

ALLIED HOLDINGS INC  
Form 10-Q  
November 13, 2001

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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, 2001**

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.**

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(Exact name of registrant as specified in its charter)

**GEORGIA**

**58-0360550**

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(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

**Suite 200, 160 Clairemont Avenue, Decatur, Georgia 30030**

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(Address of principal executive offices)  
**(404) 373-4285**

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(Registrant's telephone number, including area code)

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

Outstanding common stock, No par value at October 29, 2001 8,285,015

**TOTAL NUMBER OF PAGES INCLUDED IN THIS REPORT: 26**

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PART 1 FINANCIAL INFORMATION

ITEM 1 FINANCIAL STATEMENTS

**ALLIED HOLDINGS, INC. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**(In Thousands)**

<b>September 30 2001</b>	<b>December 31 2000</b>
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**(Unaudited)**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash equivalents	\$12,249	\$2,373
Short-term investments	64,756	59,892
Receivables, net of allowance for doubtful accounts	94,789	114,266
Inventories	6,610	7,415
Deferred tax assets	11,968	10,191
Prepayments and other current assets	20,036	19,355

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Total current assets	210,408	213,492
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**PROPERTY AND EQUIPMENT,  
NET**

	231,073	259,362
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**OTHER ASSETS:**

Goodwill, net  
91,303 95,159  
Other  
43,387 42,526

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Total other assets  
134,690 137,685

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Total assets  
\$576,171 \$610,539

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**LIABILITIES AND  
STOCKHOLDERS EQUITY**

**CURRENT LIABILITIES:**

Current maturities of long-term debt  
\$158,462 \$109  
Trade accounts payable  
38,658 45,975  
Accrued liabilities  
81,969 79,487

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Total current liabilities  
279,089 125,571

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**LONG-TERM DEBT, less current  
maturities**  
190,003 324,876

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**POSTRETIREMENT BENEFITS  
OTHER THAN PENSIONS**

9,565 9,943

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**DEFERRED INCOME TAXES**

3,125 21,414

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**OTHER LONG-TERM  
LIABILITIES**

73,215 69,594

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**STOCKHOLDERS EQUITY:**

Common stock, no par value; 20,000  
shares authorized, 8,240 and 8,187  
shares outstanding at September 30,  
2001 and December 31, 2000,  
respectively

Additional paid-in capital  
46,500 45,990

Retained (deficit) earnings  
(16,622) 20,602

Cumulative other comprehensive loss,  
net of tax  
(7,997) (6,744)

Common stock in treasury, at cost, 139  
shares at September 30, 2001 and  
December 31, 2000  
(707) (707)

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Total stockholders equity  
21,174 59,141

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Total liabilities and stockholders' equity  
\$576,171 \$610,539

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

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**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	
	2001	2000	2001	2000
<b>REVENUES</b>	\$204,010	\$236,347	\$672,384	\$815,128
<b>OPERATING EXPENSES:</b>				
Salaries, wages and fringe benefits	118,700	132,704	391,006	441,817
Operating supplies and expenses	33,810	40,953	115,147	140,837
Purchased transportation	23,228	23,513	75,190	79,967
Insurance and claims	10,531	11,226	37,588	36,369
Operating taxes and licenses	7,857	9,650	24,990	31,491
Depreciation and amortization	15,145	15,051	45,450	45,686
Rents	1,691	2,114	5,353	6,613
Communications and utilities	1,300	1,335	5,252	5,550
Other operating expenses	3,295	2,701	10,908	8,437
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Total operating expenses	215,557	239,247	710,884	796,767
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Operating (loss) income  
(11,547) (2,900) (38,500) 18,361

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**OTHER INCOME (EXPENSE):**

Equity in earnings of joint ventures, net of tax  
1,054 1,502 3,593 4,201

(Loss) gain on sale of assets  
(24) (84) 2,719 (97)

Interest expense  
(9,141) (8,321) (26,994) (25,070)

Interest income  
424 1,644 2,014 3,653

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(7,687) (5,259) (18,668) (17,313)

