

HAWAIIAN HOLDINGS INC
Form 10-Q
October 23, 2014

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, 2014
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 1-31443
HAWAIIAN HOLDINGS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

71-0879698
(I.R.S. Employer
Identification No.)

3375 Koapaka Street, Suite G-350
Honolulu, HI
(Address of Principal Executive Offices)

96819
(Zip Code)

(808) 835-3700
(Registrant's Telephone Number, Including Area Code)

(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

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 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

Edgar Filing: HAWAIIAN HOLDINGS INC - Form 10-Q

Non-accelerated filer
(Do not check if a smaller reporting company)

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

As of October 17, 2014, 54,023,742 shares of the registrant's common stock were outstanding.

Hawaiian Holdings, Inc.
 Form 10-Q
 Quarterly Period ended September 30, 2014

Table of Contents

<u>Part I. Financial Information</u>	<u>3</u>
<u>Item 1. Consolidated Financial Statements of Hawaiian Holdings, Inc. (Unaudited)</u>	<u>3</u>
<u>Consolidated Statements of Operations for the three and nine months ended September 30, 2014 and 2013</u>	<u>3</u>
<u>Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2014 and 2013</u>	<u>4</u>
<u>Consolidated Balance Sheets as of September 30, 2014 and December 31, 2013</u>	<u>5</u>
<u>Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2014 and 2013</u>	<u>6</u>
<u>Notes to Consolidated Financial Statements</u>	<u>7</u>
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>31</u>
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>41</u>
<u>Item 4. Controls and Procedures</u>	<u>42</u>
<u>Part II. Other Information</u>	<u>43</u>
<u>Item 1. Legal Proceedings</u>	<u>43</u>
<u>Item 1A. Risk Factors</u>	<u>43</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>43</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>43</u>
<u>Item 5. Other Information</u>	<u>43</u>
<u>Item 6. Exhibits</u>	<u>44</u>
<u>Signatures</u>	<u>45</u>

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Hawaiian Holdings, Inc.
 Consolidated Statements of Operations
 (in thousands, except per share data)

	Three Months Ended September 30, 2014		2013		Nine Months Ended September 30, 2014		2013	
	(unaudited)							
Operating Revenue:								
Passenger	\$566,985	\$543,315	\$1,541,795	\$1,464,715				
Other	72,477	55,983	198,245	159,265				
Total	639,462	599,298	1,740,040	1,623,980				
Operating Expenses:								
Aircraft fuel, including taxes and delivery	182,219	181,334	527,497	525,046				
Wages and benefits	114,469	112,150	334,441	318,269				
Aircraft rent	26,724	27,575	79,098	81,879				
Maintenance materials and repairs	51,293	51,705	168,002	160,000				
Aircraft and passenger servicing	31,848	31,080	92,929	89,367				
Commissions and other selling	32,015	32,288	94,123	98,285				
Depreciation and amortization	24,384	22,092	70,960	60,993				
Other rentals and landing fees	23,637	21,996	65,855	60,773				
Other	46,704	44,644	139,335	129,469				
Total	533,293	524,864	1,572,240	1,524,081				
Operating Income	106,169	74,434	167,800	99,899				
Nonoperating Income (Expense):								
Interest expense and amortization of debt discounts and issuance costs	(17,104)	(13,479)	(48,111)	(37,019)				
Interest income	471	173	1,088	426				
Capitalized interest	1,834	3,005	6,584	9,336				
Gains (losses) on fuel derivatives	(27,892)	2,536	(28,506)	(10,931)				
Other, net	(5,114)	749	(3,804)	(3,457)				
Total	(47,805)	(7,016)	(72,749)	(41,645)				
Income Before Income Taxes	58,364	67,418	95,051	58,254				
Income tax expense	22,789	26,814	37,224	23,479				
Net Income	\$35,575	\$40,604	\$57,827					