

WERNER ENTERPRISES INC

FORM 10-Q (Quarterly Report)

Filed 05/12/98 for the Period Ending 03/31/98

Address	14507 FRONTIER ROAD OMAHA, NE 68138
Telephone	4028956640
CIK	0000793074
Symbol	WERN
SIC Code	4213 - Trucking, Except Local
Industry	Trucking
Sector	Transportation
Fiscal Year	12/31

WERNER ENTERPRISES INC

FORM 10-Q (Quarterly Report)

Filed 5/12/1998 For Period Ending 3/31/1998

Address	14507 FRONTIER ROAD P O BOX 45308 OMAHA, Nebraska 68145
Telephone	402-895-6640
CIK	0000793074
Industry	Trucking
Sector	Transportation
Fiscal Year	12/31

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 quarter ended Commission file number
March 31, 1998 0-14690

WERNER ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

NEBRASKA

(State or other jurisdiction of
incorporation or organization)

47-0648386

(I.R.S. Employer Identification No.)

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

executive offices)

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

As of April 30, 1998, 38,305,519 shares of the registrant's common stock, par value \$.01 per share, were outstanding.

PART I

FINANCIAL INFORMATION

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 and results of operations for the periods presented. They have been prepared in accordance with the instructions to Form 10-Q and do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements.

Operating results for the three-month period ended March 31, 1998 are not necessarily indicative of the results that may be expected for the year ending December 31, 1998. 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 should be read in conjunction with the Company's latest annual report (which is incorporated by reference in the Form 10-K for the year ended December 31, 1997).

Consolidated Statements of Income for the
Three Months Ended March 31, 1998 and 1997..... Page 3

Consolidated Condensed Balance Sheets as of
March 31, 1998 and December 31, 1997..... Page 4

Consolidated Statements of Cash Flows for the
Three Months Ended March 31, 1998 and 1997..... Page 5

Notes to Consolidated Financial Statements as of March 31, 1998..... Page 6

WERNER ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF INCOME

(Amounts in thousands, except per share data)	Three Months Ended March 31	
	1998	1997
	(Unaudited)	
Operating revenues	\$199,707	\$172,049
Operating expenses:		
Salaries, wages and benefits	74,303	63,273
Fuel	14,698	17,265
Supplies and maintenance	17,509	14,945
Taxes and licenses	15,852	12,719
Insurance and claims	6,645	6,350
Depreciation	19,459	17,248
Rent and purchased transportation	33,377	27,648
Communications and utilities	2,559	2,184
Other	(2,838)	(1,036)
Total operating expenses	181,564	160,596
Operating income	18,143	11,453
Other expense (income):		
Interest expense	1,006	447
Interest income	(420)	(415)
Other	20	29
Total other expense	606	61
Income before income taxes	17,537	11,392
Income taxes	6,664	3,943
Net income	\$ 10,873	\$ 7,449
Average common shares outstanding	38,256	37,990
Earnings per share (Note 1)	\$.28	\$.20
Diluted shares outstanding (Note 1)	38,531	38,224
Diluted earnings per share (Note 1)	\$.28	\$.19
Dividends declared per share (Note 1)	\$.025	\$.025

WERNER ENTERPRISES, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS

(In thousands)	March 31	December 31
	1998	1997
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 24,924	\$ 22,294
Accounts receivable, net	85,390	93,461
Prepaid taxes, licenses and permits	7,499	8,405
Other current assets	22,408	21,632
Total current assets	140,221	145,792
Property and equipment	726,244	698,099
Less - accumulated depreciation	185,141	176,253
Property and equipment, net	541,103	521,846
	\$681,324	\$667,638
	=====	
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 28,861	\$ 44,167
Insurance and claims accruals	24,005	22,161
Accrued payroll	12,442	9,116
Income taxes payable	7,136	6,983
Other current liabilities	9,579	9,364
Total current liabilities	82,023	91,791
Long-term debt	70,000	60,000
Insurance, claims and other long-term accruals	29,301	29,329
Deferred income taxes	93,846	91,400
Stockholders' equity	406,154	395,118
	\$681,324	\$667,638
	=====	

WERNER ENTERPRISES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Three Months Ended March 31	
	1998	1997

