

EXPEDITORS INTERNATIONAL OF WASHINGTON INC
Form 10-Q
November 06, 2014

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, 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: 0-13468

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.

(Exact name of registrant as specified in its charter)

Washington
(State or other jurisdiction of
incorporation or organization) 91-1069248
(IRS Employer
Identification Number)

1015 Third Avenue, 12thFloor, Seattle, Washington 98104
(Address of principal executive offices) (Zip Code)
(206) 674-3400
(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. (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

At November 3, 2014, the number of shares outstanding of the issuer's Common Stock was 193,030,610.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.
AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(In thousands, except share data)

(Unaudited)

	September 30, 2014	December 31, 2013
Current Assets:		
Cash and cash equivalents	\$990,480	\$1,247,652
Short-term investments	40,317	26,337
Accounts receivable, less allowance for doubtful accounts of \$7,248 at September 30, 2014 and \$8,695 at December 31, 2013	1,183,167	1,073,500
Deferred Federal and state income taxes	20,782	18,396
Other	83,226	49,384
Total current assets	2,317,972	2,415,269
Property and equipment, less accumulated depreciation and amortization of \$369,575 at September 30, 2014 and \$348,282 at December 31, 2013	545,366	563,064
Goodwill	7,927	7,927
Other assets, net	54,788	28,552
Total assets	\$2,926,053	\$3,014,812
Current Liabilities:		
Accounts payable	746,193	648,156
Accrued expenses, primarily salaries and related costs	194,546	200,301
Federal, state and foreign income taxes	22,059	21,743
Total current liabilities	962,798	870,200
Deferred Federal and state income taxes	59,325	58,281
Commitments and contingencies		
Shareholders' Equity:		
Preferred stock, none issued	—	—
Common stock, par value \$0.01 per share. Issued and outstanding 193,019,604 shares at September 30, 2014 and 202,553,220 shares at December 31, 2013	1,930	2,025
Additional paid-in capital	1,055	1,647
Retained earnings	1,920,166	2,087,376
Accumulated other comprehensive loss	(21,778)	(6,265)
Total shareholders' equity	1,901,373	2,084,783
Noncontrolling interest	2,557	1,548
Total equity	1,903,930	2,086,331
Total liabilities and equity	\$2,926,053	\$3,014,812
See accompanying notes to condensed consolidated financial statements.		

EXPEDITORS INTERNATIONAL OF WASHINGTON, INC.
AND SUBSIDIARIES

Condensed Consolidated Statements of Earnings

(In thousands, except share data)

(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
Revenues:				
Airfreight services	\$686,434	\$628,116	\$2,000,829	\$1,891,459
Ocean freight and ocean services	600,483	525,193	1,606,145	1,462,679
Customs brokerage and other services	418,188	384,657	1,188,917	1,100,260
Total revenues	1,705,105	1,537,966	4,795,891	4,454,398
Operating Expenses:				
Airfreight services	516,969	466,699	1,503,064	1,414,634
Ocean freight and ocean services	475,460	409,649	1,266,551	1,135,299
Customs brokerage and other services	199,420	176,716	563,720	499,684
Salaries and related costs	272,548	261,613	789,257	765,599
Rent and occupancy costs	26,396	24,542	76,959	73,447
Depreciation and amortization	12,741	12,629	37,540	35,581
Selling and promotion	9,240	8,306	26,704	23,891
Other	33,200	31,499	95,319	87,853
Total operating expenses	1,545,974	1,391,653	4,359,114	4,035,988
Operating income	159,131	146,313	436,777	418,410
Other Income (Expense):				
Interest income	2,793	2,967	8,254	9,280
Other, net	2,336	1,212	5,245	7,068
Other income, net	5,129	4,179	13,499	16,348
Earnings before income taxes	164,260	150,492	450,276	434,758
Income tax expense	61,463	57,763	171,556	168,756
Net earnings	102,797	92,729	278,720	266,002