock, \$0.01 par value; 50,000,000 shares authorized; 28,547,138 and 28,200,213 shares issued, 25,256,124 and 25,038,629, shares outstanding (net of treasury stock), as of June 30, 2014 and December 31, 2013, respectively	285	282
Additional paid-in-capital	565,310	561,481
Treasury stock, at cost; 3,291,014 and 3,161,584 shares, respectively	(130,203)	(125,826)
Accumulated other comprehensive loss	(9,891)	(10,677)
Retained earnings	930,050	892,513
Total stockholders' equity	1,355,551	1,317,773
Noncontrolling interest		4,352
Total equity	1,355,551	1,322,125
Total Liabilities and Equity	\$ 4,100,064	\$ 3,718,259

See accompanying Notes to Unaudited Consolidated Financial Statements

Table of Contents**Atlas Air Worldwide Holdings, Inc.****Consolidated Statements of Operations***(in thousands, except per share data)**(Unaudited)*

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Operating Revenue				
ACMI	\$ 186,720	\$ 181,957	\$ 384,861	\$ 363,127
AMC charter	91,281	94,135	154,155	192,172
Commercial charter	133,953	117,783	248,452	208,883
Dry leasing	25,524	6,223	50,200	9,970
Other	3,691	3,475	6,864	6,757
Total Operating Revenue	441,169	403,573	844,532	780,909
Operating Expenses				
Aircraft fuel	103,842	102,743	185,586	196,101
Salaries, wages and benefits	77,948	72,518	150,803	145,049
Maintenance, materials and repairs	50,386	43,477	109,432	101,846
Aircraft rent	34,826	39,854	70,236	78,348
Depreciation and amortization	30,381	20,371	58,536	38,179
Navigation fees, landing fees and other rent	30,906	18,744	58,032	34,370
Passenger and ground handling services	21,859	17,300	41,230	34,072
Travel	18,774	13,771	36,056	28,950
Special charge	1,449		9,477	
Loss (gain) on disposal of aircraft	14,679	(399)	14,679	(422)
Other	29,462	26,733	55,678	53,358
Total Operating Expenses	414,512	355,112	789,745	709,851
Operating Income	26,657	48,461	54,787	71,058
Non-operating Expenses (Income)				
Interest income	(4,719)	(4,978)	(9,446)	(10,154)
Interest expense	26,365	20,677	52,817	39,117
Capitalized interest	(67)	(292)	(379)	(1,694)
Loss on early extinguishment of debt		994		994
Other expense (income), net	(88)	1,104	64	1,656
Total Non-operating Expenses (Income)	21,491	17,505	43,056	29,919
Income before income taxes	5,166	30,956	11,731	41,139

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Income tax expense (benefit)	(23,815)	9,993	(21,276)	73
Net Income	28,981	20,963	33,007	41,066
Less: Net income (loss) attributable to noncontrolling interest	(612)	903	(4,530)	928
Net Income Attributable to Common Stockholders	\$ 29,593	\$ 20,060	\$ 37,537	\$ 40,138
Earnings per share:				
Basic	\$ 1.17	\$ 0.78	\$ 1.49	\$ 1.54
Diluted	\$ 1.17	\$ 0.78	\$ 1.49	\$ 1.54
Weighted average shares:				
Basic	25,241	25,691	25,169	26,009
Diluted	25,279	25,716	25,215	26,076

See accompanying Notes to Unaudited Consolidated Financial Statements

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Atlas Air Worldwide Holdings, Inc.

Consolidated Statements of Comprehensive Income

*(in thousands)**(Unaudited)*

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Net Income	\$ 28,981	\$ 20,963	\$ 33,007	\$ 41,066
Other comprehensive income (loss):				
Interest rate derivatives:				
Net change in fair value			(251)	
Reclassification into earnings	682	767	1,372	1,537
Income tax expense	(261)	(279)	(506)	(558)
Foreign currency translation:				
Translation adjustment	191	(28)	349	(342)
Other comprehensive income (loss)	612	460	964	637
Comprehensive Income	29,593	21,423	33,971	41,703
Less: Comprehensive income (loss) attributable to noncontrolling interests	(515)	888	(4,352)	753
Comprehensive Income Attributable to Common Stockholders	\$ 30,108	\$ 20,535	\$ 38,323	\$ 40,950

See accompanying Notes to Unaudited Consolidated Financial Statements

Table of Contents**Atlas Air Worldwide Holdings, Inc.****Consolidated Statements of Cash Flows***(in thousands)**(Unaudited)*

	For the Six Months Ended	
	June 30, 2014	June 30, 2013
Operating Activities:		
Net Income Attributable to Common Stockholders	\$ 37,537	\$ 40,138
Net income (loss) attributable to noncontrolling interests	(4,530)	928
Net Income	33,007	41,066
Adjustments to reconcile Net Income to net cash provided by operating activities:		
Depreciation and amortization	67,195	45,374
Accretion of debt securities discount	(4,081)	(4,591)
Provision for allowance for doubtful accounts	232	17
Special charge, net of cash payments	7,171	
Loss on early extinguishment of debt		994