

Quanex Building Products CORP
Form 10-Q
March 08, 2016

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 January 31, 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 1-33913

QUANEX BUILDING PRODUCTS CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE 26-1561397
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

1800 West Loop South, Suite 1500, Houston, Texas 77027

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (713) 961-4600

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. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in 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 at March 4, 2016
Common Stock, par value \$0.01 per share 34,218,744

QUANEX BUILDING PRODUCTS CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

QUANEX BUILDING PRODUCTS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	January 31, 2016	October 31, 2015
	(In thousands, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$27,748	\$23,125
Accounts receivable, net of allowance for doubtful accounts of \$917 and \$673	65,762	64,080
Inventories, net (Note 3)	97,144	63,029
Prepaid and other current assets	10,953	7,992
Total current assets	201,607	158,226
Property, plant and equipment, net of accumulated depreciation of \$224,362 and \$217,512	200,494	140,672
Deferred income taxes (Note 8)	—	8,783
Goodwill (Note 4)	237,229	129,770
Intangible assets, net (Note 4)	174,888	120,810
Other assets	15,644	8,529
Total assets	\$829,862	\$566,790
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$43,298	\$47,778
Accrued liabilities	34,776	37,364
Income taxes payable (Note 8)	496	747
Current maturities of long-term debt (Note 5)	8,752	2,359
Total current liabilities	87,322	88,248
Long-term debt (Note 5)	312,125	55,041
Deferred pension and postretirement benefits (Note 6)	6,385	5,701
Deferred income taxes (Note 8)	20,956	—
Other liabilities	22,286	22,505
Total liabilities	449,074	171,495
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Preferred stock, no par value, shares authorized 1,000,000; issued and outstanding - none	—	—
Common stock, \$0.01 par value, shares authorized 125,000,000; issued 37,596,606 and 37,609,563, respectively; outstanding 34,218,744 and 33,962,460, respectively	376	376
Additional paid-in-capital	250,478	250,937
Retained earnings	213,087	222,138
Accumulated other comprehensive loss	(20,074)	(10,049)
Less: Treasury stock at cost, 3,377,862 and 3,647,103 shares, respectively	(63,079)	(68,107)
Total stockholders' equity	380,788	395,295
Total liabilities and stockholders' equity	\$829,862	\$566,790

The accompanying notes are an integral part of the financial statements.

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QUANEX BUILDING PRODUCTS CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS)
 (Unaudited)

	Three Months Ended	
	January 31,	
	2016	2015
	(In thousands, except per share amounts)	
Net sales	\$ 201,468	\$ 127,893
Cost and expenses:		
Cost of sales (excluding depreciation and amortization)	159,348	105,804
Selling, general and administrative	31,288	19,496
Depreciation and amortization	12,970	8,208
Operating loss	(2,138)	(5,615)
Non-operating expense:		
Interest expense	(6,491)	(141)
Other, net	(2,361)	(151)
Loss from continuing operations before income taxes	(10,990)	(5,907)
Income tax benefit	3,741	2,813
Loss from continuing operations	(7,249)	(3,094)
Income from discontinued operations, net of tax of \$0 and \$15, respectively	—	23
Net loss	\$ (7,249)	\$ (3,071)
Basic loss per common share:		
From continuing operations	\$ (0.21)	\$ (0.09)
From discontinued operations	—	—
Loss per share, basic	\$ (0.21)	\$ (0.09)
Diluted loss per common share:		
From continuing operations	\$ (0.21)	\$ (0.09)
From discontinued operations	—	—
Loss per share, diluted	\$ (0.21)	\$ (0.09)