

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
SEC Accession No. **0000023533-94-000003**

([HTML Version](#) on secdatabase.com)

FILER

CALMAT CO

CIK: **23533** | IRS No.: **950645790** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-07035** | Film No.: **94528139**
SIC: **1400** Mining & quarrying of nonmetallic minerals (no fuels)

Business Address
3200 SAN FERNANDO RD
LOS ANGELES CA 90065
2132582777

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 MARCH 31, 1994

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 1-7035

CALMAT CO.

(Exact name of registrant as specified in its charter)

Delaware

95-0645790

(State or other jurisdiction of
incorporation or organization)

(I.R.S. employer
Identification No.)

3200 San Fernando Road, Los Angeles, California

90065

(Address of principal executive offices) (ZIP Code)

Registrant's telephone number, including area code (213) 258-2777

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

YES NO

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

23,138,769 shares of Common Stock were outstanding at May 11, 1994.

CALMAT CO.

INDEX

PART I - FINANCIAL INFORMATION	PAGE
Item 1. Financial Statements	
(a) Consolidated Balance Sheets: March 31, 1994 and December 31, 1993	3
(b) Consolidated Statements of Operations: For the Three Months Ended March 31, 1994 and 1993	4
(c) Consolidated Statements of Cash Flow: For the Three Months Ended March 31, 1994 and 1993	5
(d) Notes to the Consolidated Financial Statements	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	7

PART II - OTHER INFORMATION

Item 1. Legal Proceedings	10
Item 4. Submission of Matters to a Vote of Security Holders	10
Item 5. Other Information	12
Item 6. Exhibits and Reports on Form 8-K	12
Signatures	13

CALMAT CO.

<TABLE>

CONSOLIDATED BALANCE SHEETS
(amounts in thousands)

<CAPTION>

	March 31, 1994 =====	December 31, 1993 =====
ASSETS	(unaudited)	
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	\$ 4,081	\$ 10,596
Trade accounts receivable, less allowance for discounts and doubtful accounts (\$4,227 in 1994 and \$4,174 in 1993)	58,090	63,835
Income taxes receivable	1,054	1,564
Inventories	6,093	5,581
Prepaid expenses and other	4,051	4,152
Deferred income taxes	7,499	7,499
Installment notes receivable	1,893	2,902

Total current assets	82,761	96,129
Installment notes receivable and other assets	33,145	32,205
Costs in excess of net assets of subsidiaries	55,061	55,484
Property, plant and equipment, at cost:		
Land and deposits	183,103	182,484
Buildings, machinery and equipment	471,930	469,185
Construction in progress	13,999	14,493
	669,032	666,162
Less: Accumulated depreciation and depletion	(251,528)	(245,085)
	417,504	421,077
Property, plant and equipment, net		
Total assets	\$ 588,471	\$ 604,895

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 14,686	\$ 18,810
Accrued liabilities	25,310	29,293
Notes and bonds payable - current portion	3,943	5,852
Federal and state income taxes	832	-
Dividends payable	2,314	2,311
	47,085	56,266
Total current liabilities		
Notes and bonds payable - long term portion	102,757	109,635
Other liabilities and deferred credits	17,724	17,724
Deferred income taxes	70,167	70,224
	237,733	253,849
Total liabilities		
Stockholders' Equity:		
Common stock	23,139	23,109
Additional paid-in capital	39,897	39,202
Retained earnings	287,702	288,735
	350,738	351,046
Total stockholders' equity		
Total liabilities and stockholders' equity	\$ 588,471	\$ 604,895

See accompanying notes to consolidated financial statements.

</TABLE>

4

CALMAT CO.

