

ST JOE CO
Form 10-Q
May 09, 2006

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**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, 2006
- 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 1-10466

The St. Joe Company
(Exact name of registrant as specified in its charter)

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

59-0432511
*(I.R.S. Employer
Identification No.)*

245 Riverside Avenue, Suite 500
Jacksonville, Florida
(Address of principal executive offices)

32202
(Zip Code)

(904) 301-4200
(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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of May 1, 2006, there were 104,001,664 shares of common stock, no par value, issued and 74,575,010 outstanding, with 29,426,654 shares of treasury stock.

**THE ST. JOE COMPANY
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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. *Financial Statements*****THE ST. JOE COMPANY****CONSOLIDATED BALANCE SHEETS****(Unaudited)****(Dollars in thousands)**

	March 31, 2006	December 31, 2005
ASSETS		
Investment in real estate	\$ 1,117,260	\$ 1,036,174
Cash and cash equivalents	79,388	202,605
Accounts receivable, net	71,793	58,905
Prepaid pension asset	96,106	95,044
Property, plant and equipment, net	43,656	40,176
Goodwill, net	36,733	36,733
Other intangible assets, net	43,036	46,385
Other assets	76,990	75,924
	\$ 1,564,962	\$ 1,591,946
LIABILITIES AND STOCKHOLDERS EQUITY		
LIABILITIES:		
Debt	\$ 562,279	\$ 554,446
Accounts payable	77,670	75,309
Accrued liabilities	135,666	135,156
Income tax payable	11,677	3,931
Deferred income taxes	297,338	315,912
Total liabilities	1,084,630	1,084,754
Minority interest in consolidated subsidiaries	18,259	18,194
STOCKHOLDERS EQUITY:		
Common stock, no par value; 180,000,000 shares authorized; 103,996,286 and 103,931,705 issued at March 31, 2006 and December 31, 2005, respectively	287,689	280,970
Retained earnings	1,066,698	1,074,990
Treasury stock at cost, 29,424,854 and 29,003,415 shares held at March 31, 2006 and December 31, 2005, respectively	(892,314)	(866,962)
Total stockholders equity	462,073	488,998

\$ 1,564,962 \$ 1,591,946

See notes to consolidated financial statements.

Table of Contents**THE ST. JOE COMPANY****CONSOLIDATED STATEMENTS OF INCOME****(Unaudited)****(Dollars in thousands except per share amounts)**

	Three Months Ended March 31,	
	2006	2005
Revenues:		
Real estate sales	\$ 139,034	\$ 158,529
Rental revenues	12,185	9,964
Timber sales	8,488	8,038
Other revenues	7,646	8,175
Total revenues	167,353	184,706
Expenses:		
Cost of real estate sales	93,626	104,977
Cost of rental revenues	4,577	3,776
Cost of timber sales	5,861	5,207
Cost of other revenues	8,034	8,019
Other operating expenses	20,190	15,714
Corporate expense, net	15,683	11,937
Depreciation and amortization	10,402	9,359
Total expenses	158,373	158,989
Operating profit	8,980	25,717
Other income (expense):		
Investment income, net	1,861	303
Interest expense	(3,685)	(2,491)
Other, net	(1,649)	982
Total other income (expense)	(3,473)	(1,206)
Income from continuing operations before equity in income of unconsolidated affiliates, income taxes, and minority interest	5,507	24,511
Equity in income of unconsolidated affiliates	2,843	1,904
Income tax expense	2,462	9,721
Income from continuing operations before minority interest	5,888	16,694
Minority interest	2,144	868
Income from continuing operations	3,744	15,826

Discontinued operations:		
Loss from discontinued operations (net of income tax benefits of \$23 and \$248)	(38)	(414)
Net income	\$ 3,706	\$ 15,412
EARNINGS PER SHARE		
Basic		
Income from continuing operations	\$ 0.05	\$ 0.22
Loss from discontinued operations		(0.01)
Net income	\$ 0.05	\$ 0.21
Diluted		
Income from continuing operations	\$ 0.05	\$ 0.21
Loss from discontinued operations		(0.01)
Net income	\$ 0.05	\$ 0.20

See notes to consolidated financial statements.

Table of Contents**THE ST. JOE COMPANY****CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY**

(Dollars in thousands, except per share amounts)

	Common Stock		Retained	Treasury	
	Outstanding	Amount	Earnings	Stock	Total
	Shares				
Balance at December 31, 2005	74,928,290	\$ 280,970	\$ 1,074,990	\$ (866,962)	\$ 488,998
Comprehensive income:					
Net income			3,706		3,706
Total comprehensive income					3,706
Issuances of restricted stock	30,035				
Forfeitures of restricted stock	(16,455)				
Dividends (\$0.16 per share) and other distributions			(11,998)		(11,998)
Issuances of common stock	51,001	1,487			1,487
Excess tax benefit on options exercised and vested restricted stock		641			641
Amortization of stock-based compensation		4,591			4,591
Purchases of treasury shares	(421,439)			(25,352)	(25,352)
Balance at March 31, 2006	74,571,432	\$ 287,689	\$ 1,066,698	\$ (892,314)	\$ 462,073

See notes to consolidated financial statements.

Table of Contents**THE ST. JOE COMPANY****CONSOLIDATED STATEMENTS OF CASH FLOW**

(Dollars in thousands)

	Three Months Ended	
	March 31,	
	2006	2005
Cash flows from operating activities:		
Net income	\$ 3,706	\$ 15,412
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	10,402	10,362
Stock-based compensation	4,591	2,014
Excess tax benefits from stock-based compensation	(641)	
Minority interest in income	2,144	868
Equity in income of unconsolidated joint ventures	(2,843)	(1,904)
Distributions of income from unconsolidated affiliates	1,623	4,093
Deferred income tax (benefit) expense	(20,540)	1,265
Tax benefit on exercise of stock options		6,062
Cost of operating properties sold	91,747	103,994
Expenditures for operating properties	(177,121)	(120,545)
Changes in operating assets and liabilities:		
Accounts receivable	(13,119)	(24,511)
Other assets	(6,457)	(12,870)
Accounts payable and accrued liabilities	1,038	(7,029)
Income taxes payable	10,353	(1,144)
Net cash used in operating activities	\$ (95,117)	\$ (23,933)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(5,775)	(3,673)
Purchases of investments in real estate	(1,472)	(31,149)
Proceeds from dispositions of assets		10
Distributions from consolidated affiliates		650
Net cash used in investing activities	\$ (7,247)	\$ (34,162)
Cash flows from financing activities:		
Proceeds from revolving credit agreements, net of repayments	20,000	50,000
Proceeds from other long-term debt		1,211
Repayments of other long-term debt	(3,782)	(27,515)
Distributions to minority interests	(2,080)	
Proceeds from exercises of stock options	1,487	6,119
Dividends paid to stockholders and other distributions	(11,998)	(10,789)
Excess tax benefits from stock-based compensation	641	
Treasury stock purchases	(25,121)	(12,329)

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Net cash (used in) provided by financing activities	\$ (20,853)	\$ 6,697
Net decrease in cash and cash equivalents	(123,217)	(51,398)
Cash and cash equivalents at beginning of period	202,605	94,816
Cash and cash equivalents at end of period	\$ 79,388	\$ 43,418

See notes to consolidated financial statements.

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THE ST. JOE COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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