

MUELLER INDUSTRIES INC
Form 10-Q
April 25, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.

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 Commission file number 1-6770

MUELLER INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Delaware 25-0790410

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

8285 Tournament Drive, Suite 150
Memphis, Tennessee 38125
(Address of principal executive offices) (Zip Code)

(901) 753-3200
(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 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

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", and "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 any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares of the Registrant's common stock outstanding as of April 20, 2018 was 57,564,680.

MUELLER INDUSTRIES, INC.

FORM 10-Q

For the Quarterly Period Ended March 31, 2018

As used in this report, the terms “Company,” “Mueller,” and “Registrant” mean Mueller Industries, Inc. and its consolidated subsidiaries taken as a whole, unless the context indicates otherwise.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

(In thousands, except per share data)	For the Quarter Ended	
	March 31, 2018	April 1, 2017 ⁽¹⁾
Net sales	\$640,060	\$577,920
Cost of goods sold	545,670	488,427
Depreciation and amortization	9,456	8,355
Selling, general, and administrative expense	34,057	35,574
Asset impairment	3,469	—
Operating income	47,408	45,564
Interest expense	(5,909)	(2,531)
Other income, net	560	594
Income before income taxes	42,059	43,627
Income tax expense	(7,395)	(11,929)
Loss from unconsolidated affiliates, net of foreign tax	(10,320)	(1,243)
Consolidated net income	24,344	30,455
Net income attributable to noncontrolling interests	(216)	(468)
Net income attributable to Mueller Industries, Inc.	\$24,128	\$29,987
Weighted average shares for basic earnings per share	56,900	56,780
Effect of dilutive stock-based awards	517	658
Adjusted weighted average shares for diluted earnings per share	57,417	57,438
Basic earnings per share	\$0.42	\$0.53
Diluted earnings per share	\$0.42	\$0.52
Dividends per share	\$0.100	\$8.100

See accompanying notes to condensed consolidated financial statements.

⁽¹⁾ The Condensed Consolidated Statement of Income for the quarter ended April 1, 2017 has been adjusted to reflect the adoption of ASU 2017-07, Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net

Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. The components of net periodic benefit cost (income) other than the service cost component are included in other income, net in the Condensed Consolidated Statements of Income. Refer to Note 1 for further discussion.

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

(In thousands)	For the Quarter Ended	
	March 31, 2018	April 1, 2017
Consolidated net income	\$24,344	\$30,455
Other comprehensive income (loss), net of tax:		
Foreign currency translation	4,977	7,210
Net change with respect to derivative instruments and hedging activities, net of tax of \$279 and \$(96)	(1,062)) 56
Net change in pension and postretirement obligation adjustments, net of tax of \$180 and \$11	(451)) 40
Attributable to unconsolidated affiliates, net of tax of \$116 and \$903	(401)) (1,598)
Other, net	—	(144)
Total other comprehensive income, net	3,063	5,564
Consolidated comprehensive income	27,407	36,019
Comprehensive income attributable to noncontrolling interests	(393)) (1,117)
Comprehensive income attributable to Mueller Industries, Inc.	\$27,014	