<TABLE>

CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited, amounts in thousands, except per share data)

<CAPTION>

	Three months ended March 31,	
	1994	1993
	=====	=====
<S>	<C>	<C>
Revenues:		
Net sales and operating revenues	\$ 78,423	\$ 61,632
Gains on sales of real estate	553	-
Other income	539	410
	79,515	62,042

Costs and expenses:		
Cost of products sold and operating expenses	65,911	55,442
Selling, general and administrative expenses	9,594	10,459
Interest expense	1,311	1,628
Other expense	402	217
	-----	-----
	77,218	67,746
	-----	-----
Income (loss) before taxes and cumulative effect of change in accounting principle	2,297	(5,704)
Federal and state income taxes	844	(2,282)
	-----	-----
Income (loss) before cumulative effect of change in accounting principle	1,453	(3,422)
Cumulative effect of change in accounting principle	-	919
	-----	-----
Net income (loss)	\$ 1,453	\$ (2,503)
	=====	=====
Per Share Data:		
Income (loss) before cumulative effect of change in accounting principle	\$ 0.06	\$ (0.15)
Cumulative effect of change in accounting principle	-	0.04
	-----	-----
Net income (loss) per share	\$ 0.06	\$ (0.11)
	=====	=====
Weighted average shares outstanding	23,286	23,130
	=====	=====
Cash dividends per share	\$ 0.10	\$ 0.10
	=====	=====

See accompanying notes to consolidated financial statements.

</TABLE>

5

CALMAT CO.

<TABLE>

CONSOLIDATED STATEMENTS OF CASH FLOW
(unaudited, amounts in thousands)

<CAPTION>

	Three months ended	
	March 31,	
	1994	1993
	=====	=====
<S>	<C>	<C>
OPERATING ACTIVITIES:		
Net income (loss)	\$ 1,453	\$ (2,503)

Depreciation, cost depletion and amortization	7,565	8,188
Cumulative effect of change in accounting principle	-	(919)
Other	(2,649)	1,072
	-----	-----
Cash provided by operating activities	6,369	5,838
	-----	-----
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(3,537)	(3,471)
Other	1,091	1,573
	-----	-----
Cash used for investing activities	(2,446)	(1,898)
	-----	-----
FINANCING ACTIVITIES:		
Notes payable to banks	(6,000)	9,000
Principal payments on notes and bonds payable	(2,787)	(592)
Payment of cash dividends	(2,311)	(3,694)
Other	660	(228)
Cash provided by (used for) financing activities	(10,438)	4,486
	-----	-----
Increase (decrease) in cash and cash equivalents	(6,515)	8,426
Balance, beginning of period	10,596	-
	-----	-----
Balance, end of period	\$ 4,081	\$ 8,426
	=====	=====

See accompanying notes to consolidated financial statements.
</TABLE>

6

CALMAT CO.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

- In the opinion of management, information furnished herein reflects all adjustments necessary for a fair presentation of the financial position and results of operations for the interim periods. There have been no changes in the significant accounting policies as discussed in Note 1 of Notes to Financial Statements contained in the Company's 1993 Annual Report.
- Earnings per common equivalent share (common shares adjusted for dilutive effect of common stock options) have been computed by dividing net income for each period by the weighted-average equivalent shares of common stock outstanding.
- Included in cash at March 31, 1994 and December 31, 1993 was \$1.1 million and \$1.5 million, respectively, of proceeds from the sale of real estate held in trust for potential tax-deferred real estate exchanges.
- Certain prior year amounts have been restated to conform to the current year's presentation.

CALMAT CO.

Item 2. Management's Discussion and Analysis of Financial Condition and
Results of Operations

Results of Operations

The Company reported net income of \$1.5 million, or \$0.06 per share, for the first quarter of 1994 compared with a net loss of \$2.5 million, or \$0.11 per share, for the prior year's first quarter. First quarter 1993 results include an after-tax credit of \$0.9 million, or \$0.04 per share, resulting from adoption of the new accounting standard for accounting for income taxes (SFAS 109). The earnings improvement is due, in part, to strengthening construction activity particularly in the Company's Arizona and New Mexico market areas, the Company's cost reduction efforts, less inclement weather in California during the current quarter, and emergency repair work resulting from the January 17, 1994 Los Angeles earthquake.

