

ATLAS AIR WORLDWIDE HOLDINGS INC

Form 10-Q

August 03, 2010

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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, 2010

OR

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

For the transition period from _____ to _____

001-16545

(Commission File Number)

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 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. (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

As of June 30, 2010, there were 25,824,514 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, 2010	December 31, 2009
Assets		
Current Assets		
Cash and cash equivalents	\$ 604,021	\$ 613,740
Short-term investments	34,412	22,598
Accounts receivable, net of allowance of \$1,321 and \$2,412, respectively	64,321	58,530
Prepaid maintenance	23,606	30,848
Deferred taxes	3,060	6,689
Prepaid expenses and other current assets	23,668	24,608
Total current assets	753,088	757,013
Property and Equipment		
Flight equipment	692,103	677,006
Ground equipment	27,219	26,107
Less: accumulated depreciation	(124,454)	(110,001)
Purchase deposits for flight equipment	311,730	296,658
Property and equipment, net	906,598	889,770
Other Assets		
Long-term investments	111,815	18,980
Deposits and other assets	47,219	38,460
Lease contracts and intangible assets, net	35,337	36,650
Total Assets	\$ 1,854,057	\$ 1,740,873
Liabilities and Equity		
Current Liabilities		
Accounts payable	\$ 17,454	\$ 20,810
Accrued liabilities	112,095	107,907
Current portion of long-term debt	194,492	38,830
Total current liabilities	324,041	167,547
Other Liabilities		
Long-term debt	351,976	526,680
Deferred taxes	85,683	74,501
Other liabilities	132,451	83,388
Total other liabilities	570,110	684,569
Commitments and contingencies (Note 6)		
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; 26,840,734 and 26,593,450 shares issued, 25,824,514 and 25,700,765 shares outstanding (net of treasury stock), at June 30, 2010 and

December 31, 2009, respectively

Additional paid-in-capital

Treasury stock, at cost; 1,016,220 and 892,685 shares, respectively

Accumulated other comprehensive income

Retained earnings

Total stockholders' equity

Noncontrolling interest

Total equity

Total Liabilities and Equity

	268	266
	491,578	481,074
	(32,107)	(26,394)
	451	471
	497,302	430,856
	957,492	886,273
	2,414	2,484
	959,906	888,757
	\$ 1,854,057	\$ 1,740,873

See accompanying Notes to Unaudited Consolidated Financial Statements.

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

	For the Three Months		For the Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2010	2009	2010	2009
Operating Revenue				
ACMI	\$ 126,829	\$ 122,419	\$ 239,232	\$ 237,470
AMC charter	109,224	78,037	230,808	158,611
Commercial charter	114,828	35,588	171,481	60,615
Dry leasing	1,849	1,011	3,227	11,811
Other	3,451	2,946	6,665	16,001
Total Operating Revenue	\$ 356,181	\$ 240,001	\$ 651,413	\$ 484,508
Operating Expenses				
Aircraft fuel	83,525	39,288	148,115	81,436
Salaries, wages and benefits	60,071	52,349	121,433	105,017
Aircraft rent	38,183	37,330	76,333	75,094
Maintenance, materials and repairs	39,603	41,597	71,220	70,823
Landing fees and other rent	12,778	10,233	24,487	17,792
Depreciation and amortization	8,567	7,597	17,646	15,516
Travel	7,798	6,498	15,413	12,028
Ground handling and airport fees	6,299	3,452	11,222	5,769
Gain on disposal of aircraft	(2,158)		(3,380)	(957)
Other	38,197	16,126	57,475	32,780
Total Operating Expenses	292,863	214,470	539,964	415,298
Operating Income	63,318	25,531	111,449	69,210
Non-operating Expenses / (Income)				
Interest income	(5,224)	(628)	(9,130)	(1,470)
Interest expense	10,150	11,344	20,220	23,011
Capitalized interest	(3,517)	(3,083)	(6,606)	(6,120)
Gain on early extinguishment of debt				(2,713)
Gain on consolidation of subsidiary		(113)		(113)
Other (income) expense, net	213	173	(8,622)	319
Total Non-operating Expenses / (Income)	1,622	7,693	(4,138)	12,914
Income before income taxes	61,696	17,838	115,587	56,296
Income tax expense	28,920	7,275	49,200	22,348

Net Income	32,776	10,563	66,387	33,948
Less: Net income / (loss) attributable to noncontrolling interests	115	(767)	(59)	(767)
Net Income Attributable to Common Stockholders	\$ 32,661	\$ 11,330	\$ 66,446	\$ 34,715
Earnings per share:				
Basic	\$ 1.27	\$ 0.54	\$ 2.59	\$ 1.66
Diluted	\$ 1.25	\$ 0.54	\$ 2.56	\$ 1.66
Weighted average shares:				
Basic	25,767	20,906	25,676	20,892
Diluted	26,077	21,062	25,985	20,974

See accompanying Notes to Unaudited Consolidated Financial Statements.

