

HUTTIG BUILDING PRODUCTS INC

Form 10-Q

October 31, 2017

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, 2017

Commission file number 1-14982

HUTTIG BUILDING PRODUCTS, INC.

(Exact name of registrant as specified in its charter)

Delaware	43-0334550
(State or other jurisdiction of	(I.R.S. Employer
incorporation or organization)	Identification No.)

555 Maryville University Drive Suite 400

St. Louis, Missouri	63141
(Address of principal executive offices)	(Zip code)

(314) 216-2600

(Registrant's telephone number, including area code)

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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 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 (Do not check if smaller reporting company) 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 Common Stock outstanding on September 30, 2017 was 25,879,812 shares.

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PART 1 FINANCIAL INFORMATION

ITEM 1 — FINANCIAL STATEMENTS

HUTTIG BUILDING PRODUCTS, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

(In Millions, Except Per Share Data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net sales	\$199.6	\$192.8	\$574.0	\$549.5
Cost of sales	158.3	151.4	455.0	433.9
Gross margin	41.3	41.4	119.0	115.6
Operating expenses	38.2	33.6	113.3	94.7
Operating income	3.1	7.8	5.7	20.9
Interest expense, net	0.9	0.5	2.2	1.6
Income from continuing operations before income taxes	2.2	7.3	3.5	19.3
Income tax expense	0.9	2.5	0.8	7.1
Income from continuing operations	1.3	4.8	2.7	12.2
Income (loss) from discontinued operations, net of taxes	0.1	(0.1)	—	4.3
Net income	\$1.4	\$4.7	\$2.7	\$16.5
Income from continuing operations per share - basic and diluted	\$0.05	\$0.19	\$0.10	\$0.48
Income (loss) from discontinued operations per share - basic				
and diluted	\$0.00	\$0.00	\$0.00	\$0.17
Net income per share - basic and diluted	\$0.05	\$0.19	\$0.10	\$0.65
Weighted average shares outstanding:				
Basic and diluted shares outstanding	24.9	24.6	24.8	24.5

See notes to condensed consolidated financial statements

HUTTIG BUILDING PRODUCTS, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

(In Millions)

	September 30, 2017	December 31, 2016	September 30, 2016
ASSETS			
CURRENT ASSETS:			
Cash and equivalents	\$ 1.2	\$ 0.3	\$ 1.1
Trade accounts receivable, net	87.5	59.3	78.7
Net inventories	108.1	81.0	84.4
Other current assets	12.1	9.5	7.2
Total current assets	208.9	150.1	171.4
PROPERTY, PLANT AND EQUIPMENT:			
Land	5.0	5.0	5.0
Buildings and improvements	30.8	29.7	29.5
Machinery and equipment	49.5	43.5	41.5
Gross property, plant and equipment	85.3	78.2	76.0
Less accumulated depreciation	55.5	53.3	52.6
Property, plant and equipment, net	29.8	24.9	23.4
OTHER ASSETS:			
Goodwill	9.5	9.5	9.5
Deferred income taxes	11.3	10.3	7.8
Other	7.0	7.5	14.8
Total other assets	27.8	27.3	32.1
TOTAL ASSETS	\$ 266.5	\$ 202.3	\$ 226.9

See notes to condensed consolidated financial statements

HUTTIG BUILDING PRODUCTS, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

(In Millions, Except Share Data)

	September 30, 2017	December 31, 2016	September 30, 2016
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Current maturities of long-term debt	\$ 1.2	\$ 1.0	\$ 0.8
Trade accounts payable	66.7	47.2	57.2
Deferred income taxes	—	—	5.0
Accrued compensation	3.5	6.8	5.2
Other accrued liabilities	13.7	15.1	13.0
Total current liabilities	85.1	70.1	81.2
NON-CURRENT LIABILITIES:			
Long-term debt, less current maturities	102.3	54.5	68.1
Other non-current liabilities	3.4	7.2	7.3
Total non-current liabilities	105.7	61.7	75.4
SHAREHOLDERS' EQUITY:			
Preferred shares: \$.01 par (5,000,000 shares authorized)	—	—	—
Common shares: \$.01 par (75,000,000 shares authorized: 25,879,812; 25,638,862; and 25,466,252 shares issued at September 30, 2017, December 31, 2016 and September 30, 2016, respectively)	0.3	0.3	0.3
Additional paid-in capital	43.5	42.8	42.4
Retained earnings	31.9	27.4	27.6
Total shareholders' equity	75.7	70.5	70.3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 266.5	\$ 202.3	\$ 226.9

See notes to condensed consolidated financial statements

HUTTIG BUILDING PRODUCTS, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(In Millions)

	Three Months Ended September 30, 2017		Nine Months Ended September 30, 2016	
Cash Flows From Operating Activities:				
Net income	\$1.4	\$4.7	\$2.7	\$16.5
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Income (loss) from discontinued operations	(0.1)	0.1	—	(4.3)
Depreciation and amortization	1.3	1.0	3.6	2.8
Non-cash interest expense	—	0.1	0.2	0.3
Stock-based compensation	0.5	0.4	1.6	1.2
Deferred taxes	0.9	2.4	0.8	9.3
Changes in operating assets and liabilities:				
Trade accounts receivable	13.6	4.1	(28.2)	(20.9)
Net inventories	(11.2)	(6.0)	(27.1)	(18.0)
Trade accounts payable	3.1	1.0	19.5	12.7
Other	(3.3)	2.5	(7.6)	(1.1)
Cash provided by (used in) continuing operating activities	6.2	10.3	(34.5)	(1.5)
Cash (used in) provided by discontinued operating activities	(2.2)	(0.8)	(3.9)	3.6
Total cash provided by (used in) operating activities	4.0	9.5	(38.4)	2.1
Cash Flows From Investing Activities:				
Capital expenditures	(2.2)	(1.5)	(5.7)	(2.7)
Acquisition	—	—	—	(17.3)
Total cash used in investing activities	(2.2)	(1.5)	(5.7)	(20.0)
Cash Flows From Financing Activities:				
Borrowings of debt, net	(1.6)	(7.7)	45.9	19.1
Repurchase shares of common stock	—	—	(0.9)	(0.4)
Total cash (used in) provided by financing activities	(1.6)	(7.7)	45.0	18.7
Net increase in cash and equivalents	0.2	0.3	0.9	0.8
Cash and equivalents, beginning of period	1.0	0.8	0.3	0.3
Cash and equivalents, end of period	\$1.2	\$1.1	\$1.2	\$1.1
Supplemental Disclosure of Cash Flow Information:				
Interest paid	\$0.8	\$0.5	\$1.9	\$1.4
Income taxes paid	—	—	0.4	0.4

See notes to condensed consolidated financial statements

HUTTIG BUILDING PRODUCTS, INC. AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)