

UNIVERSAL FOREST PRODUCTS INC

Form 10-Q

May 03, 2017

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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 April 1, 2017

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 April 1, 2017 |
|----------------------------|---------------------------------|
| Common stock, no par value | 20,518,049 |

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UNIVERSAL FOREST PRODUCTS, INC.

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UNIVERSAL FOREST PRODUCTS, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS

(Unaudited)

(in thousands, except share data)

| | April 1, 2017 | December 31, 2016 | March 26, 2016 |
|--|---------------------|----------------------|---------------------|
| ASSETS | | | |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents | \$ 31,020 | \$ 34,091 | \$ 43,065 |
| Restricted cash and cash equivalents | 909 | 398 | 1,139 |
| Investments | 5,928 | 10,348 | 6,737 |
| Accounts receivable, net | 365,620 | 282,253 | 287,374 |
| Inventories: | | | |
| Raw materials | 232,647 | 198,954 | 176,983 |
| Finished goods | 239,369 | 198,273 | 150,194 |
| Total inventories | 472,016 | 397,227 | 327,177 |
| Refundable income taxes | 3,170 | 11,459 | — |
| Other current assets | 20,650 | 20,662 | 16,889 |
| TOTAL CURRENT ASSETS | 899,313 | 756,438 | 682,381 |
| RESTRICTED CASH | 3,800 | — | — |
| DEFERRED INCOME TAXES | 1,960 | 1,546 | 2,664 |
| OTHER ASSETS | 12,573 | 8,617 | 7,760 |
| GOODWILL | 211,061 | 198,535 | 181,280 |
| INDEFINITE-LIVED INTANGIBLE ASSETS | 2,340 | 2,340 | 2,340 |
| OTHER INTANGIBLE ASSETS, NET | 36,759 | 26,731 | 14,718 |
| PROPERTY, PLANT AND EQUIPMENT: | | | |
| Property, plant and equipment | 720,912 | 699,462 | 639,881 |
| Less accumulated depreciation and amortization | (411,059) | (401,611) | (385,247) |
| PROPERTY, PLANT AND EQUIPMENT, NET | 309,853 | 297,851 | 254,634 |
| TOTAL ASSETS | \$ 1,477,659 | \$ 1,292,058 | \$ 1,145,777 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| CURRENT LIABILITIES: | | | |
| Cash overdraft | \$ 21,566 | \$ 19,761 | \$ — |
| Accounts payable | 156,030 | 124,660 | 116,525 |
| Accrued liabilities: | | | |
| Compensation and benefits | 58,491 | 92,441 | 61,314 |
| Income taxes | — | — | 7,182 |
| Other | 39,473 | 32,281 | 29,414 |
| Current portion of long-term debt | 2,280 | 2,634 | 886 |
| TOTAL CURRENT LIABILITIES | 277,840 | 271,777 | 215,321 |
| LONG-TERM DEBT | 252,904 | 109,059 | 84,525 |
| DEFERRED INCOME TAXES | 21,364 | 20,817 | 24,991 |
| OTHER LIABILITIES | 28,198 | 29,939 | 26,012 |

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| | | | |
|---|--------------|--------------|--------------|
| TOTAL LIABILITIES | 580,306 | 431,592 | 350,849 |
| SHAREHOLDERS' EQUITY: | | | |
| Controlling interest shareholders' equity: | | | |
| Preferred stock, no par value; shares authorized 1,000,000; issued and outstanding, none | \$ — | \$ — | \$ — |
| Common stock, no par value; shares authorized 80,000,000; issued and outstanding, 20,518,049, 20,342,069, and 20,301,084. | 20,518 | 20,342 | 20,301 |
| Additional paid-in capital | 197,356 | 185,333 | 180,395 |
| Retained earnings | 670,115 | 649,135 | 584,848 |
| Accumulated other comprehensive income | (3,450) | (5,630) | (3,946) |
| Total controlling interest shareholders' equity | 884,539 | 849,180 | 781,598 |
| Noncontrolling interest | 12,814 | 11,286 | 13,330 |
| TOTAL SHAREHOLDERS' EQUITY | 897,353 | 860,466 | 794,928 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 1,477,659 | \$ 1,292,058 | \$ 1,145,777 |

See notes to consolidated condensed financial statements.

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UNIVERSAL FOREST PRODUCTS, INC.

CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS

AND COMPREHENSIVE INCOME

(Unaudited)

(in thousands, except per share data)

| | Three Months Ended | |
|---|--------------------|-------------------|
| | April 1, 2017 | March 26, 2016 |
| NET SALES | \$ 846,130 | \$ 682,151 |
| COST OF GOODS SOLD | 725,390 | 579,412 |
| GROSS PROFIT | 120,740 | 102,739 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | 86,919 | 70,828 |
| EARNINGS FROM OPERATIONS | 33,821 | 31,911 |
| INTEREST EXPENSE | 1,504 | 1,076 |
| INTEREST INCOME | (82) | (104) |
| EQUITY IN EARNINGS OF INVESTEE | (5) | (81) |
| | 1,417 | 891 |
| EARNINGS BEFORE INCOME TAXES | 32,404 | 31,020 |
| INCOME TAXES | 10,770 | 10,765 |
| NET EARNINGS | 21,634 | 20,255 |
| LESS NET EARNINGS ATTRIBUTABLE TO NONCONTROLLING INTEREST | (572) | (1,043) |
| NET EARNINGS ATTRIBUTABLE TO CONTROLLING INTEREST | \$ 21,062 | \$ 19,212 |
| | | |
| EARNINGS PER SHARE - BASIC | \$ 1.03 | \$ 0.95 |
| EARNINGS PER SHARE - DILUTED | \$ 1.03 | \$ 0.95 |
| | | |
| NET EARNINGS | 21,634 | 20,255 |
| OTHER COMPREHENSIVE GAIN | 3,035 | 442 |
| COMPREHENSIVE INCOME | 24,669 | 20,697 |
| LESS COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST | (1,427) | (846) |
| COMPREHENSIVE INCOME ATTRIBUTABLE TO CONTROLLING INTEREST | \$ 23,242 | \$ 19,851 |

See notes to consolidated condensed financial statements.

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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 26, 2015 | \$ 20,142 | \$ 171,562 | \$ 565,636 | \$ (4,585) | \$ 13,654 | \$ 766,409 |
| Net earnings | | | 19,212 | | 1,043 | 20,255 |
| Foreign currency translation adjustment | | | | 666 | (197) | 469 |
| Unrealized gain (loss) on investment | | | | (27) | | (27) |
| Distributions to noncontrolling interest | | | | | (1,170) | (1,170) |
| Issuance of 1,850 shares under employee stock plans | 2 | 128 | | | | 130 |
| Issuance of 114,739 shares under stock grant programs | 114 | 5,118 | | | | 5,232 |
| Issuance of 42,786 shares under deferred compensation plans | 43 | (43) | | | | — |
| Expense associated with share-based compensation arrangements | | 432 | | | | 432 |
| Accrued expense under deferred compensation plans | | 3,198 | | | | 3,198 |
| Balance at March 26, 2016 | \$ 20,301 | \$ 180,395 | \$ 584,848 | \$ (3,946) | \$ 13,330 | \$ 794,928 |
| Balance at December 31, 2016 | \$ 20,342 | \$ 185,333 | \$ 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 | | | | | | |