

UNIVERSAL FOREST PRODUCTS INC

Form 10-Q

May 02, 2018

Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10 Q

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

For the quarterly period ended March 31, 2018

OR

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

Commission File Number 0 22684

UNIVERSAL FOREST PRODUCTS, INC.

(Exact name of registrant as specified in its charter)

Michigan	38 1465835
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

2801 East Beltline NE, Grand Rapids, Michigan	49525
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (616) 364 6161

NONE

(Former name or former address, if changed since last report.)

Indicate by checkmark 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

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Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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 Accelerated Filer Non-Accelerated Filer 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 an new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by checkmark whether the registrant is a shell company (as defined by 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:

Class	Outstanding as of March 31, 2018
Common stock, \$1 par value	61,543,902

Table of Contents

UNIVERSAL FOREST PRODUCTS, INC.

TABLE OF CONTENTS

PART I.	FINANCIAL INFORMATION.	Page No.
Item 1.	Financial Statements	
	<u>Consolidated Condensed Balance Sheets at March 31, 2018, December 30, 2017 and April 1, 2017</u>	3
	<u>Consolidated Condensed Statements of Earnings and Comprehensive Income for the Three Months Ended March 31, 2018 and April 1, 2017</u>	4
	<u>Consolidated Condensed Statements of Shareholders' Equity for the Three Months Ended March 31, 2018 and April 1, 2017</u>	5
	<u>Consolidated Condensed Statements of Cash Flows for the Three Months Ended March 31, 2018 and April 1, 2017</u>	6
	<u>Notes to Unaudited Consolidated Condensed Financial Statements</u>	7
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	15
Item 3.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	25
Item 4.	<u>Controls and Procedures</u>	26
PART II.	OTHER INFORMATION	
Item 1.	Legal Proceedings – NONE	
Item 1A.	<u>Risk Factors – NONE</u>	27
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	27
Item 3.	Defaults upon Senior Securities – NONE	
Item 4.	Mine Safety Disclosures – NONE	
Item 5.	<u>Other Information – NONE</u>	27
Item 6.	<u>Exhibits</u>	28

Table of Contents

UNIVERSAL FOREST PRODUCTS, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS

(Unaudited)

(in thousands, except share data)

	March 31, 2018	December 30, 2017	April 1, 2017
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 25,326	\$ 28,339	\$ 31,020
Restricted cash	32,425	477	909
Investments	10,701	11,269	5,928
Accounts receivable, net	430,251	327,751	365,620
Inventories:			
Raw materials	261,808	234,354	232,647
Finished goods	259,898	225,954	239,369
Total inventories	521,706	460,308	472,016
Refundable income taxes	—	7,228	3,170
Other current assets	23,304	28,115	20,650
TOTAL CURRENT ASSETS	1,043,713	863,487	899,313
DEFERRED INCOME TAXES	2,273	1,865	1,960
RESTRICTED INVESTMENTS	10,238	8,359	3,800
OTHER ASSETS	7,123	7,368	12,573
GOODWILL	212,596	212,644	211,061
INDEFINITE-LIVED INTANGIBLE ASSETS	7,407	7,415	2,340
OTHER INTANGIBLE ASSETS, NET	34,543	34,910	36,759
PROPERTY, PLANT AND EQUIPMENT:			
Property, plant and equipment	754,603	763,101	720,912
Less accumulated depreciation and amortization	(441,032)	(434,472)	(411,059)
PROPERTY, PLANT AND EQUIPMENT, NET	313,571	328,629	309,853
TOTAL ASSETS	1,631,464	1,464,677	1,477,659
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Cash overdraft	\$ 30,026	\$ 25,851	\$ 21,566
Accounts payable	176,469	140,106	156,030
Accrued liabilities:			
Compensation and benefits	61,976	97,556	58,491
Income taxes	1,600	—	—
Other	42,633	38,404	39,473
Current portion of long-term debt	425	1,329	2,280
TOTAL CURRENT LIABILITIES	313,129	303,246	277,840
LONG-TERM DEBT	261,327	144,674	252,904
DEFERRED INCOME TAXES	13,894	14,079	21,364
OTHER LIABILITIES	26,192	28,655	28,198

