

UNIVERSAL FOREST PRODUCTS INC
Form 10-Q
August 08, 2012

UNIVERSAL FOREST PRODUCTS, INC.

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 June 30, 2012

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
(State or other jurisdiction of incorporation or organization)

38-1465835
(I.R.S. Employer Identification Number)

2801 East Beltline NE, Grand Rapids, Michigan
(Address of principal executive offices)

49525
(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

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller reporting company

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 June 30, 2012
Common stock, no par value	19,735,289

UNIVERSAL FOREST PRODUCTS, INC.

TABLE OF CONTENTS

Page No.

PART I. FINANCIAL INFORMATION.

Item 1. Financial Statements.

Consolidated Condensed Balance Sheets at June 30, 2012, December 31, 2011 and June 25, 2011.

Consolidated Condensed Statements of Earnings and Comprehensive Income for the Three and Six Months Ended June 30, 2012 and June 25, 2011.

Consolidated Condensed Statements of Equity for the Six Months Ended June 30, 2012 and June 25, 2011.

Consolidated Condensed Statements of Cash Flows for the Six Months Ended June 30, 2012 and June 25, 2011.

Notes to Consolidated Condensed Financial Statements. 7

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. 16

Item 3. Quantitative and Qualitative Disclosures about Market Risk. 29

Item 4. Controls and Procedures. 29

PART II. OTHER INFORMATION.

Item 1. Legal Proceedings – NONE.

Item 1A. Risk Factors – NONE.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds. 30

Item 3. Defaults upon Senior Securities – NONE.

Item 4. Mine Safety Disclosures – NONE.

Item 5. Other Information – NONE. 30

Item 6. Exhibits. 31

Table of Contents

UNIVERSAL FOREST PRODUCTS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(Unaudited)

(in thousands, except share data)

	June 30, 2012	December 31, 2011	June 25, 2011
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$5,317	\$11,305	\$-
Accounts receivable, net	212,038	127,316	200,181
Inventories:			
Raw materials	116,895	111,526	126,196
Finished goods	90,661	83,171	78,394
	207,556	194,697	204,590
Assets held for sale	-	-	5,082
Refundable income taxes	-	3,482	3,587
Other current assets	24,105	21,394	22,258
TOTAL CURRENT ASSETS	449,016	358,194	435,698
OTHER ASSETS	16,176	15,380	11,453
GOODWILL	157,836	154,702	154,702
INDEFINITE-LIVED INTANGIBLE ASSETS	2,340	2,340	2,340
OTHER INTANGIBLE ASSETS, net	9,491	10,924	13,136
PROPERTY, PLANT AND EQUIPMENT:			
Property, plant and equipment	537,273	537,208	525,197
Accumulated depreciation and amortization	(319,495)	(314,741)	(308,200)
PROPERTY, PLANT AND EQUIPMENT, NET	217,778	222,467	216,997
TOTAL ASSETS	\$852,637	\$764,007	\$834,326
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Cash overdraft	\$-	\$-	\$8,671
Accounts payable	81,117	49,433	76,521
Accrued liabilities:			
Compensation and benefits	35,592	30,920	39,741
Income taxes	5,401		
Other	16,911	12,172	15,573
Current portion of long-term debt and capital lease obligations	40,000	40,270	23,772
TOTAL CURRENT LIABILITIES	179,021	132,795	164,278
LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS, less current portion	32,854	12,200	52,200
DEFERRED INCOME TAXES	20,034	19,049	20,478
OTHER LIABILITIES	16,654	17,364	16,513
TOTAL LIABILITIES	248,563	181,408	253,469

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 40,000,000; issued and outstanding 19,735,289, 19,623,803 and 19,525,590

	\$ 19,735	\$ 19,624	\$ 19,526
Additional paid-in capital	147,260	143,988	140,636
Retained earnings	428,573	410,848	410,814
Accumulated other comprehensive earnings	3,439	3,600	4,839
Employee stock notes receivable	(1,016)	(1,255)	(1,493)
	597,991	576,805	574,322
Noncontrolling interest	6,083	5,794	6,535
TOTAL EQUITY	604,074	582,599	580,857
TOTAL LIABILITIES AND EQUITY	\$ 852,637	\$ 764,007	\$ 834,326

See notes to unaudited consolidated condensed financial statements.

