

NCI BUILDING SYSTEMS INC  
Form 10-Q  
June 06, 2013

**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 April 28, 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: 1-14315**



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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  (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

**APPLICABLE ONLY TO CORPORATE ISSUERS**

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, \$.01 par value - 74,793,763 shares as of May 31, 2013

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**PART I — FINANCIAL INFORMATION****Item 1. Unaudited Consolidated Financial Statements.****NCI BUILDING SYSTEMS, INC.****CONSOLIDATED BALANCE SHEETS****(In thousands, except share data)**

	April 28, 2013 (Unaudited)	October 28, 2012
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 27,538	\$ 55,158
Restricted cash	—	1,375
Accounts receivable, net	112,563	133,475
Inventories, net	125,779	106,015
Deferred income taxes	28,716	21,926
Income tax receivable	1,341	549
Investments in debt and equity securities, at market	4,315	4,076
Prepaid expenses and other	18,388	16,864
Assets held for sale	2,397	2,397
<b>Total current assets</b>	<b>321,037</b>	<b>341,835</b>
Property, plant and equipment, net	265,703	268,875
Goodwill	76,856	76,746
Intangible assets, net	51,002	53,028
Other assets, net	9,970	11,000
<b>Total assets</b>	<b>\$ 724,568</b>	<b>\$ 751,484</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>		
Current liabilities:		
Current portion of long-term debt	\$ 2,500	\$ 2,500
Note payable	1,481	515
Accounts payable	97,752	113,177
Accrued compensation and benefits	42,431	43,066
Accrued interest	3,102	345
Other accrued expenses	57,132	60,455

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Total current liabilities	204,398	220,058
Long-term debt, net	225,111	234,444
Deferred income taxes	36,572	35,565
Other long-term liabilities	11,939	11,995
Total long-term liabilities	273,622	282,004
Series B cumulative convertible participating preferred stock	619,950	619,950
Stockholders' deficit:		
Common stock, \$.01 par value, 100,000,000 shares authorized; 20,658,219 and 20,357,183 shares issued at April 28, 2013 and October 28, 2012, respectively; 20,656,817 and 20,354,217 shares outstanding at April 28, 2013 and October 28, 2012, respectively	925	925
Additional paid-in capital	11,128	4,991
Accumulated deficit	(378,819 )	(369,850 )
Accumulated other comprehensive loss	(6,613 )	(6,568 )
Treasury stock, at cost (1,402 and 2,966 shares at April 28, 2013 and October 28, 2012, respectively)	(23 )	(26 )
Total stockholders' deficit	(373,402 )	(370,528 )
Total liabilities and stockholders' deficit	\$ 724,568	\$ 751,484

*See accompanying notes to consolidated financial statements.*

## NCI BUILDING SYSTEMS, INC.

## CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

	Fiscal Three Months Ended		Fiscal Six Months Ended	
	April 28, 2013	April 29, 2012	April 28, 2013	April 29, 2012
Sales	\$ 293,399	\$ 250,231	\$ 590,983	\$ 493,834
Cost of sales	232,562	192,229	469,277	382,210
Gross profit	60,837	58,002	121,706	111,624
Engineering, selling, general and administrative expenses	62,782	51,564	123,253	100,505
Acquisition-related costs	—	1,494	—	1,890
Income (loss) from operations	(1,945 )	4,944	(1,547 )	9,229
Interest income	42	28	72	56
Interest expense	(6,191 )	(3,062 )	(12,465 )	(6,386 )
Other income, net	246	353	640	379
Income (loss) before income taxes	(7,848 )	2,263	(13,300 )	3,278
Provision (benefit) for income taxes	(2,506 )	942	(4,331 )	1,368
Net income (loss)	\$ (5,342 )	\$ 1,321	\$ (8,969 )	\$ 1,910
Convertible preferred stock dividends and accretion	—	9,744	—	16,352
Convertible preferred stock beneficial conversion feature	—	7,858	—	11,878
Net loss applicable to common shares	\$ (5,342 )	\$ (16,281 )	\$ (8,969 )	\$ (26,320 )
Loss per common share:				
Basic	\$ (0.28 )	\$ (0.86 )	\$ (0.46 )	\$ (1.40 )
Diluted	\$ (0.28 )	\$ (0.86 )	\$ (0.46 )	\$ (1.40 )
Weighted average number of common shares outstanding:				
Basic	19,416	18,832	19,326	18,760
Diluted	19,416	18,832	19,326	18,760

See accompanying notes to consolidated financial statements.

## NCI BUILDING SYSTEMS, INC.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands)

(Unaudited)

	Fiscal Three Months Ended		Fiscal Six Months Ended	
	April 28, 2013	April 29, 2012	April 28, 2013	April 29, 2012
Comprehensive income (loss):				
Net income (loss)	\$ (5,342 )	\$ 1,321	\$ (8,969 )	\$ 1,910
Other comprehensive income (loss), net of tax:				
Foreign exchange translation gains (losses) and other, net of taxes (1)	(21 )	6	(45 )	1
Gains (losses) in fair value of foreign currency derivative, net of taxes (2)	—	72	—	(17 )
Other comprehensive income (loss)	(21 )	78	(45 )	(16 )
Comprehensive income (loss)	\$ (5,363 )	\$ 1,399	\$ (9,014 )	\$ 1,894

(1) Foreign exchange translation gains (losses) and other are presented net of taxes of \$0 in both of the three months ended April 28, 2013 and April 29, 2012 and \$0 in both the six months ended April 28, 2013 and April 29, 2012.

(2) Gains (losses) in fair value of foreign currency derivative are presented net of taxes of \$(10) in the three months ended April 29, 2013 and \$46 in the six months ended April 29, 2012.

*See accompanying notes to the consolidated financial statements.*



**NCI BUILDING SYSTEMS, INC.**

**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT**

**(In thousands, except share data)**

**(Unaudited)**

	Common Stock		Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Treasury Stock		Stockholders' Deficit
	Shares	Amount				Shares	Amount	
Balance, October 28, 2012	20,357,183	\$ 925	\$ 4,991	\$(369,850)	\$ (6,568 )	(2,966)	\$ (26 )	\$(370,528 )