

RYDER SYSTEM INC
Form 10-Q
April 23, 2013

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 MARCH 31, 2013

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: 1-4364

RYDER SYSTEM, INC.
(Exact name of registrant as specified in its charter)

Florida 59-0739250
(State or other jurisdiction of incorporation or (I.R.S. Employer Identification No.)
organization)

11690 N.W. 105th Street
Miami, Florida 33178 (305) 500-3726
(Address of principal executive offices, including zip code)(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.

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

The number of shares of Ryder System, Inc. Common Stock (\$0.50 par value per share) outstanding at March 31, 2013 was 51,922,227.

RYDER SYSTEM, INC.
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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

RYDER SYSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS
(unaudited)

	Three months ended March 31,	
	2013	2012
	(In thousands, except per share amounts)	
Lease and rental revenues	\$659,708	637,858
Services revenue	689,461	678,352
Fuel services revenue	213,848	220,066
Total revenues	1,563,017	1,536,276
Cost of lease and rental	470,120	458,944
Cost of services	585,437	575,669
Cost of fuel services	210,293	215,573
Other operating expenses	37,968	34,249
Selling, general and administrative expenses	189,813	194,984
Gains on vehicle sales, net	(23,006)	(21,991)
Interest expense	34,454	34,765
Miscellaneous income, net	(4,570)	(4,480)
Restructuring and other charges, net	—	865
	1,500,509	1,488,578
Earnings from continuing operations before income taxes	62,508	47,698
Provision for income taxes	21,706	12,822
Earnings from continuing operations	40,802	34,876
Loss from discontinued operations, net of tax	(878)	(555)
Net earnings	\$39,924	34,321
Earnings (loss) per common share — Basic		
Continuing operations	\$0.79	0.68
Discontinued operations	(0.02)	(0.01)
Net earnings	\$0.77	0.67
Earnings (loss) per common share — Diluted		
Continuing operations	\$0.79	0.68
Discontinued operations	(0.02)	(0.01)
Net earnings	\$0.77	0.67
Cash dividends declared per common share	\$0.31	0.29

See accompanying notes to consolidated condensed financial statements.

RYDER SYSTEM, INC. AND SUBSIDIARIES
 CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
 (unaudited)

	Three months ended March 31,	
	2013	2012
	(In thousands)	
Net earnings	\$39,924	34,321
Other comprehensive (loss) income before taxes:		
Amortization of pension and postretirement items	8,354	7,231
Change in cumulative translation adjustment and other	(33,704)) 22,803
Other comprehensive (loss) income before taxes	(25,350)) 30,034
Income tax expense related to components of other comprehensive income	(2,935)) (2,543)
Other comprehensive (loss) income, net of taxes	(28,285)) 27,491
Comprehensive income	\$11,639	61,812

See accompanying notes to consolidated condensed financial statements.

RYDER SYSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(unaudited)

	March 31, 2013	December 31, 2012
	(Dollars in thousands, except per share amount)	
Assets:		
Current assets:		
Cash and cash equivalents	\$76,489	66,392
Receivables, net	774,441	775,765
Inventories	63,028	64,146
Prepaid expenses and other current assets	156,897	133,934
Total current assets	1,070,855	1,040,237
Revenue earning equipment, net of accumulated depreciation of \$3,496,545 and \$3,514,910, respectively	5,808,983	5,754,608
Operating property and equipment, net of accumulated depreciation of \$978,101 and \$966,220, respectively	625,727	624,853
Goodwill	383,515	384,216
Intangible assets	77,711	80,475
Direct financing leases and other assets	425,311	434,590
Total assets	\$8,392,102	8,318,979
Liabilities and shareholders' equity:		
Current liabilities:		
Short-term debt and current portion of long-term debt	\$259,733	367,975
Accounts payable	462,192	398,983
Accrued expenses and other current liabilities	456,945	505,707
Total current liabilities	1,178,870	1,272,665
Long-term debt	3,585,890	3,452,821
Other non-current liabilities	948,513	948,932
Deferred income taxes	1,187,684	1,177,074
Total liabilities	6,900,957	6,851,492
Shareholders' equity:		
Preferred stock of no par value per share — authorized, 3,800,917; none outstanding, March 31, 2013 or December 31, 2012	—	—
Common stock of \$0.50 par value per share — authorized, 400,000,000; outstanding, March 31, 2013 — 51,922,227; December 31, 2012 — 51,371,696	25,961	25,686
Additional paid-in capital	836,132	808,230
Retained earnings	1,244,956	1,221,190
Accumulated other comprehensive loss	(615,904)	(587,619)
Total shareholders' equity	1,491,145	1,467,487
Total liabilities and shareholders' equity	\$8,392,102	8,318,979
See accompanying notes to consolidated condensed financial statements.		

