

PATRICK INDUSTRIES INC
Form 10-Q
May 10, 2018

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 APRIL 1, 2018
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 000-03922

PATRICK INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

INDIANA

35-1057796

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

107 WEST FRANKLIN STREET, P.O. Box 638, ELKHART, IN 46515

(Address of principal executive offices)

(ZIP Code)

(574) 294-7511

(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 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|--|--|--|
| Large accelerated filer <input checked="" type="checkbox"/> | Accelerated filer <input type="checkbox"/> | Non-accelerated filer <input type="checkbox"/> (Do not check if a Smaller reporting company) | Emerging growth company <input type="checkbox"/> |
|---|--|--|--|

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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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 April 27, 2018, there were 24,775,903 shares of the registrant's common stock outstanding.

PATRICK INDUSTRIES, INC.

TABLE OF CONTENTS

| | Page No. |
|--|-----------|
| PART I. FINANCIAL INFORMATION | |
| ITEM 1. FINANCIAL STATEMENTS (Unaudited) | |
| Condensed Consolidated Statements of Financial Position April 1, 2018 and December 31, 2017 | <u>3</u> |
| Condensed Consolidated Statements of Income First Quarter Ended April 1, 2018 and March 26, 2017 | <u>4</u> |
| Condensed Consolidated Statements of Cash Flows Three Months Ended April 1, 2018 and March 26, 2017 | <u>5</u> |
| Notes to Condensed Consolidated Financial Statements | <u>6</u> |
| ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS | <u>21</u> |
| ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK | <u>33</u> |
| ITEM 4. CONTROLS AND PROCEDURES | <u>33</u> |
| PART II. OTHER INFORMATION | |
| ITEM 1A. RISK FACTORS | <u>35</u> |
| ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS | <u>35</u> |
| ITEM 6. EXHIBITS | <u>36</u> |
| SIGNATURES | <u>37</u> |

PART 1: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PATRICK INDUSTRIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Unaudited)

| | As of | |
|---|--------------------|------------------|
| (thousands) | Apr. 1, 2018 | Dec. 31, 2017 |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$71 | \$2,767 |
| Trade receivables, net | 138,685 | 77,784 |
| Inventories | 205,902 | 175,270 |
| Prepaid expenses and other | 16,039 | 18,132 |
| Total current assets | 360,697 | 273,953 |
| Property, plant and equipment, net | 129,022 | 118,486 |
| Goodwill | 223,518 | 208,044 |
| Intangible assets, net | 313,458 | 263,467 |
| Deferred financing costs, net | 2,356 | 2,184 |
| Other non-current assets | 494 | 510 |
| TOTAL ASSETS | \$1,029,545 | \$866,644 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Current maturities of long-term debt | \$15,766 | \$15,766 |
| Accounts payable | 114,380 | 84,109 |
| Accrued liabilities | 49,294 | 36,550 |
| Total current liabilities | 179,440 | 136,425 |
| Long-term debt, less current maturities, net | 413,146 | 338,111 |
| Deferred tax liabilities, net | 15,050 | 13,640 |
| Other long-term liabilities | 16,131 | 7,783 |
| TOTAL LIABILITIES | 623,767 | 495,959 |
| SHAREHOLDERS' EQUITY | | |
| Common stock | 162,625 | 163,196 |
| Additional paid-in-capital | 25,785 | 8,243 |
| Accumulated other comprehensive income | 94 | 66 |
| Retained earnings | 217,274 | 199,180 |
| TOTAL SHAREHOLDERS' EQUITY | 405,778 | 370,685 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$1,029,545 | \$866,644 |

See accompanying Notes to Condensed Consolidated Financial Statements.

PATRICK INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

| (thousands except per share data) | First Quarter Ended | |
|---|---------------------|------------------|
| | Apr. 1, 2018 | Mar. 26, 2017 |
| NET SALES | \$551,832 | \$345,427 |
| Cost of goods sold | 454,078 | 287,878 |
| GROSS PROFIT | 97,754 | 57,549 |
| Operating Expenses: | | |
| Warehouse and delivery | 17,028 | 10,343 |
| Selling, general and administrative | 31,841 | 19,106 |
| Amortization of intangible assets | 7,127 | 4,185 |
| Total operating expenses | 55,996 | 33,634 |
| OPERATING INCOME | 41,758 | 23,915 |
| Interest expense, net | 4,378 | 2,014 |
| Income before income taxes | 37,380 | 21,901 |
| Income taxes | 7,312 | 4,434 |
| NET INCOME | \$30,068 | \$17,467 |
| BASIC NET INCOME PER COMMON SHARE (1) | \$1.22 | \$0.76 |
| DILUTED NET INCOME PER COMMON SHARE (1) | \$1.20 | \$0.75 |
| Weighted average shares outstanding - Basic (1) | 24,740 | 22,857 |
| Weighted average shares outstanding - Diluted (1) | 25,110 | 23,324 |

(1) Net income per common share and weighted average shares outstanding, on both a basic and diluted basis, for the first quarter ended March 26, 2017, have been retroactively adjusted to reflect the impact of the three-for-two stock split paid on December 8, 2017.

See accompanying Notes to Condensed Consolidated Financial Statements.

PATRICK INDUSTRIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

Three
Months
Ended
Apr. Mar.
1, 26,
2018 2017

(thousands)

CASH FLOWS FROM OPERATING ACTIVITIES