Table of Contents

UNIVERSAL FOREST PRODUCTS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS AND
COMPREHENSIVE INCOME
(Unaudited)

(in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30, 2012	June 25, 2011	June 30, 2012	June 25, 2011
NET SALES	\$593,693	\$544,139	\$1,050,804	\$931,372
COST OF GOODS SOLD	521,946	487,552	925,391	833,371
GROSS PROFIT	71,747	56,587	125,413	98,001
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	49,106	45,328	94,884	91,816
NET (GAIN) LOSS ON DISPOSITION OF ASSETS, EARLY RETIREMENT, AND OTHER IMPAIRMENT AND EXIT CHARGES	(6,878)	3,482	(6,783)	3,489
EARNINGS FROM OPERATIONS	29,519	7,777	37,312	2,696
INTEREST EXPENSE	1,240	929	2,251	1,812
INTEREST INCOME	(321)	(132)	(562)	(380)
EQUITY IN LOSS (EARNINGS) OF INVESTEE	52	(18)	(10)	(35)
	971	779	1,679	1,397
EARNINGS BEFORE INCOME TAXES	28,548	6,998	35,633	1,299
INCOME TAXES	10,538	2,502	13,237	215
NET EARNINGS	18,010	4,496	22,396	1,084
LESS NET EARNINGS ATTRIBUTABLE TO NONCONTROLLING INTEREST	(501)	(219)	(732)	(477)
NET EARNINGS ATTRIBUTABLE TO CONTROLLING INTEREST	\$17,509	\$4,277	\$21,664	\$607
EARNINGS PER SHARE - BASIC	\$0.88	\$0.22	\$1.10	\$0.03
EARNINGS PER SHARE - DILUTED	\$0.88	\$0.22	\$1.10	\$0.03
COMPREHENSIVE INCOME	\$16,777	\$4,706	\$22,221	\$2,004
	(63)	(294)	(718)	(723)

LESS COMPREHENSIVE INCOME ATTRIBUTABLE
TO NONCONTROLLING INTEREST

COMPREHENSIVE INCOME ATTRIBUTABLE TO CONTROLLING INTEREST	\$16,714	\$4,412	\$21,503	\$1,281
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See notes to unaudited consolidated condensed financial statements.

Table of Contents

UNIVERSAL FOREST PRODUCTS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF EQUITY
(Unaudited)

(in thousands, except share and per share data)

	Controlling Interest Shareholders' Equity						
	Common Stock	Additional Paid- In Capital	Retained Earnings	Accumulated Other Comprehensive Earnings	Employees Stock Notes Receivable	Noncontrolling Interest	Total
Balance at December 25, 2010	\$ 19,333	\$ 138,573	\$ 414,108	\$ 4,165	\$ (1,670)	\$ 6,667	\$ 581,176
Net earnings			607			477	1,084
Foreign currency translation adjustment				674		246	920
Purchase of additional noncontrolling interest						(100)	(100)
Capital contribution from noncontrolling interest						80	80
Distributions to noncontrolling interest						(835)	(835)
Cash dividends - \$0.200 per share			(3,905)				(3,905)
Issuance of 30,108 shares under employee stock plans	30	545					575
Issuance of 158,436 shares under stock grant programs	159	(13)	4				150
Issuance of 4,245 shares under deferred compensation plans	4	(4)					-
Tax benefits from non-qualified stock options exercised		154					154

