

UNITED STATES LIME & MINERALS INC
Form 10-Q
October 31, 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 September 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 October 28, 2016, 5,564,575 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, 2016	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 68,940	\$ 59,926
Trade receivables, net	19,385	15,889
Inventories, net	12,713	14,728
Prepaid expenses and other current assets	718	1,418
Total current assets	101,756	91,961
Property, plant and equipment		
Property, plant and equipment	281,391	271,686
Less accumulated depreciation and depletion	(177,961)	(167,308)
Property, plant and equipment, net	103,430	104,378
Other assets, net	144	160
Total assets	\$ 205,330	\$ 196,499
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 4,216	\$ 6,022
Accrued expenses	3,276	2,720
Total current liabilities	7,492	8,742
Deferred tax liabilities, net	19,495	19,184
Other liabilities	1,856	1,946
Total liabilities	28,843	29,872
Stockholders' equity		
Common stock	656	655
Additional paid-in capital	22,572	21,642
Retained earnings	206,545	194,798
Less treasury stock, at cost	(53,286)	(50,468)
Total stockholders' equity	176,487	166,627
Total liabilities and stockholders' equity	\$ 205,330	\$ 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 September 30,				Nine Months Ended September 30,			
	2016		2015		2016		2015	
Revenues								
Lime and limestone operations	\$ 38,096	98.6 %	\$ 36,452	98.4 %	\$ 103,626	98.6 %	\$ 97,593	98.0 %
Natural gas interests	554	1.4 %	577	1.6 %	1,490	1.4 %	1,950	2.0 %
	38,650	100.0%	37,029	100.0%	105,116	100.0%	99,543	100.0%
Cost of revenues								
Labor and other operating expenses	24,064	62.3 %	22,695	61.3 %	67,603	64.3 %	64,563	64.8 %
Depreciation, depletion and amortization	4,017	10.4 %	3,967	10.7 %	11,855	11.3 %	11,736	11.8 %
	28,081	72.7 %	26,662	72.0 %	79,458	75.6 %	76,299	76.6 %
Gross profit	10,569	27.3 %	10,367	28.0 %	25,658	24.4 %	23,244	23.4 %
Selling, general and administrative expenses	2,482	6.4 %	2,467	6.7 %	7,213	6.9 %	7,266	7.3 %
Operating profit	8,087	20.9 %	7,900	21.4 %	18,445	17.5 %	15,978	16.1 %
Other expense (income)								
Interest expense	63	0.2 %	57	0.1 %	185	0.1 %	969	1.0 %
Other (income) expense, net	(115)	(0.3) %	(54)	(0.1) %	(238)	(0.2) %	651	0.7 %
	(52)	-0.1 %	3	0.0 %	(53)	-0.1 %	1,620	1.7 %
Income before income taxes	8,139	21.0 %	7,897	21.4 %	18,498	17.6 %	14,358	14.4 %
Income tax expense	2,058	5.3 %	2,221	6.0 %	4,664	4.4 %	3,758	3.8 %
Net income	\$ 6,081	15.7 %	\$ 5,676	15.3 %	\$ 13,834	13.2 %	\$ 10,600	10.7 %
Net income per share of common stock								
Basic	\$ 1.09		\$ 1.01		\$ 2.48		\$ 1.89	
Diluted	\$ 1.09		\$ 1.01		\$ 2.48		\$ 1.89	
Cash dividends per share of common stock	\$ 0.125		\$ 0.125		\$ 0.375		\$ 0.375	

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		Nine Months Ended	
	Ended September 30,		September 30,	
	2016	2015	2016	2015
Net income	\$ 6,081	\$ 5,676	\$ 13,834	\$ 10,600
Other comprehensive income				
Mark to market of interest rate hedges, net of tax expense of \$241 for the nine-month period 2015	—	—	—	422
Minimum pension liability adjustments, net of tax expense of \$344 for the nine-month period 2015	—	—	—	602
Total other comprehensive income	—	—	—	1,024
Comprehensive income	\$ 6,081	\$ 5,676	\$ 13,834	\$ 11,624

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,	
	2016	2015
OPERATING ACTIVITIES:		
Net income	\$ 13,834	\$ 10,600
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	12,032	11,916
Amortization of deferred financing costs	11	25
Deferred income taxes	311	(353)
Loss (gain) on sale of property, plant and equipment	107	(137)
Stock-based compensation	778	908
Changes in operating assets and liabilities:		
Trade receivables, net	(3,496)	