

GIBRALTAR INDUSTRIES, INC.

Form 10-Q

October 31, 2013

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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 September 30, 2013

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
incorporation or organization)

16-1445150
(I.R.S. Employer
Identification No.)

3556 Lake Shore Road, P.O. Box 2028,

Buffalo, New York
(Address of principal executive offices)

14219-0228
(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 Accelerated filer

Non-accelerated filer Smaller reporting company

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 October 28, 2013, the number of common shares outstanding was: 30,697,660

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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		Nine Months Ended	
	September 30,		September 30,	
	2013	2012	2013	2012
Net sales	\$ 217,412	\$ 205,514	\$ 638,732	\$ 617,419
Cost of sales	175,650	165,286	516,087	499,984
Gross profit	41,762	40,228	122,645	117,435
Selling, general, and administrative expense	24,754	24,479	84,158	78,370
Intangible asset impairment	23,160		23,160	
(Loss) income from operations	(6,152)	15,749	15,327	39,065
Interest expense	3,828	4,688	18,678	13,989
Other income	(66)	(55)	(141)	(401)
(Loss) income before taxes	(9,914)	11,116	(3,210)	25,477
Provision for income taxes	3,813	4,094	6,428	9,091
(Loss) income from continuing operations	(13,727)	7,022	(9,638)	16,386
Discontinued operations:				
Income (loss) before taxes		162	(7)	9
Benefit of income taxes		(117)	(3)	(174)
Income (loss) from discontinued operations		279	(4)	183
Net (loss) income	\$ (13,727)	\$ 7,301	\$ (9,642)	\$ 16,569
Net earnings per share Basic:				
(Loss) income from continuing operations	\$ (0.44)	\$ 0.23	\$ (0.31)	\$ 0.53
Income from discontinued operations		0.01		0.01
Net (loss) income	\$ (0.44)	\$ 0.24	\$ (0.31)	\$ 0.54

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Weighted average shares outstanding	Basic	30,946	30,765	30,916	30,739
Net earnings per share Diluted:					
(Loss) income from continuing operations		\$ (0.44)	\$ 0.23	\$ (0.31)	\$ 0.53
Income from discontinued operations			0.01		0.01
Net (loss) income		\$ (0.44)	\$ 0.24	\$ (0.31)	\$ 0.54
Weighted average shares outstanding	Diluted	30,946	30,838	30,916	30,834

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 September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net (loss) income	\$ (13,727)	\$ 7,301	\$ (9,642)	\$ 16,569
Other comprehensive income (loss):				
Foreign currency translation adjustment	2,539	2,029	(1,362)	1,968
Adjustment to retirement benefit liability, net of tax	3	2	7	6
Adjustment to post-retirement health care liability, net of tax	18	16	56	47
Other comprehensive income (loss)	2,560	2,047	(1,299)	2,021
Total comprehensive (loss) income	\$ (11,167)	\$ 9,348	\$ (10,941)	\$ 18,590

See accompanying notes to consolidated financial statements.

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GIBRALTAR INDUSTRIES, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)

	September 30, 2013 (unaudited)	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 80,848	\$ 48,028
Accounts receivable, net of reserve of \$4,558 and \$4,481 in 2013 and 2012, respectively	114,541	89,473
Inventories	116,899	116,357
Other current assets	15,290	13,380
Total current assets	327,578	267,238
Property, plant, and equipment, net	130,877	151,613
Goodwill	341,445	359,863
Acquired intangibles	93,332	98,759
Other assets	6,202	6,201
	\$ 899,434	\$ 883,674
Liabilities and Shareholders Equity		
Current liabilities:		
Accounts payable	\$ 81,158	\$ 69,060
Accrued expenses	46,528	47,432
Current maturities of long-term debt	417	1,093
Total current liabilities	128,103	117,585
Long-term debt	213,601	206,710
Deferred income taxes	56,334	57,068
Other non-current liabilities	33,615	25,489
Shareholders equity:		
Preferred stock, \$0.01 par value; authorized: 10,000 shares; none outstanding		
Common stock, \$0.01 par value; authorized 50,000 shares; 31,087 and 30,938 shares issued in 2013 and 2012	310	309
Additional paid-in capital	242,648	240,107
Retained earnings	232,440	242,082
Accumulated other comprehensive loss	(2,874)	(1,575)
Cost of 390 and 350 common shares held in treasury in 2013 and 2012	(4,743)	(4,101)
Total shareholders equity	467,781	476,822

\$ 899,434 \$ 883,674

See accompanying notes to consolidated financial statements

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GIBRALTAR INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	Nine Months Ended	
	September 30,	
	2013	2012
Cash Flows from Operating Activities		
Net (loss) income	\$ (9,642)	\$ 16,569
(Loss) income from discontinued operations	(4)	183
(Loss) income from continuing operations	(9,638)	16,386
Adjustments to reconcile net income to net cash provided by operating activities:		
Intangible asset impairment	23,160	
Depreciation and amortization	20,396	19,838
Loss on early note redemption	7,166	
Stock compensation expense	2,138	2,710
Other non-cash adjustments	4,002	3,156
Non-cash charges to interest expense	736	1,186
Provision for deferred income tax	33	214
Increase (decrease) in cash resulting from changes in the following (excluding the effects of acquisitions):		
Accounts receivable	(25,352)	(19,410)
Inventories	(211)	(646)
Other current assets and other assets	(602)	2,305
Accounts payable	11,919	6,134
Accrued expenses and other non-current liabilities	4,169	(5,257)
Net cash provided by operating activities of continuing operations	37,916	26,616
Net cash (used in) provided by operating activities of discontinued operations	(9)	119
Net cash provided by operating activities	37,907	26,735
Cash Flows from Investing Activities		
Cash paid for acquisitions, net of cash acquired	(5,344)	(2,705)
Purchases of property, plant, and equipment	(8,816)	(6,852)
Net proceeds from sale of property and equipment	12,447	417
Net cash used in investing activities	(1,713)	(9,140)
Cash Flows from Financing Activities		

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Proceeds from long-term debt	210,000	
Long-term debt payments	(205,084)	(414)
Payment of deferred financing fees	(3,858)	(18)
Payment of note redemption fees	(3,702)	
Purchase of treasury stock at market prices	(642)	(970)
Excess tax benefit from stock compensation	62	14
Net proceeds from issuance of common stock	342	52
Net cash used in financing activities	(2,882)	(1,336)
Effect of exchange rate changes on cash	(492)	751
Net increase in cash and cash equivalents	32,820	17,010
Cash and cash equivalents at beginning of year	48,028	54,117
Cash and cash equivalents at end of period	\$ 80,848	\$ 71,127

See accompanying notes to consolidated financial statements.

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GIBRALTAR INDUSTRIES, INC.

CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY

(in thousands)

(unaudited)

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