

MARTEN TRANSPORT LTD
Form 10-Q
November 05, 2018

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the Quarter ended September 30, 2018

Commission File Number 0-15010

MARTEN TRANSPORT, LTD.

(Exact name of registrant as specified in its charter)

Delaware 39-1140809
(State of incorporation) (I.R.S. employer identification no.)

129 Marten Street, Mondovi, Wisconsin 54755

(Address of principal executive offices)

715-926-4216

(Registrant's telephone number)

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 (Section 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Smaller reporting company Non-accelerated filer
Emerging growth company

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes No

The number of shares outstanding of the Registrant's Common Stock, par value \$.01 per share, was 54,462,924 as of October 26, 2018.

PART I. FINANCIAL INFORMATION**Item 1. Financial Statements.****MARTEN TRANSPORT, LTD.****CONSOLIDATED CONDENSED BALANCE SHEETS**

(In thousands, except share information)	September 30, 2018 (Unaudited)	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 35,739	\$ 15,791
Receivables:		
Trade, net	84,055	74,886
Other	6,993	6,131
Prepaid expenses and other	18,816	19,810
Total current assets	145,603	116,618
Property and equipment:		
Revenue equipment, buildings and land, office equipment and other	820,523	783,648
Accumulated depreciation	(223,087)	(211,728)
Net property and equipment	597,436	571,920
Other assets	2,281	1,865
Total assets	\$ 745,320	\$ 690,403
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 48,259	\$ 38,100
Insurance and claims accruals	25,295	26,177
Total current liabilities	73,554	64,277
Deferred income taxes	107,696	100,626
Total liabilities	181,250	164,903
Stockholders' equity:		
Preferred stock, \$.01 par value per share; 2,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, \$.01 par value per share; 192,000,000 shares authorized; 54,662,924 shares at September 30, 2018, and 54,533,455 shares at December 31, 2017, issued and outstanding	547	545
Additional paid-in capital	79,304	76,413

Retained earnings	484,219	448,542
Total stockholders' equity	564,070	525,500
Total liabilities and stockholders' equity	\$ 745,320	\$ 690,403

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

MARTEN TRANSPORT, LTD.**CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS****(Unaudited)**

(In thousands, except per share information)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Operating revenue	\$199,649	\$170,679	\$583,633	\$515,349
Operating expenses (income):				
Salaries, wages and benefits	64,051	53,594	186,123	166,709
Purchased transportation	35,867	28,668	105,941	85,546
Fuel and fuel taxes	31,658	26,143	92,444	77,106
Supplies and maintenance	10,574	10,381	31,261	31,912
Depreciation	22,272	21,186	66,280	63,875
Operating taxes and licenses	2,404	2,314	7,055	6,813
Insurance and claims	8,567	11,336	27,798	29,098
Communications and utilities	1,663	1,463	4,993	4,531
Gain on disposition of revenue equipment	(1,835)	(1,908)	(5,206)	(4,882)
Other	5,435	4,480	16,134	12,112
Total operating expenses	180,656	157,657	532,823	472,820
Operating income	18,993	13,022	50,810	42,529
Other	(120)	14	(447)	280
Income before income taxes	19,113	13,008	51,257	42,249
Income taxes expense	3,856	5,153	11,967	17,039
Net income	\$15,257	\$7,855	\$39,290	\$25,210
Basic earnings per common share	\$0.28	\$0.14	\$0.72	\$0.46
Diluted earnings per common share	\$0.28	\$0.14	\$0.71	\$0.46
Dividends declared per common share	\$0.025	\$0.025	\$0.075	\$0.055

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

MARTEN TRANSPORT, LTD.**CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY****(Unaudited)**

(In thousands)	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-In Capital	Earnings	Stock- holders' Equity
Balance at December 31, 2016	54,392	\$ 544	\$ 74,175	\$ 362,619	\$ 437,338
Net income	-	-	-	25,210	25,210
Issuance of common stock from share-based payment arrangement exercises and vesting of performance unit awards	130	1	961	-	962
Employee taxes paid in exchange for shares withheld	-	-	(47)	-	(47)
Share-based payment arrangement compensation expense	-	-	916	-	916
Dividends on common stock	-	-	-	(2,999)	(2,999)
Cash in lieu of fractional shares from stock split	-	-	(54)	-	(54)
Balance at September 30, 2017	54,522	545	75,951	384,830	461,326
Net income	-	-	-	65,074	65,074
Issuance of common stock from share-based payment arrangement exercises and vesting of performance unit awards	11	-	128	-	128
Share-based payment arrangement compensation expense	-	-	334	-	334
Dividends on common stock	-	-	-	(1,362)	(1,362)
Balance at December 31, 2017	54,533	545	76,413	448,542	525,500
Adoption of accounting standard (Note 2)	-	-	-	485	485
Net income	-	-	-	39,290	39,290
Issuance of common stock from share-based payment arrangement exercises and vesting of performance unit awards	130	2	893	-	895
Employee taxes paid in exchange for shares withheld	-	-	(104)	-	(104)
Share-based payment arrangement compensation expense	-	-	2,102	-	2,102
Dividends on common stock	-	-	-	(4,098)	(4,098)
Balance at September 30, 2018	54,663	\$ 547	\$ 79,304	\$ 484,219	\$ 564,070

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

MARTEN TRANSPORT, LTD.**CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS****(Unaudited)**

(In thousands)	Nine Months Ended September 30, 2018	2017
Cash flows provided by operating activities:		
Operations:		
Net income	\$ 39,290	\$ 25,210
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	66,280	63,875
Gain on disposition of revenue equipment	(5,206)	(4,882)
Deferred income taxes	7,070	1,992
Share-based payment arrangement compensation expense	2,102	916
Distribution from affiliate	45	400
Equity in (earnings) loss from affiliate	(433)	271
Adoption of accounting standard (Note 2)	485	-
Changes in other current operating items:		
Receivables	(8,103)	(3,065)
Prepaid expenses and other	994	3,044
Accounts payable and accrued liabilities	10,455	1,192
Insurance and claims accruals	(882)	5,757
Net cash provided by operating activities	112,097	94,710
Cash flows used for investing activities:		
Revenue equipment additions	(130,856)	(135,010)
Proceeds from revenue equipment dispositions	48,440	53,586
Buildings and land, office equipment and other additions	(6,398)	(2,557)

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Other	(28)	(34)
Net cash used for investing activities	(88,842)	(84,015)
Cash flows used for financing activities:		
Borrowings under credit facility and long-term debt	-	30,816
Repayment of borrowings under credit facility and long-term debt	-	(38,702)
Dividends on common stock	(4,098)	(2,999)
Issuance of common stock from share-based payment arrangement exercises	895	962
Employee taxes paid in exchange for shares withheld	(104)	April 15, 2015
Richard G. Lareau Individual Trustee		
/s/ Kenneth R. Ring Kenneth R. Ring Vice President, Corporate Debt & Agency Deutsche Bank Trust Company Americas	April 15, 2015	
/s/ Michael P. Mlinar Michael P. Mlinar Individual Trustee	April 15, 2015	