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TOTAL LIABILITIES	614,542	490,654	580,306
SHAREHOLDERS' EQUITY:			
Controlling interest shareholders' equity:			
Preferred stock, no par value; shares authorized 1,000,000; issued and outstanding, none	\$ —	\$ —	\$ —
Common stock, \$1 par value; shares authorized 80,000,000; issued and outstanding, 61,543,902, 61,191,888 and 61,554,147	61,544	61,192	61,554
Additional paid-in capital	172,929	161,928	156,320
Retained earnings	768,223	736,212	670,115
Accumulated other comprehensive income	(1,140)	144	(3,450)
Total controlling interest shareholders' equity	1,001,556	959,476	884,539
Noncontrolling interest	15,366	14,547	12,814
TOTAL SHAREHOLDERS' EQUITY	1,016,922	974,023	897,353
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,631,464	\$ 1,464,677	\$ 1,477,659

See notes to consolidated condensed financial statements.

Table of Contents

UNIVERSAL FOREST PRODUCTS, INC.

CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS

AND COMPREHENSIVE INCOME

(Unaudited)

(in thousands, except per share data)

	Three Months Ended	
	March 31, 2018	April 1, 2017
NET SALES	\$ 993,857	\$ 846,130
COST OF GOODS SOLD	862,968	725,390
GROSS PROFIT	130,889	120,740
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	93,206	86,983
NET GAIN ON DISPOSITION OF ASSETS	(6,534)	(64)
EARNINGS FROM OPERATIONS	44,217	33,821
INTEREST EXPENSE	1,778	1,504
INTEREST AND INVESTMENT INCOME	(717)	(82)
EQUITY IN EARNINGS OF INVESTEE	—	(5)
	1,061	1,417
EARNINGS BEFORE INCOME TAXES	43,156	32,404
INCOME TAXES	9,574	10,770
NET EARNINGS	33,582	21,634
LESS NET EARNINGS ATTRIBUTABLE TO NONCONTROLLING INTEREST	(749)	(572)
NET EARNINGS ATTRIBUTABLE TO CONTROLLING INTEREST	\$ 32,833	\$ 21,062
EARNINGS PER SHARE - BASIC	\$ 0.53	\$ 0.34
EARNINGS PER SHARE - DILUTED	\$ 0.53	\$ 0.34
OTHER COMPREHENSIVE INCOME:		
NET EARNINGS	33,582	21,634
OTHER COMPREHENSIVE GAIN (LOSS)	(439)	3,035
COMPREHENSIVE INCOME	33,143	24,669
LESS COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	(1,594)	(1,427)
COMPREHENSIVE INCOME ATTRIBUTABLE TO CONTROLLING INTEREST	\$ 31,549	\$ 23,242

See notes to consolidated condensed financial statements.

Table of Contents

UNIVERSAL FOREST PRODUCTS, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Unaudited)

(in thousands, except share and per share data)

	Controlling Interest Shareholders' Equity			Accumulated	Noncontrolling	
	Common Stock	Additional Paid-In Capital	Retained Earnings	Other Comprehensive Earnings	Interest	Total
Balance at December 31, 2016	\$ 61,026	\$ 144,649	\$ 649,135	\$ (5,630)	\$ 11,286	\$ 860,466
Net earnings			21,062		572	21,634
Foreign currency translation adjustment				1,971	855	2,826
Unrealized gain (loss) on investment & foreign currency				209		209
Distributions to noncontrolling interest					(1,673)	(1,673)
Additional purchases of noncontrolling interest					1,774	1,774
Issuance of 5,214 shares under employee stock plans	5	142				147
Issuance of 407,328 shares under stock grant programs	408	6,836				7,244
Issuance of 118,038 shares under deferred compensation plans	118	(118)				