

WERNER ENTERPRISES INC

Form 10-Q

November 02, 2015

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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 September 30, 2015

OR

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

Commission File Number: 0-14690

WERNER ENTERPRISES, INC.
(Exact name of registrant as specified in its charter)

NEBRASKA 47-0648386
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

14507 FRONTIER ROAD
POST OFFICE BOX 45308 68145-0308
OMAHA, NEBRASKA
(Address of principal executive offices) (Zip Code)
(402) 895-6640
(Registrant's telephone number, including area code)

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

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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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 October 30, 2015, 71,892,934 shares of the registrant's common stock, par value \$0.01 per share, were outstanding.

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PART I

FINANCIAL INFORMATION

Cautionary Note Regarding Forward-Looking Statements:

This Quarterly Report on Form 10-Q contains historical information and forward-looking statements based on information currently available to our management. The forward-looking statements in this report, including those made in Item 2 (Management’s Discussion and Analysis of Financial Condition and Results of Operations) of Part I, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, as amended. These safe harbor provisions encourage reporting companies to provide prospective information to investors. Forward-looking statements can be identified by the use of certain words, such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” “project” and other similar terms and language. We believe the forward-looking statements are reasonable based on currently available information. However, forward-looking statements involve risks, uncertainties and assumptions, whether known or unknown, that could cause our actual results, business, financial condition and cash flows to differ materially from those anticipated in the forward-looking statements. A discussion of important factors relating to forward-looking statements is included in Item 1A (Risk Factors) of Part I of our Annual Report on Form 10-K for the year ended December 31, 2014 (“2014 Form 10-K”). Readers should not unduly rely on the forward-looking statements included in this Form 10-Q because such statements speak only to the date they were made. Unless otherwise required by applicable securities laws, we undertake no obligation or duty to update or revise any forward-looking statements contained herein to reflect subsequent events or circumstances or the occurrence of unanticipated events.

Item 1. Financial Statements.

The interim consolidated financial statements contained herein reflect all adjustments which, in the opinion of management, are necessary for a fair statement of the financial condition, results of operations and cash flows for the periods presented. The interim consolidated financial statements have been prepared in accordance with the U.S. Securities and Exchange Commission (“SEC”) instructions to Form 10-Q and were also prepared without audit. The interim consolidated financial statements do not include all information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements; although in management’s opinion, the disclosures are adequate so that the information presented is not misleading.

Operating results for the three-month and nine-month periods ended September 30, 2015, are not necessarily indicative of the results that may be expected for the year ending December 31, 2015. In the opinion of management, the information set forth in the accompanying consolidated condensed balance sheets is fairly stated in all material respects in relation to the consolidated balance sheets from which it has been derived.

These interim consolidated financial statements and notes thereto should be read in conjunction with the consolidated financial statements and accompanying notes contained in our 2014 Form 10-K.

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CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
	(Unaudited)			
Operating revenues	\$534,448	\$551,961	\$1,564,746	\$1,586,103
Operating expenses:				
Salaries, wages and benefits	167,301	149,206	479,142	428,425
Fuel	50,855	86,820	160,996	270,026
Supplies and maintenance	50,283	48,527	144,328	140,268
Taxes and licenses	22,616	21,420	66,459	63,563
Insurance and claims	17,372	19,789	60,034	59,175
Depreciation	49,081	44,182	143,065	131,878
Rent and purchased transportation	122,006	133,893	360,706	373,778
Communications and utilities	3,786	3,689	11,301	10,597
Other	(1,652)) 2,745	(4,480)) 932
Total operating expenses	481,648	510,271	1,421,551	1,478,642
Operating income	52,800	41,690	143,195	107,461
Other expense (income):				
Interest expense	511	140	1,569	370
Interest income	(760)) (614)) (2,088)) (1,929)
Other	32	43	257	2
Total other income	(217)) (431)) (262)) (1,557)
Income before income taxes	53,017	42,121	143,457	109,018
Income taxes	20,941	16,151	56,391	43,077
Net income	\$32,076	\$25,970	\$87,066	\$65,941
Earnings per share:				
Basic	\$0.45	\$0.36	\$1.21	\$0.91
Diluted	\$0.44	\$0.36	\$1.20	\$0.91
Dividends declared per share	\$0.060	\$0.050	\$0.160	\$0.150
Weighted-average common shares outstanding:				
Basic	71,890	71,837	71,967	72,198
Diluted	72,478	72,364	72,546	72,706

See Notes to Consolidated Financial Statements (Unaudited).

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income	\$32,076	\$25,970		