

ADAMS RESOURCES & ENERGY, INC.

Form 10-Q

November 07, 2014

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-Q

x Quarterly report pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2014

Commission File Number 1-7908

ADAMS RESOURCES & ENERGY, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

74-1753147
(I.R.S. Employer
Identification No.)

17 South Briar Hollow Lane Suite 100, Houston, Texas 77027

(Address of principal executive office & Zip Code)

Registrant's telephone number, including area code (713) 881-3600

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 x NO o

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 x No o

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 o Accelerated filer x Non-accelerated filer o Smaller Reporting Company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES o NO x

A total of 4,217,596 shares of Common Stock were outstanding at November 5, 2014.

PART 1 – FINANCIAL INFORMATION

Item 1. Financial Statements

ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

	Nine Months Ended		Three Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
REVENUES:				
Marketing	\$3,219,457	\$2,915,056	\$1,153,249	\$1,039,337
Transportation	52,490	51,795	17,538	16,906
Oil and natural gas	11,143	11,022	3,183	4,097
	3,283,090	2,977,873	1,173,970	1,060,340
COSTS AND EXPENSES:				
Marketing	3,190,264	2,874,030	1,145,758	1,026,004
Transportation	43,383	42,053	14,192	13,871
Oil and gas operations	6,277	4,659	1,958	1,698
Oil and natural gas property sale (gain)	(2,198)	-	(2,198)	-
General and administrative	6,701	6,711	2,300	2,248
Depreciation, depletion and amortization	18,443	16,147	6,228	5,373
	3,262,870	2,943,600	1,168,238	1,049,194
Operating earnings	20,220	34,273	5,732	11,146
Other income (expense):				
Interest income	205	103	118	33
Interest expense	(2)	(24)	(2)	(1)
Earnings from continuing operations before income taxes	20,423	34,352	5,848	11,178
Income tax (provision)	(7,230)	(12,425)	(1,993)	(3,940)
Earnings from continuing operations	13,193	21,927	3,855	7,238
Earnings (loss) from discontinued operations net of tax benefit of zero, \$229, zero and \$44 respectively	-	(426)	-	(82)
Net earnings	\$13,193	\$21,501	\$3,855	\$7,156
EARNINGS (LOSS) PER SHARE:				
From continuing operations	\$3.13	\$5.20	\$0.92	\$1.72
From discontinued operations	-	(.10)	-	(.02)
Basic and diluted net earnings per common share	\$3.13	\$5.10	\$0.92	\$1.70
DIVIDENDS PER COMMON SHARE				
	\$0.66	\$0.44	\$0.22	\$0.22

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

ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
 (In thousands)

	September 30, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$97,435	\$60,733
Accounts receivable, net of allowance for doubtful accounts of \$129 and \$252, respectively	226,300	243,930
Inventory	23,324	27,616
Fair value contracts	-	395
Income tax receivable	961	2,097
Prepayments	8,433	16,779
Current assets of discontinued operations	-	180
Total current assets	356,453	351,730
Property and Equipment		
Marketing	63,118	52,996
Transportation	63,955	59,185
Oil and gas (successful efforts method)	94,673	98,947
Other	1,305	1,305
	223,051	212,433
Less – Accumulated depreciation, depletion and amortization	(129,420)	(120,568)
	93,631	91,865
Other Assets:		
Cash deposits and other	5,816	4,487
	\$455,900	\$448,082
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$261,979	\$266,099
Accounts payable – related party	56	38
Fair value contracts	10	-
Accrued and other liabilities	9,767	5,583
Current deferred income taxes	478	358
Current liabilities of discontinued operations	-	91
Total current liabilities	272,290	272,169
Other Liabilities:		
Asset retirement obligations	2,443	2,564
Deferred taxes and other liabilities	16,073	18,664
	290,806	293,397
Commitments and Contingencies (Note 5)		

Shareholders' Equity:

Preferred stock - \$1.00 par value, 960,000 shares authorized, none outstanding	-	-
Common stock - \$.10 par value, 7,500,000 shares authorized, 4,217,596 shares outstanding	422	422
Contributed capital	11,693	11,693
Retained earnings	152,979	142,570
Total shareholders' equity	165,094	154,685
	\$455,900	\$448,082

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

ADAMS RESOURCES & ENERGY, INC. AND SUBSIDIARIES
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (In thousands)

	Nine Months Ended September 30,	
	2014	2013
CASH PROVIDED BY OPERATIONS:		
Net earnings	\$ 13,193	\$ 21,501
Adjustments to reconcile net earnings to net cash from operating activities -		
Depreciation, depletion and amortization	18,443	16,294
Property sales (gains) oil and gas	(2,198)	-
Property sale (gains) other	(297)	(480)
Dry hole costs incurred	1,028	105
Impairment of oil and gas properties	572	414
Provision for doubtful accounts	(123)	72
Deferred income taxes	(2,455)	2,598
Net change in fair value contracts	405	(510)
Decrease (increase) in accounts receivable	17,933	(48,539)
Decrease (increase) in inventories	4,292	4,127
Decrease (increase) in income tax receivable	1,136	(667)
Decrease (increase) in prepayments	8,346	(492)
Increase (decrease) in accounts payable	(6,210)	28,493
Increase (decrease) in accrued liabilities	4,393	5,660
Other changes, net	(999)	549
Net cash provided by operating activities	57,459	29,125
INVESTING ACTIVITIES:		
Property and equipment additions	(22,655)	(23,133)
Insurance and state collateral (deposits) refunds	(467)	(179)
Proceeds from property sales	5,149	847
Net cash (used in) investing activities		