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**(LOSS) INCOME BEFORE INCOME TAXES**

(19,234) (8,159) (57,168) 1,048

**INCOME TAX BENEFIT**

6,588 3,549 19,944 196

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**NET (LOSS) INCOME**

\$(12,646) \$(4,610) \$(37,224) \$1,244

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**PER COMMON SHARE BASIC AND DILUTED**

\$(1.56) \$(0.58) \$(4.60) \$0.16

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**COMMON SHARES OUTSTANDING BASIC AND DILUTED**

8,114 7,961 8,096 7,924

**Table of Contents****ALLIED HOLDINGS, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS****(In Thousands)**

	<b>For the Nine Months Ended September 30</b>	
	<b>2001</b>	<b>2000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net (loss) income		
(\$37,224) \$1,244		
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Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization		
45,450 45,686		
(Gain) loss on sale of property and equipment		
(2,719) 97		
Deferred income taxes		
(19,377) 104		
Compensation expense related to stock options and grants		
207 452		
Equity in earnings of joint ventures		
(3,593) (4,201)		
Amortization of Teamsters Union signing bonus		
1,802 1,850		
Change in operating assets and liabilities excluding effect of businesses acquired:		
Receivables, net of allowance for doubtful accounts		
18,190 (2,366)		
Inventories		
720 (7)		
Prepayments and other current assets		
(822) (1,717)		
Trade accounts payable		
(7,021) (6,587)		
Accrued liabilities		
6,028 (8,633)		

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Total adjustments  
38,865 24,678

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Net cash provided by operating  
activities  
1,641 25,922

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**CASH FLOWS FROM  
INVESTING ACTIVITIES:**

Purchases of property and equipment  
(18,274) (15,972)  
Proceeds from sale of property and  
equipment  
4,832 799  
Purchase of business, net of cash  
acquired  
(8,185)  
Investment in joint ventures  
(464)  
Cash received from joint ventures  
3,578  
Increase in short-term investments  
(4,864) (14,044)  
Increase in the cash surrender value  
of life insurance  
(360) (128)

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Net cash used in investing activities  
(15,552) (37,530)

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**CASH FLOWS FROM  
FINANCING ACTIVITIES:**

Proceeds from issuance of long-term  
debt, net  
23,480 771  
Proceeds from issuance of common  
stock  
303 626  
Repurchase of common stock  
(282)  
Other, net  
(64) 1,894

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Net cash provided by financing  
activities  
23,719 3,009

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**EFFECT OF EXCHANGE RATE  
CHANGES ON CASH AND  
CASH EQUIVALENTS**  
68 (781)

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**NET INCREASE  
(DECREASE) IN CASH AND  
CASH EQUIVALENTS**  
9,876 (9,380)  
**CASH AND CASH  
EQUIVALENTS AT  
BEGINNING OF YEAR**  
2,373 13,984

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**CASH AND CASH  
EQUIVALENTS AT END OF  
PERIOD**  
\$12,249 \$4,604

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



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**Allied Holdings, Inc. and Subsidiaries**

Notes to Consolidated Financial Statements (Unaudited)

Note 1. Basis of Presentation

The unaudited consolidated financial statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. The statements contained herein reflect all adjustments, all of which are of a normal, recurring nature, which are, in the opinion of management, necessary to present fairly the financial condition, results of operations and cash flows for the periods presented. Operating results for the three and nine month periods ended September 30, 2001 are not necessarily indicative of the results that may be expected for the year ended December 31, 2001. The interim financial statements should be read in conjunction with the financial statements and notes thereto of Allied Holdings, Inc. and Subsidiaries (the Company) included in the Company's 2000 Annual Report on Form 10-K.