RYDER SYSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(unaudited)

	Three months ended March 31,	
	2013	2012
	(In thousands)	
Cash flows from operating activities from continuing operations:		
Net earnings	\$39,924	34,321
Less: Loss from discontinued operations, net of tax	(878)	(555)
Earnings from continuing operations	40,802	34,876
Depreciation expense	231,541	226,608
Gains on vehicle sales, net	(23,006)	(21,991)
Share-based compensation expense	4,609	4,437
Amortization expense and other non-cash charges, net	13,432	9,101
Deferred income tax expense	18,593	14,356
Changes in operating assets and liabilities, net of acquisitions:		
Receivables	(8,677)	(26,520)
Inventories	902	(1,166)
Prepaid expenses and other assets	(17,353)	(5,644)
Accounts payable	36,405	9,448
Accrued expenses and other non-current liabilities	(48,320)	(57,229)
Net cash provided by operating activities from continuing operations	248,928	186,276
Cash flows from financing activities from continuing operations:		
Net change in commercial paper borrowings	112,938	(164,298)
Debt proceeds	249,723	369,920
Debt repaid, including capital lease obligations	(317,344)	(2,784)
Dividends on common stock	(15,980)	(14,853)
Common stock issued	22,529	13,156
Common stock repurchased	(104)	(11,920)
Excess tax benefits from share-based compensation	1,575	789
Debt issuance costs	(1,767)	(2,211)
Net cash provided by financing activities from continuing operations	51,570	187,799
Cash flows from investing activities from continuing operations:		
Purchases of property and revenue earning equipment	(420,054)	(470,969)
Sales of revenue earning equipment	112,425	91,341
Sales of operating property and equipment	916	2,898
Acquisitions	(1,420)	(2,076)
Collections on direct finance leases	27,411	15,475
Changes in restricted cash	(18,979)	(2,438)
Other, net	3,767	—
Net cash used in investing activities from continuing operations	(295,934)	(365,769)
Effect of exchange rate changes on cash	6,257	1,660
Increase in cash and cash equivalents from continuing operations	10,821	9,966
Cash flows from discontinued operations:		

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Operating cash flows	(726)	(933)
Effect of exchange rate changes on cash	2		16	
Decrease in cash and cash equivalents from discontinued operations	(724)	(917)
Increase in cash and cash equivalents	10,097		9,049	
Cash and cash equivalents at January 1	66,392		104,572	
Cash and cash equivalents at March 31	\$76,489		113,621	
See accompanying notes to consolidated condensed financial statements.				

RYDER SYSTEM, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENT OF SHAREHOLDERS' EQUITY
(unaudited)

	Preferred Stock Amount	Common Shares	Stock Par	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
(Dollars in thousands, except per share amount)							
Balance at December 31, 2012	\$—	51,371,696	\$25,686	808,230	1,221,190	(587,619)	1,467,487
Net earnings	—	—	—	—	39,924	—	39,924
Other comprehensive loss	—	—	—	—	—	(28,285)	(28,285)
Comprehensive income							11,639
Common stock dividends declared \$0.31 per share	—	—	—	—	(16,158)	—	(16,158)
Common stock issued under employee stock option and stock purchase plans ⁽¹⁾	—	551,091	275	22,254	—	—	22,529
Benefit plan stock purchases ⁽²⁾	—	(560)	—	(104)	—	—	(104)
Share-based compensation	—	—	—	4,609	—	—	4,609
Tax benefits from share-based compensation							