

TEJON RANCH CO
Form 10-Q
May 11, 2015

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, 2015
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: 1-7183

TEJON RANCH CO.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

P.O. Box 1000, Tejon Ranch, California 93243

(Address of principal executive offices)

Registrant's telephone number, including area code: (661) 248-3000

77-0196136

(IRS Employer
Identification No.)

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 the 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 ☐

Non-accelerated filer ☐

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 the Company's outstanding shares of Common Stock on April 30, 2015 was 20,660,698.

TEJON RANCH CO. AND SUBSIDIARIES
INDEX

Page No.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Unaudited Consolidated Statements of Income for the Three Months Ended March 31, 2015 and 2014 3

Unaudited Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2015 and 2014 4

Consolidated Balance Sheets as of March 31, 2015 (unaudited) and December 31, 2014 5

Unaudited Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2015 and 2014 6

Unaudited Consolidated Statement of Changes in Equity and Noncontrolling Interests for the Three Months Ended March 31, 2015 7

Notes to Unaudited Consolidated Financial Statements 8

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations 24

Item 3. Quantitative and Qualitative Disclosures About Market Risk 31

Item 4. Controls and Procedures 33

PART II. OTHER INFORMATION

Item 1. Legal Proceedings 34

Item 1A. Risk Factors 34

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds 34

Item 3. Defaults Upon Senior Securities 34

Item 4. Mine Safety Disclosures 34

Item 5. Other Information 34

Item 6. Exhibits 34

SIGNATURES

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TEJON RANCH CO. AND SUBSIDIARIES
 UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
 (In thousands, except per share amounts)

	Three Months Ended March 31	
	2015	2014
Revenues:		
Real estate - commercial/industrial	\$3,362	\$2,942
Real estate - resort/residential	—	93
Mineral resources	10,200	9,654
Farming	3,071	1,846
Total revenues	16,633	14,535
Costs and Expenses:		
Real estate - commercial/industrial	3,202	3,311
Real estate - resort/residential	751	464
Mineral resources	5,694	4,801
Farming	2,343	1,864
Corporate expenses	3,523	3,086
Total expenses	15,513	13,526
Operating income	1,120	1,009
Other Income:		
Investment income	155	198
Other income	38	27
Total other income	193	225
Income from operations before equity in earnings of unconsolidated joint ventures	1,313	1,234
Equity in earnings of unconsolidated joint ventures, net	1,150	438
Income before income tax expense	2,463	1,672
Income tax expense	862	541
Net income	1,601	1,131
Net (loss) income attributable to non-controlling interest	(16) 18
Net income attributable to common stockholders	\$1,617	\$1,113
Net income per share attributable to common stockholders, basic	\$0.08	\$0.05
Net income per share attributable to common stockholders, diluted	\$0.08	\$0.05

See accompanying notes.

TEJON RANCH CO. AND SUBSIDIARIES
 UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (In thousands)

	Three Months Ended March 31	
	2015	2014
Net income	\$1,601	\$1,131
Other comprehensive income/(loss):		
Unrealized gains on available for sale securities	62	12
Benefit plan adjustments	—	(474)
Benefit plan reclassification for losses included in net income	—	407
Unrealized interest rate swap losses	(1,395)) —
Other comprehensive loss before taxes	(1,333)) (55)
Benefit for income taxes related to other comprehensive loss items	534	186
Other comprehensive (loss) income	(799)) 131
Comprehensive income	802	1,262
Comprehensive (loss) income attributable to non-controlling interests	(16)) 18
Comprehensive income attributable to common stockholders	\$818	\$1,244
See accompanying notes.		

TEJON RANCH CO. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data)

	March 31, 2015 (unaudited)	December 31, 2014
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,672	\$ 5,638
Marketable securities - available-for-sale	43,940	42,140
Accounts receivable	6,072	8,506
Inventories	6,331	4,098
Prepaid expenses and other current assets	6,728	4,456
Deferred tax assets	1,623	1,089
Total current assets	66,366	65,927