

UNITED STATES LIME & MINERALS INC
Form 10-Q
October 27, 2017

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 September 30, 2017

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, 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. (Check one):

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
(Do not check if a smaller reporting company)	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.

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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 October 26, 2017, 5,576,676 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)

	September 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	\$ 82,245	\$ 74,712
Trade receivables, net	18,242	16,781
Inventories, net	12,531	12,433
Prepaid expenses and other current assets	1,576	1,110
Total current assets	114,594	105,036
Property, plant and equipment		
Property, plant and equipment	297,813	285,594
Less accumulated depreciation and depletion	(190,216)	(180,613)
Property, plant and equipment, net	107,597	104,981
Other assets, net	168	142
Total assets	\$ 222,359	\$ 210,159
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 4,921	\$ 5,587
Accrued expenses	2,925	3,521
Total current liabilities	7,846	9,108
Deferred tax liabilities, net	18,784	19,832
Other liabilities	1,496	1,580
Total liabilities	28,126	30,520
Stockholders' equity		
Common stock	657	657
Additional paid-in capital	23,975	22,831
Accumulated other comprehensive income (loss)	114	(223)
Retained earnings	223,076	209,770
Less treasury stock, at cost	(53,589)	(53,396)
Total stockholders' equity	194,233	179,639
Total liabilities and stockholders' equity	\$ 222,359	\$ 210,159

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 September 30, 2017			2016			Nine Months Ended September 30, 2017			2016		
Revenues												
Lime and limestone operations	\$ 36,428	98.6 %		\$ 38,096	98.6 %		\$ 107,910	98.5 %		\$ 103,626	98.6 %	
Natural gas interests	506	1.4 %		554	1.4 %		1,695	1.5 %		1,490	1.4 %	
	36,934	100.0 %		38,650	100.0 %		109,605	100.0 %		105,116	100.0 %	
Cost of revenues												
Labor and other operating expenses	23,142	62.7 %		24,064	62.3 %		70,447	64.3 %		67,603	64.3 %	
Depreciation, depletion and amortization	4,240	11.5 %		4,017	10.4 %		12,530	11.4 %		11,855	11.3 %	
	27,382	74.2 %		28,081	72.7 %		82,977	75.7 %		79,458	75.6 %	
Gross profit	9,552	25.8 %		10,569	27.3 %		26,628	24.3 %		25,658	24.4 %	
Selling, general and administrative expenses	2,657	7.2 %		2,482	6.4 %		7,595	6.9 %		7,213	6.9 %	
Operating profit	6,895	18.6 %		8,087	20.9 %		19,033	17.4 %		18,445	17.5 %	
Other expense (income)												
Interest expense	56	0.1 %		63	0.2 %		174	0.2 %		185	0.1 %	
Other income, net	(261)	(0.7) %		(115)	(0.3) %		(665)	(0.6) %		(238)	(0.2) %	
	(205)	(0.6) %		(52)	(0.1) %		(491)	(0.4) %		(53)	(0.1) %	
Income before income taxes	7,100	19.2 %		8,139	21.0 %		19,524	17.8 %		18,498	17.6 %	
Income tax expense	1,433	3.9 %		2,058	5.3 %		3,959	3.6 %		4,664	4.4 %	
Net income	\$ 5,667	15.3 %		\$ 6,081	15.7 %		\$ 15,565	14.2 %		\$ 13,834	13.2 %	
Net income per share of common stock												
Basic	\$ 1.02			\$ 1.09			\$ 2.79			\$ 2.48		
Diluted	\$ 1.01			\$ 1.09			\$ 2.79			\$ 2.48		
	\$ 0.135			\$ 0.125			\$ 0.405			\$ 0.375		

Cash dividends
per share of
common stock

See accompanying notes to condensed consolidated financial statements.

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UNITED STATES LIME & MINERALS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(dollars in thousands)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income	\$ 5,667	\$ 6,081	\$ 15,565	\$ 13,834
Other comprehensive income				
Mark to market of foreign exchange hedges, net of tax expense of \$34 and \$195 for the three months and nine months ended September 30, 2017, respectively	58	—	337	—
Total other comprehensive income	58	—	337	—
Comprehensive income	\$ 5,725	\$ 6,081	\$ 15,902	\$ 13,834

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)

	Nine Months Ended September 30,	
	2017	2016
OPERATING ACTIVITIES:		
Net income	\$ 15,565	\$ 13,834
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	12,711	