	(Unaudited)	
Cash flows from operating activities:		
Net income	\$ 10,873	\$ 7,449
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	19,459	17,248
Deferred income taxes	2,446	1,512
Gain on disposal of operating equipment	(3,142)	(1,256)
Insurance, claims and other long-term accruals	(28)	(1,002)
Tax benefit from exercise of stock options	247	-
Changes in certain working capital items:		
Accounts receivable, net	8,071	(8,108)
Prepaid expenses and other current assets	130	584
Accounts payable	(15,306)	11,489
Other current liabilities	5,538	5,384

Net cash provided by operating activities	28,288	33,300

Cash flows from investing activities:		
Additions to property and equipment	(56,260)	(38,464)
Retirements of property and equipment	20,686	7,442

Net cash used in investing activities	(35,574)	(31,022)

Cash flows from financing activities:		
Proceeds from issuance of long-term debt	10,000	-
Dividends on common stock	(958)	(950)
Stock options exercised	874	127
Net cash provided by (used in) financing activities	9,916	(823)

Net increase in cash and cash equivalents	2,630	1,455
Cash and cash equivalents, beginning of period	22,294	22,136

Cash and cash equivalents, end of period	\$ 24,924	\$ 23,591
	=====	
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 821	\$ 458
Income taxes	3,424	776

WERNER ENTERPRISES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Common Stock Split

On April 15, 1998, the Company announced that its Board of Directors declared a five-for-four split of the Company's common stock effected in the form of a 25 percent stock dividend. The stock split will be payable on or about May 13, 1998 to stockholders of record at the close of business on April 27, 1998. No fractional shares of common stock will be issued in connection with the stock split. Stockholders entitled to a fractional share will receive a proportional cash payment based on the closing price of a share of common stock on April 27, 1998.

The Company's average common shares outstanding and earnings per share, after giving retroactive effect for the five-for-four stock split, are as follows:

	Three Months Ended March 31	
	1998	1997
Average common shares outstanding	47,820	47,488
Earnings per share	\$.23	\$.16
Diluted shares outstanding	48,164	47,780
Diluted earnings per share	\$.23	\$.16

(2) Commitments

As of March 31, 1998, the Company has commitments for capital expenditures of approximately \$63,000,000.

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

This report contains forward-looking statements which are based on information currently available to the Company's management. Actual results could differ materially from those anticipated in forward-looking statements as a result of a number of factors, including, but not limited to, those discussed in Item 7, "Management's Discussion and Analysis of Results of Operations and Financial Condition", of the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

Financial Condition:

During the three months ended March 31, 1998, the Company generated cash flow from operations of \$28.3 million. Cash flow from operations decreased due to a reduction in accounts payable resulting from the timing of payments for tractors and trailers. At December 31, 1997, most of the accounts payable of \$44.2 million was for tractors and trailers received not yet paid. Accounts payable was \$28.9 million at March 31, 1998. Accounts receivable collections improved during first quarter 1998 as accounts receivable declined from \$93.5 million to \$85.4 million. The Company made long-term borrowings of \$10.0 million, which, along with the cash flow from operations, enabled the Company to make net property additions, primarily revenue equipment, of \$35.6 million, and pay common stock dividends of \$1.0 million. If the Company continues to grow at its current rate (as described below), additional financing activities may occur. Based on the Company's strong financial position, management foresees no significant barriers to obtaining sufficient financing, if necessary, to continue with its growth plans.

The Company's long-term debt to equity ratio at March 31, 1998 was 17.2%, compared with 15.2% at December 31, 1997.

Results of Operations:

Three Months Ended March 31, 1998 and 1997

Operating revenues increased 16% for the three months ended March 31, 1998, compared to the same period of the prior year, primarily due to a 14% increase in the average number of tractors in service. Revenue per mile, excluding fuel surcharges, increased 1% compared to first quarter of 1997 due partially to rate increases. A \$2.9 million increase in revenues from logistics transportation services also contributed to the overall increase in operating revenues.

Operating expenses, expressed as a percentage of operating revenues, were 90.9% for the three months ended March 31, 1998, compared to 93.3% for the three months ended March 31, 1997. The Company's increase in logistics

transportation services contributed to a shift in costs to the rent and purchased transportation expense category from several other expense categories, as described below.