Business segment information for the three months ended March 31, 1994 and 1993 is as follows:

<TABLE>
<CAPTION>

<S>

Revenues:

	Three Months Ended March 31,	
	1994	1993
	=====	=====
	(unaudited, amounts in thousands)	
	<C>	<C>
Asphalt	\$ 28,902	\$ 21,825
Concrete and Aggregate Properties	49,303	38,842
Corporate and Other	6,399	5,400
Intersegment Sales	539	410
	(5,628)	(4,435)
	-----	-----
	\$ 79,515	\$ 62,042
	=====	=====

<S>

Income (loss) before income taxes and cumulative effect
of change in accounting principle:

	Three Months Ended March 31,	
	1994	1993
	=====	=====
	(unaudited, amounts in thousands)	
	<C>	<C>
Asphalt	\$ 692	\$ (2,028)
Concrete and Aggregates Properties	1,870	(2,451)
Corporate and unallocated expenses, net	2,837	2,147
Other income	(3,359)	(3,561)
	257	189
	-----	-----
	\$ 2,297	\$ (5,704)
	=====	=====

</TABLE>

Total revenues by segment include both sales to unaffiliated customers, as reported in the Company's consolidated statement of operations, and intersegment sales. Gains from ongoing real estate sales are included in Properties Division revenue. Intersegment sales represents sales of aggregates by the Concrete and Aggregates Division to the Asphalt Division. Income from operations by segment represents total revenues less direct operating expenses, segment selling, general and administrative expenses and certain allocated corporate general and administrative expenses. Corporate and unallocated expenses include corporate administrative expenses, interest expense and support expenses not allocated to business segments. Other income includes interest income, gains/losses on sale of fixed assets and other miscellaneous items.

8

CALMAT CO.

Some illustration of the environment in which CalMat is presently operating is provided by the table that follows. Residential and non-residential building is measured by dollar volume of building permits issued, and heavy construction is measured by contract awards.

<TABLE>

California Construction Trends and Forecasts*
(dollar amounts in billions)

<CAPTION>

	Residential Building	Non-Residential Building	Heavy Construction	Total
<S>	<C>	<C>	<C>	<C>
1992 Actual	\$ 15.0	\$ 8.4	\$ 5.9	\$ 29.3
1993 Preliminary	12.9	7.6	6.1	26.6
1994 Forecast	15.1	7.8	6.4	29.3
1992/1993 Change	-14%	-10%	3%	-9%
1993/1994 Change	17%	3%	5%	10%

*Source: Construction Industry Research Board, April 1994.

</TABLE>

Business conditions continue to improve in Arizona and New Mexico. According to F.W. Dodge Construction Potentials Bulletin, overall construction spending increased 32% in these two states during the first two months of 1994 compared with 1993. The increase was primarily driven by a sizeable increase in the residential sector partially offset by a decrease in the heavy construction sector.

Concrete and Aggregate Division

Revenues in the Concrete and Aggregates Division were \$49.3 million in the first quarter of 1994, up \$10.5 million, or 27% compared with the corresponding 1993 period. The increase was due to the combination of higher unit sales volume and higher average selling prices for both aggregates and ready mixed concrete. Aggregates sales volume by category is shown below.

<TABLE>

<CAPTION>

Aggregates - Tons Sold
(amounts in thousands)

	Three Months Ended March 31,	
	1994	1993
<S>	<C>	<C>
Sales to outside customers	3,849	3,322
Used in Ready Mixed Concrete	649	575
Sales to Asphalt Division	1,007	810
	-----	-----
	5,505	4,707
	=====	=====

</TABLE>

Ready mixed concrete sales volume was 482,000 cubic yards in the first quarter of 1994 compared with 404,000 cubic yards sold in the corresponding 1993 period.

The Division's pre-tax income from operations increased to \$1.9 million in the most recent quarter compared with a loss of \$2.5 million in the year earlier quarter. Aggregates gross profit was higher in the first quarter due to a 5% increase in average selling prices and a 17% increase unit sales volume. Ready mixed concrete gross profit was also higher in the first quarter due to an 11% increase in average selling prices and a 19% increase in unit sales volume. Average unit production costs for both aggregates and ready mixed concrete were essentially unchanged from the prior year.

9

CALMAT CO.

Asphalt Division

Revenues in the Asphalt Division were \$28.9 million in the first quarter of 1994, up \$7.1 million, or 32% compared with the corresponding 1993 period. The increase was mainly due to a 27% increase in asphalt tonnage sold. Approximately 12% to 13% of the Division's total revenues consists of sales of miscellaneous products and services such as Guardtop, Oil Spread, Petromat, equipment rentals, etc. The Division's pre-tax income from operations increased to \$0.7 million in the most recent quarter compared with a loss of \$2.0 million in the year earlier quarter. The improvement is the result of a 27% increase in asphalt tonnage sold and lower unit production costs.

