

FORWARD AIR CORP
Form 10-Q
July 26, 2018
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 June 30, 2018
Commission File No. 000-22490

FORWARD AIR CORPORATION
(Exact name of registrant as specified in its charter)

Tennessee 62-1120025
(State or other jurisdiction of incorporation) (I.R.S. Employer Identification No.)
1915 Snapps Ferry Road, Building N
Greeneville, Tennessee 37745
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (423) 636-7000

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 ..

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 ..

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 definition 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 Emerging growth
x o o company o company o

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. o

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 outstanding of the registrant's common stock, \$0.01 par value, as of July 23, 2018 was 29,348,539.

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Part I. Financial Information

Item 1. Financial Statements (Unaudited).

Forward Air Corporation

Condensed Consolidated Balance Sheets

(Dollars in thousands, except share and per share amounts)

(Unaudited)

	June 30, 2018	December 31, 2017 (As Adjusted)
Assets		
Current assets:		
Cash	\$20,102	\$ 3,893
Accounts receivable, less allowance of \$3,452 in 2018 and \$3,006 in 2017	152,393	147,948
Other current assets	21,010	15,807
Total current assets	193,505	167,648
Property and equipment	401,507	399,235
Less accumulated depreciation and amortization	197,264	193,123
Total property and equipment, net	204,243	206,112
Goodwill and other acquired intangibles:		
Goodwill	191,671	191,671
Other acquired intangibles, net of accumulated amortization of \$76,033 in 2018 and \$71,527 in 2017	106,741	111,247
Total goodwill and other acquired intangibles, net	298,412	302,918
Other assets	15,132	15,944
Total assets	\$711,292	\$ 692,622
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$32,036	\$ 30,723
Accrued expenses	37,337	35,069
Current portion of debt and capital lease obligations	344	359
Total current liabilities	69,717	66,151
Long-term debt and capital lease obligations, less current portion	40,453	40,588
Other long-term liabilities	25,678	24,104
Deferred income taxes	33,574	29,080
Shareholders' equity:		
Preferred stock	—	—
Common stock, \$0.01 par value: Authorized shares - 50,000,000, Issued and outstanding shares - 29,073,811 in 2018 and 29,454,062 in 2017	291	295
Additional paid-in capital	201,373	195,346
Retained earnings	340,206	337,058
Total shareholders' equity	541,870	532,699
Total liabilities and shareholders' equity	\$711,292	\$ 692,622

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

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Forward Air Corporation
 Condensed Consolidated Statements of Comprehensive Income
 (In thousands, except per share data)
 (Unaudited)

	Three months ended		Six months ended	
	June 30,	June 30,	June 30,	June 30,
	2018	2017	2018	2017
		(As		(As
		Adjusted)		Adjusted)
Operating revenue	\$330,343	\$283,876	\$632,951	\$545,921
Operating expenses:				
Purchased transportation	155,716	131,102	295,382	248,796
Salaries, wages and employee benefits	72,073	65,018	141,655	126,946
Operating leases	18,006	14,796	35,970	30,397
Depreciation and amortization	10,362	10,219	21,052	20,252
Insurance and claims	10,086	7,730	17,238	