

HUTTIG BUILDING PRODUCTS INC
Form 10-Q
May 01, 2018

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

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 March 31, 2018 was 26,070,616 shares.

	Page No.
<u>PART I. FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements</u>	3
<u>Condensed Consolidated Statements of Operations for the three months ended March 31, 2018 and 2017 (unaudited)</u>	3
<u>Condensed Consolidated Balance Sheets as of March 31, 2018, December 31, 2017 and March 31, 2017 (unaudited)</u>	4
<u>Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2018 and 2017 (unaudited)</u>	6
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	12
Item 4. <u>Controls and Procedures</u>	16
<u>PART II. OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	16
Item 1A. <u>Risk Factors</u>	16
Item 6. <u>Exhibits</u>	17
<u>Signatures</u>	18

PART I 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 March 31,	
	2018	2017
Net sales	\$ 198.0	\$ 175.7
Cost of sales	159.3	140.2
Gross margin	38.7	35.5
Operating expenses	39.2	37.0
Operating loss	(0.5)	(1.5)
Interest expense, net	1.1	0.6
Loss from continuing operations before income taxes	(1.6)	(2.1)
Benefit from income taxes	(1.1)	(1.2)
Loss from continuing operations	(0.5)	(0.9)
Income (loss) from discontinued operations, net of taxes	—	—
Net loss	\$(0.5)	\$(0.9)
Loss from continuing operations per share - basic and diluted	\$(0.02)	\$(0.04)
Income (loss) from discontinued operations per share - basic		
and diluted	\$—	\$—
Net loss per share - basic and diluted	\$(0.02)	\$(0.04)
Weighted average shares outstanding:		
Basic and diluted shares outstanding	25.1	24.7

See notes to condensed consolidated financial statements

HUTTIG BUILDING PRODUCTS, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

(In Millions)

	March 31, 2018	December 31, 2017	March 31, 2017
ASSETS			
CURRENT ASSETS:			
Cash and equivalents	\$1.3	\$ 0.3	\$1.1
Trade accounts receivable, net	100.9	66.8	88.4
Net inventories	139.3	111.9	88.2
Other current assets	10.7	11.4	7.2
Total current assets	252.2	190.4	184.9
PROPERTY, PLANT AND EQUIPMENT:			
Land	5.0	5.0	5.0
Buildings and improvements	31.2	31.1	29.8
Machinery and equipment	51.8	49.8	45.4
Gross property, plant and equipment	88.0	85.9	80.2
Less accumulated depreciation	57.3	56.4	54.1
Property, plant and equipment, net	30.7	29.5	26.1
OTHER ASSETS:			
Goodwill	9.5	9.5	9.5
Deferred income taxes	10.8	9.7	13.4
Other	6.4	6.8	7.1
Total other assets	26.7	26.0	30.0
TOTAL ASSETS	\$309.6	\$ 245.9	\$241.0

See notes to condensed consolidated financial statements

HUTTIG BUILDING PRODUCTS, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited)

(In Millions, Except Share Data)

	March 31, 2018	December 31, 2017	March 31, 2017
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Current maturities of long-term debt	\$1.3	\$ 1.2	\$1.0
Trade accounts payable	80.5	51.0	68.2
Accrued compensation	2.5	6.3	3.2
Other accrued liabilities	11.5	16.6	12.1
Total current liabilities	95.8	75.1	84.5
NON-CURRENT LIABILITIES:			
Long-term debt, less current maturities	145.4	101.8	78.5
Other non-current liabilities	2.3	2.5	6.8
Total non-current liabilities	147.7	104.3	85.3
SHAREHOLDERS' EQUITY:			
Preferred shares: \$.01 par (5,000,000 shares authorized)	—	—	—
Common shares: \$.01 par (75,000,000 shares authorized: 26,070,616 25,843,166; and 25,880,851 shares issued at March 31, 2018, December 31, 2017 and March 31, 2017, respectively)	0.3	0.3	0.3
Additional paid-in capital	44.2	44.1	42.6
Retained earnings	21.6	22.1	28.3
Total shareholders' equity	66.1	66.5	71.2
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$309.6	\$ 245.9	\$241.0

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 March 31,	
	2018	2017
Cash Flows From Operating Activities:		
Net loss	\$(0.5)	\$(0.9)
Adjustments to reconcile net loss to net cash used in		
operating activities:		
Depreciation and amortization	1.3	1.1
Non-cash interest expense	0.1	0.1
Stock-based compensation	0.6	0.5
Deferred income taxes	(1.1)	(1.3)
Changes in operating assets and liabilities:		
Trade accounts receivable	(34.1)	(29.1)
Net inventories	(27.5)	(7.2)
Trade accounts payable	29.5	21.0
Other	(8.1)	(4.3)
Cash used in continuing operating activities	(39.8)	(20.1)
Cash used in discontinued operating activities	(0.3)	(0.3)
Total cash used in operating activities	(40.1)	(20.4)
Cash Flows From Investing Activities:		
Capital expenditures	(1.6)	(1.7)
Total cash used in investing activities	(1.6)	(1.7)
Cash Flows From Financing Activities:		
Borrowings of debt, net	43.1	23.6
Payment for taxes related to share settlement of equity awards	(0.4)	(0.7)
Total cash provided by financing activities	42.7	22.9
Net increase in cash and equivalents	1.0	0.8
Cash and equivalents, beginning of period	0.3	0.3
Cash and equivalents, end of period	\$ 1.3	\$ 1.1
Supplemental Disclosure of Cash Flow Information:		
Interest paid	\$ 1.0	\$ 0.5
Non-cash financing activities:		
Assets acquired with debt obligations	0.6	0.3

See notes to condensed consolidated financial statements

HUTTIG BUILDING PRODUCTS, INC. AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. BASIS OF PRESENTATION

The unaudited interim condensed consolidated financial statements of Huttig Building Products, Inc. and its subsidiary (the “Company” or “Huttig”) were prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and reflect all adjustments (including normal recurring accruals) which, in the opinion of management, are considered necessary for the fair presentation of the results for the periods presented. These statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017.

The condensed consolidated results of operations and resulting cash flows for the interim periods presented are not necessarily indicative of the results that might be expected for the full year. Due to the seasonal nature of Huttig’s business, operating profitability is usually lower in the Company’s first and fourth quarters than in the second and third quarters.

2. NEW ACCOUNTING STANDARDS

Adoption of New Accounting Standards