

UNITED STATES LIME & MINERALS INC
Form 10-Q
July 29, 2016

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 June 30, 2016

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 is 000-4197

UNITED STATES LIME & MINERALS, INC.

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(Exact name of registrant as specified in its charter)

TEXAS	75-0789226
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5429 LBJ Freeway, Suite 230, Dallas, TX	75240
(Address of principal executive offices)	(Zip Code)

(972) 991-8400

(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 Website, 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	Smaller reporting company

(Do not check if a 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

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the latest practicable date: As of July 28, 2016, 5,564,634 shares of common stock, \$0.10 par value, were outstanding.

PART I. FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

UNITED STATES LIME & MINERALS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(dollars in thousands)

(Unaudited)

	June 30, 2016	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 62,958	\$ 59,926
Trade receivables, net	17,405	15,889
Inventories, net	13,490	14,728
Prepaid expenses and other current assets	869	1,418
Total current assets	94,722	91,961
Property, plant and equipment		
Property, plant and equipment	277,463	271,686
Less accumulated depreciation and depletion	(174,136)	(167,308)
Property, plant and equipment, net	103,327	104,378
Other assets, net	151	160
Total assets	\$ 198,200	\$ 196,499
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 3,916	\$ 6,022
Accrued expenses	2,305	2,720
Total current liabilities	6,221	8,742
Deferred tax liabilities, net	19,280	19,184
Other liabilities	1,889	1,946
Total liabilities	27,390	29,872
Stockholders' equity		
Common stock	656	655
Additional paid-in capital	22,280	21,642
Retained earnings	201,160	194,798
Less treasury stock, at cost	(53,286)	(50,468)
Total stockholders' equity	170,810	166,627
Total liabilities and stockholders' equity	\$ 198,200	\$ 196,499

See accompanying notes to condensed consolidated financial statements.

UNITED STATES LIME & MINERALS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(dollars in thousands, except per share data)

(Unaudited)

	Three Months Ended June 30,				Six Months Ended June 30,			
	2016		2015		2016		2015	
Revenues								
Lime and limestone operations	\$ 32,376	98.5 %	\$ 31,779	97.9 %	\$ 65,530	98.6 %	\$ 61,141	97.8 %
Natural gas interests	504	1.5 %	671	2.1 %	936	1.4 %	1,373	2.2 %
	32,880	100.0%	32,450	100.0%	66,466	100.0%	62,514	100.0%
Cost of revenues								
Labor and other operating expenses	21,710	66.0 %	21,552	66.4 %	43,539	65.5 %	41,868	67.0 %
Depreciation, depletion and amortization	3,929	12.0 %	3,885	12.0 %	7,838	11.8 %	7,769	12.4 %
	25,639	78.0 %	25,437	78.4 %	51,377	77.3 %	49,637	79.4 %
Gross profit	7,241	22.0 %	7,013	21.6 %	15,089	22.7 %	12,877	20.6 %
Selling, general and administrative expenses	2,331	7.0 %	2,400	7.4 %	4,731	7.1 %	4,799	7.7 %
Operating profit	4,910	15.0 %	4,613	14.2 %	10,358	15.6 %	8,078	12.9 %
Other expense (income)								
Interest expense	63	0.2 %	590	1.8 %	122	0.2 %	912	1.5 %
Other (income) expense, net	(80)	(0.2) %	712	2.2 %	(123)	(0.2) %	705	1.1 %
	(17)	0.0 %	1,302	4.0 %	(1)	0.0 %	1,617	2.6 %
Income before income taxes	4,927	15.0 %	3,311	10.2 %	10,359	15.6 %	6,461	10.3 %
Income tax expense	1,240	3.8 %	752	2.3 %	2,606	3.9 %	1,537	2.4 %
Net income	\$ 3,687	11.2 %	\$ 2,559	7.9 %	\$ 7,753	11.7 %	\$ 4,924	7.9 %
Net income per share of common stock								
Basic	\$ 0.66		\$ 0.46		\$ 1.39		\$ 0.88	
Diluted	\$ 0.66		\$ 0.46		\$ 1.39		\$ 0.88	
Cash dividends per share of common stock	\$ 0.125		\$ 0.125		\$ 0.25		\$ 0.25	

See accompanying notes to condensed consolidated financial statements.

UNITED STATES LIME & MINERALS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(dollars in thousands)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net income	\$ 3,687	\$ 2,559	\$ 7,753	\$ 4,924
Other comprehensive income				
Mark to market of interest rate hedges, net of tax expense of \$176 and \$241 for the three- and six-month periods 2015, respectively	—	309	—	422
Minimum pension liability adjustments, net of tax expense of \$344 for each of the three- and six-month periods 2015	—	602	—	602
Total other comprehensive income	—	911	—	1,024
Comprehensive income	\$ 3,687	\$ 3,470	\$ 7,753	\$ 5,948

See accompanying notes to condensed consolidated financial statements.

UNITED STATES LIME & MINERALS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in thousands)

(Unaudited)

	Six Months Ended June 30,	
	2016	2015
OPERATING ACTIVITIES:		
Net income	\$ 7,753	\$ 4,924
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	7,984	7,885
Amortization of deferred financing costs	6	23
Deferred income taxes	96	(228)
Loss (gain) on sale of property, plant and equipment	31	(111)
Stock-based compensation	485	575
Changes in operating assets and liabilities:		
Trade receivables, net	(1,516)	717
Inventories, net	1,238	(201)
Prepaid expenses and other current assets	549	1,197
Other assets	3	(18)
Accounts payable and accrued expenses	(1,612)	(1,616)
Other liabilities	(100)	630
Net cash provided by operating activities	14,917	13,777
INVESTING ACTIVITIES:		