Note 2. Long-Term Debt and Supplemental Guarantor Information

On September 30, 1997, the Company issued \$150 million of 8 5/8 % senior notes (the Notes) through a private placement. Subsequently, the senior notes were registered with the Securities and Exchange Commission. The net proceeds from the Notes were used to fund the acquisition of Ryder Automotive Carrier Services, Inc. and RC Management Corp., pay related fees and expenses, and reduce outstanding indebtedness. The Company's obligations under the Notes are guaranteed by substantially all of the subsidiaries of the Company (the Guarantor Subsidiaries). Haul Insurance Ltd., Arrendadora de Equipo Para el Transporte de Automoviles, S. de R.L. de C.V., Axis Logistica, S. de R.L. de C.V. and Axis Netherlands C.V. do not guarantee the Company's obligations under the Notes (the Nonguarantor Subsidiaries). The following condensed consolidating balance sheets, statements of operations and statements of cash flows present the financial statements of the parent company and the combined financial statements of the Guarantor Subsidiaries and Nonguarantor Subsidiaries. The Guarantors are jointly and severally liable for the Company's obligations under the Notes and there are no restrictions on the ability of the Guarantors to make distributions to the Company.

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**SUPPLEMENTAL CONDENSED CONSOLIDATING BALANCE SHEET  
SEPTEMBER 30, 2001  
(In Thousands)  
(Unaudited)**

~~ALLIED GUARANTEE GUARANTOR~~  
~~HOLDINGS SUBSIDIARIES FINANCIAL CONSOLIDATED~~

**CURRENT ASSETS:**

Cash and cash equivalents				
	\$(142)	\$2,399	\$9,992	\$12,249
Short-term investments				
	64,756		64,756	
Receivables, net of allowance for doubtful accounts				
	23	91,487	3,279	94,789
Inventories				
	6,600	10		6,610
Deferred tax assets				
	10,109	1,608	251	11,968
Prepayments and other current assets				
	1,762	18,081	193	20,036
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Total current assets				
	11,752	120,175	78,481	210,408

**PROPERTY AND EQUIPMENT, NET**

	12,521	214,952	3,600	231,073
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**OTHER ASSETS:**

Goodwill, net				
	1,544	89,759		91,303
Other				

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16,216	16,574	10,597	43,387
Deferred tax asset noncurrent			
35,943	(35,943)		
Intercompany receivables			
274,460	(274,460)		
Investment in subsidiaries			
33,662	15,019	(48,681)	

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Total other assets  
 361,825 121,352 10,597 (359,084) 134,690

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Total assets  
 \$386,098 \$456,479 \$92,678 \$(359,084) \$576,171

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**CURRENT LIABILITIES:**

Current maturities of long-term debt			
\$156,167	\$2,295	\$	\$158,462
Trade accounts payable			
2,881	35,229	548	38,658
Intercompany payables			
272,146	2,314	(274,460)	
Accrued liabilities			
15,876	52,126	13,967	81,969

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Total current liabilities  
 174,924 361,796 16,829 (274,460) 279,089

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**LONG-TERM DEBT, less current maturities**

190,000 3 190,003

**POSTRETIREMENT BENEFITS OTHER THAN PENSIONS**

9,565 9,565

**DEFERRED INCOME TAXES**

39,068 (35,943) 3,125

**OTHER LONG-TERM LIABILITIES**

31,701 41,514 73,215

**STOCKHOLDERS EQUITY:**

Common stock, no par value

Additional paid-in capital

46,500 90,733 13,279 (104,012) 46,500

Retained deficit (earnings)

(16,622) (65,771) 23,294 42,477 (16,622)

Cumulative other comprehensive income, net of tax

(7,997) (10,616) (2,238) 12,854 (7,997)

Treasury stock

(707) (707)

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Total stockholders' equity  
21,174 14,346 34,335 (48,681) 21,174

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Total liabilities and stockholders' equity  
\$386,098 \$456,479 \$92,678 \$(359,084) \$576,171

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**SUPPLEMENTAL CONDENSED CONSOLIDATING BALANCE SHEET  
DECEMBER 31, 2000  
(In Thousands)**

**ALLIED** **GUARANTOR**  
**HOLDINGS** **GUARANTOR**  
**CONSOLIDATED** **CONSOLIDATED**  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 (Unaudited) (Unaudited) (Unaudited) (Unaudited)