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

	For the Six Months Ended	
	June 30,	June 30,
	2010	2009
Cash Flows from Operating Activities:		
Net Income Attributable to Common Stockholders	\$ 66,446	\$ 34,715
Net loss attributable to noncontrolling interests	(59)	(767)
Net Income	66,387	33,948
Adjustments to reconcile Net Income to net cash provided by operating activities:		
Depreciation and amortization	17,646	15,516
Amortization of debt discount	2,670	3,101
Amortization of operating lease discount	1,166	1,169
Amortization of debt issuance costs	146	147
Accretion of debt securities discount	(3,900)	
Provision for (release of) allowance for doubtful accounts	188	(14)
Gain on early extinguishment of debt		(2,713)
Gain on consolidation of subsidiary		(113)
Gain on disposal of aircraft	(3,380)	(957)
Deferred taxes	14,811	23,480
Stock-based compensation expense	7,751	5,236
Changes in Operating Assets and Liabilities		
Accounts receivable	(5,098)	12,838
Prepays and other current assets	3,406	11,006
Deposits and other assets	(9,518)	(2,111)
Accounts payable and accrued liabilities	49,745	(10,110)
Net cash provided by operating activities	142,020	90,423
Cash Flows from Investing Activities:		
Capital expenditures	(34,801)	(20,658)
Consolidation of subsidiary		11,612
Redesignation between short-term investments and cash		4,610
Investment in debt securities	(100,090)	
Proceeds from short-term investments	3,212	
Proceeds from sale of aircraft	4,610	3,525
Net cash used for investing activities	(127,069)	(911)
Cash Flows from Financing Activities:		
Proceeds from stock option exercises	1,335	147
Purchase of treasury stock	(5,713)	(326)
Excess tax benefit from share-based compensation expense	1,420	(887)
Payment of debt issuance costs		(4)

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Payments on debt	(21,712)	(26,193)
Net cash used for financing activities	(24,670)	(27,263)
Net increase (decrease) in cash and cash equivalents	(9,719)	62,249
Cash and cash equivalents at the beginning of period	613,740	397,385
Cash and cash equivalents at the end of period	\$ 604,021	\$ 459,634

See accompanying Notes to Unaudited Consolidated Financial Statements.

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Atlas Air Worldwide Holdings, Inc.
Consolidated Statements of Stockholders Equity
(in thousands, except per share data)
(Unaudited)

	Common Stock	Treasury Stock	Accumulated Additional Paid-In Capital	Other Comprehensive Income	Retained Earnings	Total Stockholders' Equity	Noncontrolling Interest	Total Equity
Balance at December 31, 2008	\$ 219	\$ (26,009)	\$ 355,185	\$ (736)	\$ 353,080	\$ 681,739	\$	\$ 681,739
Net Income Attributable to Common Stockholders					34,715	34,715	(767)	33,948
Other comprehensive income				775		775	300	1,075
Comprehensive income						35,490		35,023
Consolidation of subsidiary							3,953	3,953
Stock option and restricted stock compensation			5,236			5,236		5,236
Purchase of 15,559 shares of treasury stock		(326)				(326)		(326)
Exercise of 806 employee stock options			147			147		147
Issuance of 37,455 shares of restricted stock	1		(1)					
Forfeiture of 4,900 shares of restricted stock								
Reversal of prior year deferred tax			2,675			2,675		2,675
Tax expense on restricted stock and stock options			(887)			(887)		(887)
Balance at June 30, 2009	\$ 220	\$ (26,335)	\$ 362,355	\$ 39	\$ 387,795	\$ 724,074	\$ 3,486	\$ 727,560

	Common Stock	Treasury Stock	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total Stockholders' Equity	Noncontrolling Interest	Total Equity
Balance at December 31, 2009	\$ 266	\$ (26,394)	\$ 481,074	\$ 471	\$ 430,856	\$ 886,273	\$ 2,484	\$ 888,757
Net Income Attributable to Common Stockholders					66,446	66,446	(59)	66,387
Other comprehensive loss				(20)		(20)	(11)	(31)
Comprehensive income						66,426		66,356
Stock option and restricted stock compensation			7,751			7,751		7,751
Purchase of 123,535 shares of treasury stock		(5,713)				(5,713)		(5,713)
Exercise of 50,489 employee stock options			1,335			1,335		1,335
Issuance of 196,795 shares of restricted stock	2		(2)					
Forfeiture of zero shares of restricted stock								
Tax benefit on restricted stock and stock options			1,420			1,420		1,420
Balance at June 30, 2010	\$ 268	\$ (32,107)	\$ 491,578	\$ 451	\$ 497,302	\$ 957,492	\$ 2,414	\$ 959,906

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