Properties Division

Revenues in the Properties Division, excluding gains on sales of real estate, were \$5.8 million in first quarter of 1994, up \$0.4 million from revenues of \$5.4 million in the corresponding 1993 period. The increase in revenue for the current quarter is primarily due to increased revenues from landfill operations due in part to increased activity related to the January 17, 1994 Los Angeles earthquake. Pre-tax income from operations includes income from: rental of properties, self-storage operations, commercial inert landfills and gains from real estate sales. Pre-tax income from operations was \$2.8 million in the most recent quarter compared with \$2.1 million in the year earlier quarter. The increase is due primarily to gains from real estate sales which were \$0.6 million in the current quarter compared with no gains in the comparable 1993 period.

Other

- - - - -

Selling, general and administrative expenses decreased \$0.9 million, or 8%, in the first quarter of 1994 compared with the same quarter of 1993. This reflects management's continuing efforts to reduce these expenses.

Liquidity and Capital Resources

- - - - -

Cash and cash equivalents amounted to \$4.1 million at March 31, 1994 compared with \$10.6 million at December 31, 1993.

Cash provided by operating activities was \$6.4 million for the three months ended March 31, 1994. Cash used for investing activities was \$2.4 million, including \$3.5 million for the purchase of property, plant, and equipment offset by proceeds from the sale of other properties and fixed assets of \$0.7 million. Cash used for financing activities was \$10.4 million, including \$2.3 million for cash dividends to stockholders and an \$8.8 million net decrease in debt. Overall, cash and cash equivalents decreased \$6.5 million during the first three months of 1994.

Working capital totaled \$35.7 million at March 31, 1994, down from \$39.9 million at December 31, 1993.

Total consolidated long-term and short-term borrowings at March 31, 1994 and December 31, 1993 were \$106.7 million and \$115.5 million, respectively. Debt as a percent of total capitalization was 23.3% and 24.8%, at March 31, 1994 and December 31, 1993, respectively.

During 1993, the Company restricted capital expenditures in order to conserve cash. Capital expenditures in 1994 are expected to return to, or exceed, prior year spending levels. Management believes that cash provided by operations and existing borrowing arrangements will provide adequate funds for current commitments and expected working capital requirements during 1994.

10

CALMAT CO.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

- - - - -

During 1990, the lawsuits which had been pending against the Company and its directors in connection with actions taken by the Company which involved Brierley Investments Limited and Onoda U.S.A., Inc. ("Onoda USA") were settled and dismissed, with the court permitting stockholders not wishing to participate in the settlement to "opt out." An appeal challenging the settlement was also dismissed and the time for filing further appeals has lapsed. In November 1990, a lawsuit was filed against the Company and its directors in Delaware Chancery Court by a stockholder who had opted out of the settlement, purporting to represent a class of similarly situated stockholders and alleging misrepresentations and breach of fiduciary duty in connection with the matters which were the subject of the original lawsuits. As a result of rulings of the Court made in October 1993, the action was limited to an individual

action against the Company only, and only on the claim of misrepresentation. Subsequent to the end of the quarter, on May 2, 1994, agreement in principle was reached between the Company and the plaintiffs to settle and dismiss this action in consideration of a payment by the Company of \$200,000. Final settlement documents are being prepared and are expected to be executed in the near future.

Item 4. Submission of Matters to a Vote of Security Holders

The annual meeting of stockholders of the Company was held in Los Angeles, California, on April 27, 1994, to:

1. Elect eleven directors, comprising the entire Board of Directors, to serve during the ensuing year and until their successors are elected or appointed. The nominees were John C. Argue, Harry M. Conger, Rayburn S. Dezember, A. Frederick Gerstell, Richard A. Grant, Jr., Grover R. Heyler, William T. Huston, William Jenkins, Thomas L. Lee, Thomas M. Linden and Stuart T. Peeler.
2. Ratify the selection by the Company's Board of Directors of auditors for 1994.
3. Consider and act upon a proposal that the Company's stockholders approve the Amended and Restated 1993 Stock Option Plan for Officers, Directors and Key Employees, adopted on January 25, 1994 and recommended by the Company's Board of Directors.