**CURRENT ASSETS:**

Cash and cash equivalents				
	\$(1,213)	\$2,063	\$1,523	\$ 2,373
Short-term investments				
	59,892		59,892	
Receivables, net of allowance for doubtful accounts				
	805	112,876	585	114,266
Inventories				
	7,415		7,415	
Deferred tax asset - current				
	8,009	1,600	582	10,191
Prepayments and other current assets				
	1,974	15,007	2,374	19,355
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Total current assets	9,575	138,961	64,956	213,492

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**PROPERTY AND EQUIPMENT, NET**

	16,319	239,866	3,177	259,362
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**OTHER ASSETS:**

Goodwill, net				
	1,633	93,526		95,159
Other				
	15,732	16,372	10,422	42,526

Deferred tax asset noncurrent  
 17,585 (17,585)  
 Intercompany receivables  
 260,850 (260,850)  
 Investment in subsidiaries  
 80,057 14,072 (94,129)

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Total other assets  
 375,857 123,970 10,422 (372,564) 137,685

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Total assets  
 \$401,751 \$502,797 \$78,555 \$(372,564) \$610,539

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**CURRENT LIABILITIES:**

Current maturities of long-term debt  
 \$ \$109 \$ \$ \$109  
 Trade accounts payable  
 1,590 43,475 910 45,975  
 Intercompany payables  
 259,268 1,582 (260,850)  
 Accrued liabilities  
 16,592 51,684 11,211 79,487

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Total current liabilities  
 18,182 354,536 13,703 (260,850) 125,571

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**LONG-TERM DEBT, less current maturities**  
 324,428 448 324,876

**POSTRETIREMENT BENEFITS OTHER THAN PENSIONS**  
 9,943 9,943

**DEFERRED INCOME TAXES**  
 38,999 (17,585) 21,414

**OTHER LONG-TERM LIABILITIES**  
 36,660 32,934 69,594

**STOCKHOLDERS EQUITY:**

Common stock, no par value

Additional paid-in capital  
 45,990 81,180 13,612 (94,792) 45,990

Retained earnings (deficit)  
 20,602 (10,171) 20,309 (10,138) 20,602

Cumulative other comprehensive income, net of tax  
 (6,744) (8,798) (2,003) 10,801 (6,744)

Treasury stock  
 (707) (707)

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Total stockholders' equity

59,141 62,211 31,918 (94,129) 59,141

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Total liabilities and stockholders' equity

\$401,751 \$502,797 \$78,555 \$(372,564) \$610,539

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**SUPPLEMENTAL CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS  
NINE MONTHS ENDED SEPTEMBER 30, 2001  
(In Thousands)  
(Unaudited)**

	<b>ALLIED HOLDINGS</b>	<b>GUARANTOR SUBSIDIARIES</b>	<b>OR GUARANTOR SUBSIDIARIES</b>	<b>ELIMINATIONS</b>	<b>CONSOLIDATED</b>
<b>REVENUES</b>	\$7,425	\$ 671,111	\$ 28,550	\$(34,702)	\$ 672,384
<b>OPERATING EXPENSES:</b>					
Salaries, wages and fringe benefits	7,791	383,215	391,006		
Operating supplies and expenses	1,316	113,746	85	115,147	
Purchased transportation	75,190		75,190		
Insurance and claims	38,382	26,483	(27,277)	37,588	
Operating taxes and licenses	94	24,896	24,990		
Depreciation and amortization	2,550	42,361	539	45,450	
Rents	1,585	3,764	4	5,353	
Communications and utilities	218	5,026	8	5,252	
Other operating expenses	5,218	12,943	172	(7,425)	10,908
<b>Total operating expenses</b>	<b>18,772</b>	<b>699,523</b>	<b>27,291</b>	<b>(34,702)</b>	<b>710,884</b>

Operating (loss) income			
(11,347)	(28,412)	1,259	(38,500)

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