

PACCAR INC
Form 10-Q
May 07, 2014
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

x **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended March 31, 2014

Commission File No. 001-14817

PACCAR Inc

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

91-0351110
(I.R.S. Employer Identification No.)

777 - 106th Ave. N.E., Bellevue, WA
(Address of principal executive offices)

98004
(Zip Code)

(425) 468-7400

(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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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.

Edgar Filing: PACCAR INC - Form 10-Q

Large accelerated filer

Accelerated filer

Non-accelerated filer

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 issuer's classes of common stock, as of the latest practicable date.

Common Stock, \$1 par value 354,697,430 shares as of April 30, 2014

Table of Contents

PACCAR Inc Form 10-Q

INDEX

	Page
PART I. <u>FINANCIAL INFORMATION:</u>	
ITEM 1. <u>FINANCIAL STATEMENTS:</u>	
<u>Consolidated Statements of Comprehensive Income</u>	
<u>Three months ended March 31, 2014 and 2013 (Unaudited)</u>	2
<u>Consolidated Balance Sheets</u>	
<u>March 31, 2014 (Unaudited) and December 31, 2013</u>	3
<u>Condensed Consolidated Statements of Cash Flows</u>	
<u>Three months ended March 31, 2014 and 2013 (Unaudited)</u>	5
<u>Notes to Consolidated Financial Statements (Unaudited)</u>	6
ITEM 2. <u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	29
ITEM 3. <u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	41
ITEM 4. <u>CONTROLS AND PROCEDURES</u>	41
PART II. <u>OTHER INFORMATION:</u>	
ITEM 1. <u>LEGAL PROCEEDINGS</u>	42
ITEM 1A. <u>RISK FACTORS</u>	42
ITEM 2. <u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	42
ITEM 6. <u>EXHIBITS</u>	42
<u>SIGNATURE</u>	43
<u>INDEX TO EXHIBITS</u>	44

Table of Contents**PACCAR Inc Form 10-Q****PART I - FINANCIAL INFORMATION****Consolidated Statements of Comprehensive Income (Unaudited)**

(Millions Except Per Share Amounts)

	Three Months Ended March 31	
	2014	2013
TRUCK, PARTS AND OTHER:		
Net sales and revenues	\$ 4,086.2	\$ 3,631.2
Cost of sales and revenues	3,595.5	3,189.3
Research and development	52.7	72.1
Selling, general and administrative	121.4	117.7
Interest and other expense, net	1.4	1.5
	3,771.0	3,380.6
Truck, Parts and Other Income Before Income Taxes	315.2	250.6
FINANCIAL SERVICES:		
Interest and fees	112.9	113.8
Operating lease, rental and other revenues	180.8	179.3
Revenues	293.7	293.1
Interest and other borrowing expenses	36.6	38.9
Depreciation and other expense	144.3	144.1
Selling, general and administrative	23.6	23.5
Provision for losses on receivables	3.7	6.5
	208.2	213.0
Financial Services Income Before Income Taxes	85.5	80.1
Investment income	5.8	6.5
Total Income Before Income Taxes	406.5	337.2
Income taxes	132.6	101.1
Net Income	\$ 273.9	\$ 236.1
Net Income Per Share:		
Basic	\$.77	\$.67
Diluted	\$.77	\$.67

Weighted Average Number of Common Shares Outstanding:

Basic	354.9	354.0
Diluted	356.0	354.8

Dividends declared per share	\$.20	\$.20
------------------------------	---------------	--------

Comprehensive Income	\$ 279.2	\$ 156.6
-----------------------------	-----------------	----------

See Notes to Consolidated Financial Statements.

