

ALLIED HOLDINGS INC
Form 10-Q
November 14, 2002

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 September 30, 2002**

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: **0-22276**

ALLIED HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

GEORGIA

58-0360550

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

Suite 200, 160 Clairemont Avenue, Decatur, Georgia 30030

(Address of principal executive offices)

(404) 373-4285

(Registrant's telephone number, including area code)

(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 report(s), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Outstanding common stock, No par value at October 31, 2002..... 8,421,318

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ITEM 1 FINANCIAL STATEMENTS**ALLIED HOLDINGS, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**
(In Thousands)

	September 30, 2002	December 31, 2001
	(Unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 24,925	\$ 10,543
Short-term investments	62,427	64,794
Receivables, net of allowance for doubtful accounts of \$5,538 and \$11,058, respectively	60,112	72,292
Inventories	5,301	5,349
Deferred tax assets	38,344	32,403
Prepayments and other current assets	17,384	18,921
	<u>208,493</u>	<u>204,302</u>
Total current assets	208,493	204,302
PROPERTY AND EQUIPMENT, NET	<u>185,212</u>	<u>214,641</u>
OTHER ASSETS:		
Goodwill, net	85,212	90,230
Other	23,650	24,219
	<u>108,862</u>	<u>114,449</u>
Total other assets	108,862	114,449
Total assets	<u>\$ 502,567</u>	<u>\$ 533,392</u>
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	\$ 3,500	\$ 2,625
Trade accounts payable	36,212	40,232
Accrued liabilities	89,435	82,963
	<u>129,147</u>	<u>125,820</u>
Total current liabilities	129,147	125,820
LONG-TERM DEBT, less current maturities	<u>257,660</u>	<u>286,533</u>
POSTRETIREMENT BENEFITS OTHER THAN PENSIONS	<u>9,024</u>	<u>9,363</u>
DEFERRED INCOME TAXES	<u>23,743</u>	<u>21,383</u>
OTHER LONG-TERM LIABILITIES	<u>74,378</u>	<u>72,296</u>
STOCKHOLDERS EQUITY:		

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Common stock, no par value; 20,000 shares authorized, 8,385 and 8,274 shares outstanding at September 30, 2002 and December 31, 2001, respectively		
Additional paid-in capital	46,572	46,520
Treasury stock at cost, 139 shares at September 30, 2002 and December 31, 2001	(707)	(707)
Retained deficit	(28,515)	(18,894)
Accumulated other comprehensive loss, net of tax	(8,735)	(8,922)
	<u>8,615</u>	<u>17,997</u>
Total stockholders' equity		
	<u>\$502,567</u>	<u>\$533,392</u>
Total liabilities and stockholders' equity		

The accompanying notes are an integral part of these consolidated balance sheets.

Table of Contents**ALLIED HOLDINGS, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS**
(In Thousands, Except Per Share Data)
(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2002	2001	2002	2001
REVENUES	\$212,985	\$ 204,010	\$665,228	\$ 672,384
OPERATING EXPENSES:				
Salaries, wages and fringe benefits	117,804	118,700	363,853	391,006
Operating supplies and expenses	33,257	33,810	100,068	115,147
Purchased transportation	25,331	23,228	72,438	75,190
Insurance and claims	10,844	10,531	34,344	37,588
Operating taxes and licenses	7,638	7,857	24,731	24,990
Depreciation and amortization	13,142	15,145	40,087	45,450
Rents	1,685	1,691	4,895	5,353
Communications and utilities	1,425	1,300	5,290	5,252
Other operating expenses	2,892	3,295	7,607	10,908
Loss (gain) on disposal of operating assets, net	367	24	(347)	(2,719)
Total operating expenses	214,385	215,581	652,966	708,165
Operating (loss) income	(1,400)	(11,571)	12,262	(35,781)
OTHER INCOME (EXPENSE):				
Equity in earnings of UK and Brazil joint ventures, net of tax		1,054		3,593
Interest expense	(7,611)	(9,141)	(23,343)	(26,994)
Interest income	203	424	1,090	2,014
Gain on early extinguishment of debt			2,750	
Other, net	100		(107)	
	(7,308)	(7,663)	(19,610)	(21,387)
LOSS BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(8,708)	(19,234)	(7,348)	(57,168)
INCOME TAX BENEFIT	2,226	6,588	1,819	19,944
LOSS BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(6,482)	(12,646)	(5,529)	(37,224)
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE, NET OF TAX			(4,092)	
NET LOSS	(\$6,482)	(\$12,646)	(\$9,621)	(\$37,224)

BASIC & DILUTED LOSS PER COMMON SHARE:

LOSS BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE				
BASIC AND DILUTED	(\$0.78)	(\$1.56)	(\$0.67)	(\$4.60)
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE, NET OF TAX			(\$0.49)	
BASIC AND DILUTED				
PER COMMON SHARE	(\$0.78)	(\$1.56)	(\$1.16)	(\$4.60)
BASIC AND DILUTED				
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	8,324	8,114	8,282	8,096

The accompanying notes are an integral part of these consolidated statements.

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(In Thousands)

	For the Nine Months Ended	
	September 30,	
	2002	2001
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	(\$9,621)	(\$37,224)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Gain on early extinguishment of debt	(2,750)	
Interest expense paid in kind	746	
Amortization of deferred financing costs	3,013	2,906
Depreciation and amortization	40,087	45,450
Gain on disposal of assets and other, net	(240)	(2,719)
Cumulative effect of change in accounting principle	5,194	
Deferred income taxes	(3,671)	(19,377)
Compensation expense related to stock options and grants	(210)	207
Equity in earnings of joint ventures		(3,593)
Amortization of Teamsters Union contract costs	1,800	1,802
Change in operating assets and liabilities:		
Receivables, net of allowance for doubtful accounts	12,276	18,190
Inventories	55	720
Prepayments and other current assets	1,556	(822)
Trade accounts payable	(4,057)	(7,021)
Accrued liabilities	8,533	6,028
	<u>62,332</u>	<u>41,771</u>
Net cash provided by operating activities	<u>52,711</u>	<u>4,547</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(13,313)	(18,274)
Proceeds from sale of property and equipment	3,005	4,832
Investment in joint ventures		(464)
Cash received from joint ventures		3,578
Proceeds from sale of equity investment in joint venture	2,700	
Decrease (increase) in short-term investments	2,367	(4,864)
Decrease (increase) in the cash surrender value of life insurance	1,341	(360)
	<u>(3,900)</u>	<u>(15,552)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Repayments) additions to revolving credit facilities, net	(62,384)	23,587
Additions to long-term debt	82,750	
Repayment of long-term debt	(46,360)	(107)
Payment of deferred financing costs	(9,262)	(2,663)
Proceeds from issuance of common stock	262	303
Other, net	549	(307)
	<u>549</u>	<u>(307)</u>