Expense associated with share-based compensation arrangements		1,013					1,013
Accrued expense under deferred compensation plans		380					380
Notes receivable adjustment		(12)			12		-
Payments received on employee stock notes receivable					165		165
Balance at June 25, 2011	\$ 19,526	\$ 140,636	\$ 410,814	\$ 4,839	\$ (1,493)	\$ 6,535	\$ 580,857
Balance at December 31, 2011	\$ 19,624	\$ 143,988	\$ 410,848	\$ 3,600	\$ (1,255)	\$ 5,794	\$ 582,599
Net earnings			21,664			732	22,396
Foreign currency translation adjustment				(161)		(14)	(175)
Distributions to noncontrolling interest						(429)	(429)
Cash dividends - \$0.200 per share			(3,946)				(3,946)
Issuance of 49,811 shares under employee stock plans	50	1,184					1,234
Issuance of 33,063 shares under stock grant programs	33	35	7				75
Issuance of 29,356 shares under deferred compensation plans	29	(29)					-
Tax benefits from non-qualified stock options exercised		129					129
Expense associated with share-based compensation arrangements		666					666

Accrued expense under deferred compensation plans		1,311					1,311
Notes receivable written-off	(1)	(24)		25			-
Payments received on employee stock notes receivable				214			214
Balance at June 30, 2012	\$ 19,735	\$ 147,260	\$ 428,573	\$ 3,439	\$ (1,016)	\$ 6,083	\$ 604,074

See notes to unaudited consolidated condensed financial statements.

Table of Contents

UNIVERSAL FOREST PRODUCTS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

(in thousands)

	Six Months Ended	
	June 30, 2012	June 25, 2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings attributable to controlling interest	\$21,664	\$607
Adjustments to reconcile net earnings attributable to controlling interest to net cash from operating activities:		
Depreciation	14,430	14,452
Amortization of intangibles	1,506	2,873
Expense associated with share-based compensation arrangements	741	1,163
Excess tax benefits from share-based compensation arrangements	(26)	(120)
Deferred income tax credit	(1,133)	(87)
Net earnings attributable to noncontrolling interest	732	477
Equity in earnings of investee	(10)	(35)
Net (gain) loss on sale or impairment of property, plant and equipment	(6,932)	21
Changes in:		
Accounts receivable	(84,649)	(77,166)
Inventories	(12,166)	(13,865)
Accounts payable	31,447	16,927
Accrued liabilities and other	14,684	(3,158)
NET CASH FROM OPERATING ACTIVITIES	(19,712)	(57,911)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(15,760)	(12,159)
Proceeds from sale of property, plant and equipment	14,635	1,197
Acquisitions, net of cash received	(2,149)	-
Purchase of patents	(48)	(77)
Collections of notes receivable	755	294
Advances of notes receivable	(706)	-
Other, net	(187)	19
NET CASH FROM INVESTING ACTIVITIES	(3,460)	(10,726)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings under revolving credit facilities	23,154	20,931
Repayment of long-term debt	(2,774)	(272)
Debt issuance costs	(85)	-
Proceeds from issuance of common stock	1,234	575
Purchase of additional noncontrolling interest	-	(100)
Distributions to noncontrolling interest	(429)	(835)
Capital contribution from noncontrolling interest	-	80
Dividends paid to shareholders	(3,946)	(3,905)
Excess tax benefits from share-based compensation arrangements	26	120
Other, net	4	9
NET CASH FROM FINANCING ACTIVITIES	17,184	16,603

NET CHANGE IN CASH AND CASH EQUIVALENTS	(5,988)	(52,034)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	11,305	43,363
CASH AND CASH EQUIVALENTS (OVERDRAFT), END OF PERIOD	\$5,317	\$(8,671)
SUPPLEMENTAL SCHEDULE OF CASH FLOW INFORMATION:		
Interest paid	\$2,079	\$1,820
Income taxes paid	6,289	2,964
NON-CASH FINANCING ACTIVITIES:		
Common stock issued under deferred compensation plans	\$1,008	\$142

See notes to unaudited consolidated condensed financial statements

Table of Contents

UNIVERSAL FOREST PRODUCTS, INC.

NOTES TO UNAUDITED
CONSOLIDATED CONDENSED FINANCIAL STATEMENTS