

Installed Building Products, Inc.
Form 10-Q
November 02, 2018
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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 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: 001-36307

Installed Building Products, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
495 South High Street, Suite 50

45-3707650
(I.R.S. Employer
Identification No.)

Columbus, Ohio
(Address of principal executive offices)
(614) 221-3399

43215
(Zip Code)

(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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by a 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 definition of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act. (Check one):

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

On October 26, 2018, the registrant had 31,224,974 shares of common stock, par value \$0.01 per share, outstanding.

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INSTALLED BUILDING PRODUCTS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in thousands, except share and per share amounts)

	September 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 139,089	\$ 62,510
Investments	15,358	30,053
Accounts receivable (less allowance for doubtful accounts of \$5,405 and \$4,805 at September 30, 2018 and December 31, 2017, respectively)	219,444	180,725
Inventories	51,491	48,346
Other current assets	32,836	33,308
Total current assets	458,218	354,942
Property and equipment, net	85,505	81,075
Non-current assets		
Goodwill	167,738	155,466
Intangibles, net	139,709	137,991
Other non-current assets	11,936	9,272
Total non-current assets	319,383	302,729
Total assets	\$ 863,106	\$ 738,746
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Current maturities of long-term debt	\$ 22,481	\$ 16,650
Current maturities of capital lease obligations	4,954	5,666
Accounts payable	94,781	87,425
Accrued compensation	25,370	25,399
Other current liabilities	29,510	24,666
Total current liabilities	177,096	159,806
Long-term debt	433,752	330,927
Capital lease obligations, less current maturities	3,870	6,479
Deferred income taxes	7,758	6,444
Other long-term liabilities	26,279	24,562

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Total liabilities	648,755	528,218
Commitments and contingencies (Note 13)		
Stockholders' equity		
Preferred stock; \$0.01 par value: 5,000,000 authorized and 0 shares issued and outstanding at September 30, 2018 and December 31, 2017, respectively		
Common stock; \$0.01 par value: 100,000,000 authorized, 32,723,972 and 32,524,934 issued and 31,224,974 and 31,862,146 shares outstanding at September 30, 2018 and December 31, 2017, respectively	327	325
Additional paid in capital	180,106	174,043
Retained earnings	88,736	48,434
Treasury stock; at cost: 1,498,998 and 662,788 shares at September 30, 2018 and December 31, 2017, respectively	(57,890)	(12,781)
Accumulated other comprehensive income	3,072	507
Total stockholders' equity	214,351	210,528
Total liabilities and stockholders' equity	\$ 863,106	\$ 738,746

See accompanying notes to consolidated financial statements

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INSTALLED BUILDING PRODUCTS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE

INCOME (UNAUDITED)

(in thousands, except share and per share amounts)

	Three months ended September 30, 2018		Three months ended September 30, 2017		Nine months ended September 30, 2018		Nine months ended September 30, 2017	
	2018	2017	2018	2017	2018	2017	2018	2017
Net revenue	\$ 348,999	\$ 295,193	\$ 983,311	\$ 833,058				
Cost of sales	251,665	209,612	710,358	590,377				
Gross profit	97,334	85,581	272,953	242,681				
Operating expenses								
Selling	17,434	14,865	49,300	42,541				
Administrative	48,337	41,657	137,511	122,679				
Amortization	5,228	6,824	19,678	19,790				
Operating income	26,335	22,235	66,464	57,671				
Other expense								
Interest expense, net	5,282	4,421	15,013	11,456				
Other	132	83	417	366				
Income before income taxes	20,921	17,731	51,034	45,849				
Income tax provision	5,358	5,721	12,762	15,502				
Net income	\$ 15,563	\$ 12,010	\$ 38,272	\$ 30,347				
Other comprehensive income (loss), net of tax:								
Unrealized gain (loss) on cash flow hedge, net of tax (provision)/benefit of (\$278) and (\$21) for the three months ended September 30, 2018 and 2017, respectively, and (\$822) and \$30 for the nine months ended September 30, 2018 and 2017, respectively	818	32	2,453	(45)				
Comprehensive income	\$ 16,381	\$ 12,042	\$ 40,725	\$ 30,302				
Basic net income per share	\$ 0.50	\$ 0.38	\$ 1.22	\$ 0.96				
Diluted net income per share	\$ 0.50	\$ 0.38	\$ 1.21	\$ 0.96				
Weighted average shares outstanding:								
Basic	31,229,086	31,659,503	31,373,871	31,632,400				

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Diluted

31,312,756	31,766,881	31,512,104	31,712,515
See accompanying notes to consolidated financial statements			

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INSTALLED BUILDING PRODUCTS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY (UNAUDITED)

(in thousands, except share amounts)

	Common Stock Shares	Additional Paid In Capital	Retained Earnings	Treasury Stock Shares	Accumulated Other Comprehensive Loss	Stockholders Equity
BALANCE - January 1, 2017	32,135,176	\$ 321	\$ 158,581	\$ 7,294	(650,402) \$ (12,219)	\$ 153,977
Net income			30,347			30,347
Purchase of remaining interest in subsidiary		(1,890)				(1,890)
Issuance of common stock for acquisition	282,577	3	10,856			10,859
Issuance of common stock awards to employees	101,241	1	(1)			
Surrender of common stock awards by employees				(11,971)	(550)	(550)
Share-based compensation expense		4,360				4,360
Share-based compensation issued to directors	5,940	300				300
Other comprehensive loss, net of tax					(45)	(45)
BALANCE - September 30, 2017	32,524,934	\$ 325	\$ 172,206	\$ 37,641	(662,373) \$ (12,769)	\$ (45) \$ 197,358

	Common Stock Shares	Additional Paid In Capital	Retained Earnings	Treasury Stock Shares	Accumulated Other Comprehensive Income	Stockholders Equity
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BALANCE - January 1, 2018	32,524,934	\$ 325	\$ 174,043	\$ 48,434	(662,788)	\$ (12,781)	\$ 507	\$ 210,528
Net income				38,272				38,272
Cumulative effect of accounting changes, net of tax				2,030 ¹			112	2,142
Issuance of common stock awards to employees	194,093	2	(2)					
Surrender of common stock awards by employees					(42,799)	(2,282)		(2,282)
Share-based compensation expense			5,965					5,965
Share-based compensation issued to directors	4,945		100					100
Common stock repurchase					(793,411)	(42,827)		(42,827)
Other comprehensive income, net of tax							2,453	2,453
BALANCE - September 30, 2018	32,723,972	\$ 327	\$ 180,106	\$ 88,736	(1,498,998)	\$		