

PATRICK INDUSTRIES INC
Form 10-Q
November 08, 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 SEPTEMBER 30, 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 [X] 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 [X] 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 [X] Accelerated filer [] Non-accelerated filer [] (Do not check if a Smaller reporting company [] Emerging growth company []

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 October 26, 2018, there were 24,006,927 shares of the registrant's common stock outstanding.

PATRICK INDUSTRIES, INC.

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PART 1: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

PATRICK INDUSTRIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Unaudited)

(thousands)	As of	
	September 30, 2018	December 31, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 306	\$ 2,767
Trade receivables, net	129,850	77,784
Inventories	242,456	175,270
Prepaid expenses and other	17,111	18,132
Total current assets	389,723	273,953
Property, plant and equipment, net	170,416	118,486
Goodwill	258,113	208,044
Intangible assets, net	396,417	263,467
Deferred financing costs, net	3,784	2,184
Other non-current assets	658	510
TOTAL ASSETS	\$1,219,111	\$ 866,644
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Current maturities of long-term debt	\$ 7,500	\$ 15,766
Accounts payable	96,204	84,109
Accrued liabilities	70,511	36,550
Total current liabilities	174,215	136,425
Long-term debt, less current maturities, net	594,334	338,111
Deferred tax liabilities, net	21,302	13,640
Other long-term liabilities	15,042	7,783
TOTAL LIABILITIES	804,893	495,959
SHAREHOLDERS' EQUITY		
Common stock	162,925	163,196
Additional paid-in-capital	25,480	8,243
Accumulated other comprehensive income	115	66
Retained earnings	225,698	199,180
TOTAL SHAREHOLDERS' EQUITY	414,218	370,685
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$1,219,111	\$ 866,644

See accompanying Notes to Condensed Consolidated Financial Statements.

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

(thousands except per share data)	Third Quarter Ended		Nine Months Ended	
	September 30, 2018	September 24, 2017	September 30, 2018	September 24, 2017
NET SALES	\$575,139	\$407,511	\$1,731,850	\$1,160,083
Cost of goods sold	468,484	338,328	1,412,649	961,851
GROSS PROFIT	106,655	69,183	319,201	198,232
Operating Expenses:				
Warehouse and delivery	19,789	11,016	55,540	32,442
Selling, general and administrative	33,284	22,756	98,999	63,755
Amortization of intangible assets	8,873	5,237	25,140	14,239
Total operating expenses	61,946	39,009	179,679	110,436
OPERATING INCOME	44,709	30,174	139,522	87,796
Interest expense, net	7,338	2,135	17,980	6,159
Income before income taxes	37,371	28,039	121,542	81,637
Income taxes	9,437	10,094	28,680	24,965
NET INCOME	\$27,934	\$17,945	\$92,862	\$56,672