Table of Contents**PACCAR Inc Form 10-Q****Consolidated Balance Sheets (Millions)**

	March 31 2014 (Unaudited)	December 31 2013*
ASSETS		
TRUCK, PARTS AND OTHER:		
Current Assets		
Cash and cash equivalents	\$ 1,211.2	\$ 1,657.7
Trade and other receivables, net	1,186.9	1,019.6
Marketable debt securities	1,250.4	1,267.5
Inventories, net	958.0	813.6
Other current assets	312.4	308.1
Total Truck, Parts and Other Current Assets	4,918.9	5,066.5
Equipment on operating leases, net	995.2	1,038.3
Property, plant and equipment, net	2,508.6	2,513.3
Other noncurrent assets, net	518.4	477.3
Total Truck, Parts and Other Assets	8,941.1	9,095.4
FINANCIAL SERVICES:		
Cash and cash equivalents	78.7	92.4
Finance and other receivables, net	8,863.6	8,812.1
Equipment on operating leases, net	2,253.0	2,290.1
Other assets	461.2	435.5
Total Financial Services Assets	11,656.5	11,630.1
	\$ 20,597.6	\$ 20,725.5

* The December 31, 2013 consolidated balance sheet has been derived from audited financial statements. See Notes to Consolidated Financial Statements.

Table of Contents**PACCAR Inc Form 10-Q****Consolidated Balance Sheets (Millions)**

	March 31 2014 (Unaudited)	December 31 2013*
LIABILITIES AND STOCKHOLDERS EQUITY		
TRUCK, PARTS AND OTHER:		
Current Liabilities		
Accounts payable, accrued expenses and other	\$ 2,411.4	\$ 2,155.0
Dividend payable		318.8
Current portion of long-term debt		150.0
Total Truck, Parts and Other Current Liabilities	2,411.4	2,623.8
Residual value guarantees and deferred revenues	1,047.6	1,093.8
Other liabilities	758.6	734.4
Total Truck, Parts and Other Liabilities	4,217.6	4,452.0
FINANCIAL SERVICES:		
Accounts payable, accrued expenses and other	348.6	391.7
Commercial paper and bank loans	2,871.9	2,508.9
Term notes	5,368.0	5,765.3
Deferred taxes and other liabilities	928.0	973.3
Total Financial Services Liabilities	9,516.5	9,639.2
STOCKHOLDERS EQUITY		
Preferred stock, no par value: Authorized 1.0 million shares, none issued		
Common stock, \$1 par value: Authorized 1.2 billion shares, issued 354.7 and 354.3 million shares	354.7	354.3
Additional paid-in capital	126.7	106.2
Retained earnings	6,368.1	6,165.1
Accumulated other comprehensive income	14.0	8.7
Total Stockholders Equity	6,863.5	6,634.3
	\$ 20,597.6	\$ 20,725.5

* The December 31, 2013 consolidated balance sheet has been derived from audited financial statements. See Notes to Consolidated Financial Statements.

Table of Contents**PACCAR Inc Form 10-Q****Condensed Consolidated Statements of Cash Flows (Unaudited)**

(Millions)

	Three Months Ended March 31	
	2014	2013
OPERATING ACTIVITIES:		
Net income	\$ 273.9	\$ 236.1
Adjustments to reconcile net income to cash provided by operations:		
Depreciation and amortization:		
Property, plant and equipment	65.2	45.0
Equipment on operating leases and other	154.6	139.7
Provision for losses on financial services receivables	3.7	6.5
Other, net	(23.1)	10.9
Change in operating assets and liabilities:		
Trade and other receivables	(160.9)	(213.9)
Wholesale receivables on new trucks	(58.1)	(14.4)
Sales-type finance leases and dealer direct loans on new trucks	21.5	14.9
Inventories	(143.2)	(47.8)
Accounts payable and accrued expenses	179.6	220.6
Income taxes, warranty and other	(27.5)	(13.6)
Net Cash Provided by Operating Activities	285.7	384.0
INVESTING ACTIVITIES:		
Originations of retail loans and direct financing leases	(662.7)	(630.0)
Collections on retail loans and direct financing leases	660.9	604.3
Net (increase) decrease in wholesale receivables on used equipment	(6.8)	10.3
Purchases of marketable securities	(308.9)	(189.1)
Proceeds from sales and maturities of marketable securities	321.7	170.1
Payments for property, plant and equipment	(80.3)	(138.4)
Acquisitions of equipment for operating leases	(182.9)	(251.5)
Proceeds from asset disposals	83.4	82.8