

Builders FirstSource, Inc.  
Form 10-Q  
August 05, 2016

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, 2016

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 0-51357

BUILDERS FIRSTSOURCE, INC.

(Exact name of registrant as specified in its charter)

|  |                     |
|--|---------------------|
| Delaware                                 | 52-2084569          |
| (State or other jurisdiction of          | (I.R.S. Employer    |
| incorporation or organization)           | Identification No.) |
| 2001 Bryan Street, Suite 1600            |                     |
| Dallas, Texas                            | 75201               |
| (Address of principal executive offices) | (Zip Code)          |

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(214) 880-3500

(Registrant's telephone number, including area code)

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 (Section 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

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

The number of shares of the issuer's common stock, par value \$0.01, outstanding as of August 2, 2016 was 110,866,674.

BUILDERS FIRSTSOURCE, INC.

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## PART I — FINANCIAL INFORMATION

## Item 1. Financial Statements (unaudited)

## BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

|  | Three Months Ended                       |           | Six Months Ended |            |
|--|--|-----------|------------------|------------|
|  | June 30,                                 |           | June 30,         |            |
|  | 2016                                     | 2015      | 2016             | 2015       |
|  | (Unaudited)                              |           |                  |            |
|  | (In thousands, except per share amounts) |           |                  |            |
| Sales  | \$1,677,300                              | \$461,521 | \$3,074,415      | \$832,507  |
| Cost of sales  | 1,258,969                                | 350,907   | 2,306,335        | 638,160    |
| Gross margin   | 418,331                                  | 110,614   | 768,080          | 194,347    |
| Selling, general and administrative expenses                 | 341,909                                  | 94,664    | 668,878          | 177,664    |
| Income from operations                                       | 76,422                                   | 15,950    | 99,202           | 16,683     |
| Interest expense, net  | 42,802                                   | 12,573    | 78,027           | 20,180     |
| Income (loss) from continuing operations before income taxes | 33,620                                   | 3,377     | 21,175           | (3,497 )   |
| Income tax expense (benefit)                                 | 4,179                                    | (199 )    | 8,714            | (3 )       |
| Net Income (loss)  | \$29,441                                 | \$3,576   | \$12,461         | \$(3,494 ) |
| Comprehensive Income (loss)                                  | \$29,441                                 | \$3,576   | \$12,461         | \$(3,494 ) |
| Net income (loss) per share:                                 |  |           |                  |            |
| Basic  | \$0.27                                   | \$0.04    | \$0.11           | \$(0.04 )  |
| Diluted  | \$0.26                                   | \$0.03    | \$0.11           | \$(0.04 )  |
| Weighted average common shares:                              |  |           |                  |            |
| Basic  | 110,339                                  | 99,163    | 110,133          | 98,677     |
| Diluted  | 113,504                                  | 102,978   | 112,922          | 98,677     |

The accompanying notes are an integral part of these condensed consolidated financial statements.

## BUILDERS FIRSTSOURCE, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS

|  | June 30,<br>2016<br>(Unaudited)          | December<br>31,<br>2015 |
|--|--|-------------------------|
|  | (In thousands, except per share amounts) |                         |
| <b>ASSETS</b>  |  |                         |
| Current assets:  |  |                         |
| Cash and cash equivalents  | \$6,192                                  | \$65,063                |
| Accounts receivable, less allowance of \$9,683 and \$8,049 at June 30, 2016 and<br>December 31, 2015, respectively | 667,905                                  | 528,544                 |
| Other receivables  | 37,583                                   | 57,778                  |
| Inventories, net   | 578,776                                  | 513,045                 |
| Other current assets   | 28,429                                   | 29,899                  |
| Total current assets   | 1,318,885                                | 1,194,329               |
| Property, plant and equipment, net   | 698,969                                  | 734,329                 |
| Assets held for sale   | 9,063                                    | 5,585                   |
| Goodwill   | 740,411                                  | 739,625                 |
| Intangible assets, net   | 174,908                                  | 189,604                 |
| Other assets, net  | 22,954                                   | 18,566                  |
| Total assets   | \$2,965,190                              | \$2,882,038             |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>  |  |                         |
| Current liabilities:   |  |                         |
| Checks outstanding   | \$39,458                                 | \$46,833                |
| Accounts payable   | 482,629                                  | 365,347                 |
| Accrued liabilities  | 246,564                                  | 293,905                 |
| Current maturities of long-term debt and lease obligations   | 28,540                                   | 29,153                  |
| Total current liabilities  | 797,191                                  | 735,238                 |
| Long-term debt and lease obligations, net of current maturities, debt discount and deferred<br>loan costs          | 1,909,823                                | 1,922,518               |
| Other long-term liabilities  | 89,055                                   | 75,087                  |
| Total liabilities  | 2,796,069                                | 2,732,843               |
| Commitments and contingencies (Note 7)   |  |                         |
| Stockholders' equity:  |  |                         |
| Preferred stock, \$0.01 par value, 10,000 shares authorized; zero shares issued and<br>outstanding                 |  |                         |
| at June 30, 2016 and December 31, 2015, respectively   | —  | —                       |

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Common stock, \$0.01 par value, 200,000 shares authorized; 110,839 and 109,726 shares issued

|  |            |            |
|--|------------|------------|
| and outstanding at June 30, 2016 and December 31, 2015, respectively | 1,108      | 1,097      |
| Additional paid-in capital   | 519,256    | 511,802    |
| Accumulated deficit  | (351,243 ) | (363,704 ) |
| Total stockholders' equity   |            |            |