

GIBRALTAR INDUSTRIES, INC.

Form 10-Q

May 02, 2014

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2014

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 0-22462

GIBRALTAR INDUSTRIES, INC.

(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of	16-1445150
incorporation or organization)	(I.R.S. Employer
3556 Lake Shore Road, P.O. Box 2028	Identification No.)
Buffalo, New York	14219-0228
(Address of principal executive offices)	(Zip Code)
Registrant's telephone number, including area code: (716) 826-6500	

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 checkmark 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 or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

Indicated by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.). Yes No

As of April 29, 2014, the number of common shares outstanding was: 30,846,564

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GIBRALTAR INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

(unaudited)

	Three Months Ended March 31,	
	2014	2013
Net sales	\$ 191,032	\$ 196,801
Cost of sales	161,168	160,624
Gross profit	29,864	36,177
Selling, general, and administrative expense	29,531	30,981
Income from operations	333	5,196
Interest expense	3,640	11,160
Other expense (income)	30	(66)
Loss before taxes	(3,337)	(5,898)
Benefit of income taxes	(1,251)	(2,255)
Loss from continuing operations	(2,086)	(3,643)
Discontinued operations:		
Loss before taxes		(7)
Benefit of income taxes		(3)
Loss from discontinued operations		(4)
Net loss	\$ (2,086)	\$ (3,647)
Net earnings per share Basic:		
Loss from continuing operations	\$ (0.07)	\$ (0.12)
Loss from discontinued operations		
Net loss	\$ (0.07)	\$ (0.12)
Weighted average shares outstanding Basic	31,034	30,877
Net earnings per share Diluted:		

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Loss from continuing operations		\$ (0.07)	\$ (0.12)
Loss from discontinued operations			
Net loss		\$ (0.07)	\$ (0.12)
Weighted average shares outstanding	Diluted	31,034	30,877

See accompanying notes to consolidated financial statements.

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GIBRALTAR INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

(unaudited)

	Three Months Ended March 31,	
	2014	2013
Net loss	\$ (2,086)	\$ (3,647)
Other comprehensive loss:		
Foreign currency translation adjustment	(904)	(3,097)
Adjustment to retirement benefit liability, net of tax	2	2
Adjustment to post-retirement health care liability, net of tax	19	38
Other comprehensive loss	(883)	(3,057)
Total comprehensive loss	\$ (2,969)	\$ (6,704)

See accompanying notes to consolidated financial statements.

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GIBRALTAR INDUSTRIES, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)

(unaudited)

	March 31, 2014	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 78,186	\$ 97,039
Accounts receivable, net of reserve of \$4,770 and \$4,774 in 2014 and 2013	106,639	90,082
Inventories	127,200	121,152
Other current assets	16,803	14,127
Total current assets	328,828	322,400
Property, plant, and equipment, net	130,476	131,752
Goodwill	340,942	341,174
Acquired intangibles	90,294	91,777
Other assets	6,495	7,059
	\$ 897,035	\$ 894,162
Liabilities and Shareholders Equity		
Current liabilities:		
Accounts payable	\$ 82,813	\$ 69,625
Accrued expenses	42,739	49,879
Current maturities of long-term debt	405	409
Total current liabilities	125,957	119,913
Long-term debt	213,600	213,598
Deferred income taxes	55,113	55,124
Other non-current liabilities	32,877	33,778
Shareholders equity:		
Preferred stock, \$0.01 par value; authorized 10,000 shares; none outstanding		
Common stock, \$0.01 par value; authorized 50,000 shares; 31,219 and 31,131 shares issued in 2014 and 2013	312	311
Additional paid-in capital	244,504	243,389
Retained earnings	234,363	236,449
Accumulated other comprehensive loss	(4,468)	(3,585)
Cost of 417 and 395 common shares held in treasury in 2014 and 2013	(5,223)	(4,815)
Total shareholders equity	469,488	471,749

\$ 897,035 \$ 894,162

See accompanying notes to consolidated financial statements.

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GIBRALTAR INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	Three Months Ended March 31,	
	2014	2013
Cash Flows from Operating Activities		
Net loss	\$ (2,086)	\$ (3,647)
Loss from discontinued operations		(4)
Loss from continuing operations	(2,086)	(3,643)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	6,566	6,904
Stock compensation expense	660	973
Other non-cash adjustments	550	425
Non-cash charges to interest expense	261	273
Loss on early note redemption		7,166
Increase (decrease) in cash resulting from changes in the following (excluding the effects of acquisitions):		
Accounts receivable	(17,107)	(22,813)
Inventories	(6,266)	(9,802)
Other current assets and other assets	(2,248)	232
Accounts payable	13,060	13,277
Accrued expenses and other non-current liabilities	(8,016)	(5,679)
Net cash used in operating activities of continuing operations	(14,626)	(12,687)
Net cash used in operating activities of discontinued operations		(7)
Net cash used in operating activities	(14,626)	(12,694)
Cash Flows from Investing Activities		
Purchases of property, plant, and equipment	(4,056)	(1,979)
Net proceeds from sale of property and equipment	137	127
Net cash used in investing activities	(3,919)	(1,852)
Cash Flows from Financing Activities		
Proceeds from long-term debt		210,000
Long-term debt payments	(2)	(204,678)
Payment of deferred financing costs		(3,711)
Payment of note redemption fees		(3,702)

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Purchase of treasury stock at market prices	(408)	(636)
Net proceeds from issuance of common stock	365	327
Excess tax benefit from stock compensation	91	83
Net cash provided by (used in) financing activities	46	(2,317)
Effect of exchange rate changes on cash	(354)	(877)
Net decrease in cash and cash equivalents	(18,853)	(17,740)
Cash and cash equivalents at beginning of year	97,039	48,028
Cash and cash equivalents at end of period	\$ 78,186	\$ 30,288

See accompanying notes to consolidated financial statements.

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GIBRALTAR INDUSTRIES, INC.

CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY

(in thousands)

(unaudited)

	Common Stock		Additional	Retained	Accumulated	Treasury Stock		Total
	Shares	Amount	Paid-In	Earnings	Other	Shares	Amount	Shareholders
			Capital		Loss			Equity
Balance at December 31, 2013	31,131	\$ 311	\$ 243,389	\$ 236,449	\$ (3,585)	395	\$ (4,815)	\$ 471,749
Net loss				(2,086)				(2,086)
Foreign currency translation adjustment					(904)			(904)
Adjustment to pension benefit liability, net of taxes of \$1					2			2
Adjustment to post-retirement healthcare benefit liability, net of taxes of \$12					19			19
Stock compensation expense			660					660
Excess tax benefit from stock compensation			91					91
Stock options exercised	30		365					365
Net settlement of restricted stock units	58	1	(1)			22	(408)	(408)
Balance at March 31, 2014	31,219	\$ 312	\$ 244,504	\$ 234,363	\$ (4,468)	417	\$ (5,223)	\$ 469,488

See accompanying notes to consolidated financial statements.

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GIBRALTAR INDUSTRIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared by Gibraltar Industries, Inc. (the Company) without audit. In the opinion of management, all adjustments (consisting of normal recurring adjustments and accruals) necessary to present fairly the financial pos