The results of the meeting are as follows:

Shares outstanding and entitled to vote:	23,136,077
Total shares voted:	21,411,890
% of shares outstanding:	92.548

<TABLE>
<CAPTION>

Proposal 1, Directors =====	For =====	Withheld =====	Broker Non-Votes =====
<S>	<C>	<C>	<C>
Argue, J. C.	20,914,946	496,944	-0-
% of votes cast	97.679	2.321	
% of shares outstanding	90.400	2.148	
Conger, H. M.	20,946,960	464,930	-0-
% of votes cast	97.829	2.171	
% of shares outstanding	90.538	2.010	
Dezember, R. S.	20,946,420	465,470	-0-
% of votes cast	97.826	2.174	
% of shares outstanding	90.536	2.012	

</TABLE>

CALMAT CO.

<TABLE>
<CAPTION>

Proposal 1, Directors (continued) =====	For =====	Withheld =====	Broker Non-Votes =====
--	--------------	-------------------	------------------------------

<S>	<C>	<C>	<C>
Gerstell, A. F.	20,868,960	542,930	-0-
% of votes cast	97.464	2.536	
% of shares outstanding	90.201	2.347	
Grant, R. A.	20,946,960	464,930	-0-
% of votes cast	97.829	2.171	
% of shares outstanding	90.538	2.010	
Heyler, G. R.	20,944,660	467,230	-0-
% of votes cast	97.818	2.182	
% of shares outstanding	90.528	2.019	
Huston, W. T.	20,946,028	465,862	-0-
% of votes cast	97.824	2.176	
% of shares outstanding	90.534	2.014	
Jenkins, W.	20,921,550	490,340	-0-
% of votes cast	97.710	2.290	
% of shares outstanding	90.428	2.119	
Lee, T. L.	20,915,846	496,044	-0-
% of votes cast	97.683	2.317	
% of shares outstanding	90.404	2.144	
Linden, T. M.	20,947,060	464,830	-0-
% of votes cast	97.829	2.171	
% of shares outstanding	90.539	2.009	
Peeler, S. T.	20,892,360	519,530	-0-
% of votes cast	97.574	2.426	
% of shares outstanding	90.302	2.246	

</TABLE>

<TABLE>

<CAPTION>

Proposal 2, Auditors =====	For =====	Against =====	Abstentions =====	Broker Non-Votes =====
<S>	<C>	<C>	<C>	<C>
Shares:	21,343,643	23,506	44,741	-0-
% of shares outstanding:	92.253	.102	.193	
% of shares voted:	99.681	.110	.209	

</TABLE>

<TABLE>

<CAPTION>

Proposal 3, Stock Option Plan =====	For =====	Against =====	Abstentions =====	Broker Non-Votes =====
<S>	<C>	<C>	<C>	<C>
Shares:	18,652,285	1,889,787	869,818	-0-
% of shares outstanding:	80.620	8.168	3.760	
% of shares voted:	87.112	8.826	4.062	

</TABLE>

All directors listed above were elected at the meeting. There was no other director whose term of office as a director continued after the meeting.

Item 5. Other Information

On March 24, 1994, the Company filed a registration statement on Form S-3 under the Securities Act of 1933 for an offering of up to 3,162,500 shares, which includes an overallotment option of 412,500 shares, of common stock. On April 26, 1994, prior to the registration statement becoming effective, the Company announced that it had postponed the offering pending more favorable market conditions.

Item 6. Exhibits and Reports on Form 8-K

(a) None.

(b) No reports on Form 8-K were filed during the quarter ended March 31, 1994.

13

CALMAT CO.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CALMAT CO.

(Registrant)

Date: May 12, 1994

By: _____
Paul Stanford
Senior Vice President -
Administration General Counsel, and
Secretary

Date: May 12, 1994

By: _____
H. James Gallagher
Executive Vice President - Finance
and Chief Financial Officer