Salaries, wages and benefits increased from 36.8% to 37.2% of revenues due primarily to an increase in experienced drivers and to a lesser degree higher workers compensation costs, partially offset by increased revenues from logistics transportation services. At times, there have been shortages of drivers in the trucking industry, particularly the medium-to- long haul segment. The Company anticipates that the competition for qualified drivers will continue to be high, and cannot predict whether it will experience shortages in the future. If such a shortage were to occur and increases in driver pay rates became necessary to attract and retain drivers, the Company's results of operations would be negatively impacted to the extent that corresponding freight rate increases were not obtained.

Fuel decreased from 10.0% to 7.4% of revenues, due mainly to lower average fuel prices during the quarter compared to the same quarter of the prior year, and increased revenues from logistics transportation services. Taxes and licenses increased from 7.4% to 7.9% of revenues due primarily to the effect of refunds and state sales tax incentives during first quarter 1997. Insurance and claims decreased from 3.7% to 3.3% of revenues due to favorable claims experience during the quarter and increased revenues from logistics transportation services. Depreciation decreased from 10.0% to 9.7% of revenues due primarily to the increase in logistics transportation revenues and a slight increase in miles per tractor. Rent and purchased transportation increased from 16.1% to 16.7% of revenues due primarily to the Company's increase in logistics transportation services. Other operating expenses changed from (.6%) to (1.4%) of revenues due to an increase in gains on sales of revenue equipment to third parties resulting from an increase in the number of units sold.

The Company's effective income tax rate (income taxes as a percentage of income before income taxes) was 38% and 34.6% for the three month periods ended March 31, 1998 and 1997, respectively. The increase was due to favorable settlement of income tax issues during the prior year.

PART II

OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

Exhibit Number -----	Description -----	Page Number or Incorporated by Reference to -----
11	Statement Re Computation of Per Share Earnings	Filed herewith
27	Financial Data Schedule	Filed herewith

(b) Reports on Form 8-K.

A report on Form 8-K, filed January 23, 1998, regarding a news release on January 21, 1998, announcing the Company's operating revenues and earnings for the fourth quarter and year ended December 31, 1997.

A report on Form 8-K, filed February 17, 1998, regarding a news release on February 12, 1998, announcing the Company's transportation agreement with Dollar General Corporation.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WERNER ENTERPRISES, INC.

Date: May 11, 1998

*By: /s/John J. Steele
John J. Steele
Vice President, Treasurer and
Chief Financial Officer*

Date: May 11, 1998

*By: /s/James L. Johnson
James L. Johnson
Corporate Secretary and Controller*

EXHIBIT 11

STATEMENT RE COMPUTATION OF PER SHARE EARNINGS
(in thousands, except per share amounts)

	Three Months Ended March 31	
	1998	1997
Net income	\$10,873	\$7,449
Average common shares outstanding	38,256	37,990
Common stock equivalents (1)	275	234
Diluted shares outstanding	38,531	38,224
Earnings per share	\$.28	\$.20
Diluted earnings per share	\$.28	\$.19

(1) Common stock equivalents represent the dilutive effect of outstanding stock options for all periods presented.

ARTICLE 5

MULTIPLIER: 1,000

PERIOD TYPE	3 MOS
FISCAL YEAR END	DEC 31 1998
PERIOD START	JAN 01 1998
PERIOD END	MAR 31 1998
CASH	24,924
SECURITIES	0
RECEIVABLES	85,390
ALLOWANCES	0
INVENTORY	0
CURRENT ASSETS	140,221
PP&E	726,244
DEPRECIATION	185,141
TOTAL ASSETS	681,324
CURRENT LIABILITIES	82,023
BONDS	0
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	387
OTHER SE	405,767
TOTAL LIABILITY AND EQUITY	681,324
SALES	199,707
TOTAL REVENUES	199,707
CGS	0
TOTAL COSTS	181,564
OTHER EXPENSES	(400)
LOSS PROVISION	0
INTEREST EXPENSE	1,006
INCOME PRETAX	17,537
INCOME TAX	6,664
INCOME CONTINUING	10,873
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	10,873
EPS PRIMARY	.28
EPS DILUTED	.28

End of FilingPowered By **EDGAR**
Online© 2005 | **EDGAR Online, Inc.**