

WILLIS LEASE FINANCE CORP

Form 10-Q

August 11, 2014

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**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 June 30, 2014

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-15369

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# WILLIS LEASE FINANCE CORPORATION

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation or organization)

**68-0070656**  
(IRS Employer Identification No.)

**773 San Marin Drive, Suite 2215, Novato, CA**  
(Address of principal executive offices)

**94998**  
(Zip Code)

Registrant's telephone number, including area code **(415) 408-4700**

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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 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   
(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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Title of Each Class
Common Stock, \$0.01 par value per share

Outstanding at August 6, 2014
8,381,129



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**WILLIS LEASE FINANCE CORPORATION  
AND SUBSIDIARIES**

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Consolidated Financial Statements (Unaudited)****WILLIS LEASE FINANCE CORPORATION  
AND SUBSIDIARIES  
Consolidated Balance Sheets****(In thousands, except share data, unaudited)**

	June 30, 2014	December 31, 2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 12,372	\$ 12,801
Restricted cash	44,547	50,794
Equipment held for operating lease, less accumulated depreciation of \$264,124 and \$257,806 at June 30, 2014 and December 31, 2013, respectively	1,016,507	1,033,022
Equipment held for sale	27,804	32,491
Operating lease related receivables, net of allowances of \$305 and \$296 at June 30, 2014 and December 31, 2013, respectively	9,837	13,286
Inventory	13,981	3,280
Investments	24,036	23,485
Property, equipment & furnishings, less accumulated depreciation of \$8,937 and \$8,666 at June 30, 2014 and December 31, 2013, respectively	4,811	4,950
Intangible assets, net	1,280	1,396
Equipment purchase deposits	1,869	1,369
Other assets	22,208	22,355
<b>Total assets</b>	<b>\$ 1,179,252</b>	<b>\$ 1,199,229</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 19,645	\$ 16,283
Deferred income taxes	89,846	86,685
Notes payable	753,820	787,614
Maintenance reserves	75,103	77,335
Security deposits	18,197	15,158
Unearned lease revenue	3,824	3,549
<b>Total liabilities</b>	<b>960,435</b>	<b>986,624</b>
<b>Shareholders' equity:</b>		
Common stock (\$0.01 par value, 20,000,000 shares authorized; 8,373,910 and 8,399,739 shares issued and outstanding at June 30, 2014 and December 31, 2013, respectively)	84	84
Paid-in capital in excess of par	44,566	44,741
Retained earnings	174,000	167,455
Accumulated other comprehensive income, net of income tax expense of \$91 and \$174 at June 30, 2014 and December 31, 2013, respectively	167	325
<b>Total shareholders' equity</b>	<b>218,817</b>	<b>212,605</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,179,252</b>	<b>\$ 1,199,229</b>

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See accompanying notes to the unaudited consolidated financial statements.

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Consolidated Statements of Income****(In thousands, except per share data, unaudited)**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>REVENUE</b>				
Lease rent revenue	\$ 24,801	\$ 24,750	\$ 51,701	\$ 49,237
Maintenance reserve revenue	14,560	11,788	28,590	21,017
Gain on sale of leased equipment	1,620	848	1,929	1,534
Other revenue	1,270	567	3,031	1,469
Total revenue	42,251	37,953	85,251	73,257
<b>EXPENSES</b>				
Depreciation and amortization expense	15,735	14,191	31,445	27,801
Write-down of equipment	2,183	1,985	2,478	1,985