

Quanex Building Products CORP
Form 10-Q
March 07, 2017

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, 2017

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 3, 2017
Common Stock, par value \$0.01 per share	34,425,373

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, 2017	October 31, 2016
	(In thousands, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 14,074	\$ 25,526
Accounts receivable, net of allowance for doubtful accounts of \$276 and \$251	62,754	83,625
Inventories, net (Note 3)	92,225	84,335
Prepaid and other current assets	7,879	10,488
Total current assets	176,932	203,974
Property, plant and equipment, net of accumulated depreciation of \$254,286 and \$245,128	196,903	198,497
Goodwill (Note 4)	218,213	217,035
Intangible assets, net (Note 4)	150,345	154,180
Other assets	7,927	6,667
Total assets	\$ 750,320	\$ 780,353
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 41,198	\$ 47,781
Accrued liabilities	28,944	55,101
Income taxes payable (Note 8)	1,153	732
Current maturities of long-term debt (Note 5)	17,630	10,520
Total current liabilities	88,925	114,134
Long-term debt (Note 5)	254,829	259,011
Deferred pension and postretirement benefits (Note 6)	9,004	8,167
Deferred income taxes (Note 8)	15,567	18,322
Other liabilities	13,714	12,888
Total liabilities	382,039	412,522
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 37,512,907 and 37,560,249, respectively; outstanding 34,425,473 and 34,220,496, respectively	375	376
Additional paid-in-capital	254,139	254,540
Retained earnings	208,617	214,047
Accumulated other comprehensive loss	(35,933)	(38,765)
Less: Treasury stock at cost, 3,087,434 and 3,339,753 shares, respectively	(58,917)	(62,367)
Total stockholders' equity	368,281	367,831
Total liabilities and stockholders' equity	\$ 750,320	\$ 780,353
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,	
	2017	2016
	(In thousands, except per share amounts)	
Net sales	\$ 195,096	\$ 201,468
Cost and expenses:		
Cost of sales (excluding depreciation and amortization)	154,947	159,348
Selling, general and administrative	27,445	31,288
Restructuring charges	1,139	—
Depreciation and amortization	15,406	12,970
Operating loss	(3,841)	(2,138)
Non-operating (expense) income:		
Interest expense	(2,160)	(6,491)
Other, net	661	(2,361)
Loss before income taxes	(5,340)	(10,990)
Income tax benefit	1,614	3,741
Net loss	\$ (3,726)	\$ (7,249)
Basic loss per common share	\$ (0.11)	\$ (0.21)
Diluted loss per common share:	\$ (0.11)	\$ (0.21)
Weighted-average common shares outstanding:		
Basic	34,055	33,763
Diluted	34,055	33,763
Cash dividends per share	\$ 0.04	\$ 0.04

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

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

Three
Months
Ended
January 31,
2017 2016