

AMERICAN WOODMARK CORP  
Form 10-Q  
August 31, 2018

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 July 31, 2018

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: 000-14798

American Woodmark Corporation  
(Exact name of registrant as specified in its charter)

Virginia 54-1138147  
(State or other jurisdiction of (I.R.S. Employer Identification No.)  
incorporation or organization)

561 Shady Elm Road, 22602  
Winchester, Virginia  
(Address of principal executive (Zip Code)  
offices)

(540) 665-9100  
(Registrant's telephone number, including area code)

Not Applicable  
(Former name, former address and former fiscal year, if changed since  
last report)

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

Edgar Filing: AMERICAN WOODMARK CORP - Form 10-Q

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined by 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.

As of August 29, 2018, 17,594,258 shares of the Registrant's Common Stock were outstanding.

---

AMERICAN WOODMARK CORPORATION

FORM 10-Q

INDEX

PART I. FINANCIAL INFORMATION	PAGE NUMBER
Item 1. Financial Statements (unaudited)	
<u>Condensed Consolidated Balance Sheets--July 31, 2018 and April 30, 2018</u>	4
<u>Condensed Consolidated Statements of Income--Three months ended July 31, 2018 and 2017</u>	5
<u>Condensed Consolidated Statements of Comprehensive Income--Three months ended July 31, 2018 and 2017</u>	6
<u>Condensed Consolidated Statements of Shareholders' Equity--Three months ended July 31, 2018 and 2017</u>	7
<u>Condensed Consolidated Statements of Cash Flows--Three months ended July 31, 2018 and 2017</u>	8
<u>Notes to Condensed Consolidated Financial Statements--July 31, 2018</u>	10-21
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	21-28
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	28
Item 4. <u>Controls and Procedures</u>	28
PART II. OTHER INFORMATION	
Item 1. <u>Legal Proceedings</u>	28
Item 1A. <u>Risk Factors</u>	28
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	29
Item 6. <u>Exhibits</u>	30
<u>SIGNATURES</u>	31

## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

AMERICAN WOODMARK CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share data)

(Unaudited)

	July 31, 2018	April 30, 2018
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$50,186	\$78,410
Investments - certificates of deposit	7,250	8,000
Customer receivables, net	131,398	136,355
Inventories	113,547	104,801
Income taxes receivable	17,964	25,996
Prepaid expenses and other	10,023	10,805
Total current assets	330,368	364,367
Property, plant and equipment, net	216,300	218,102
Investments - certificates of deposit	500	1,500
Customer relationship intangibles, net	247,361	258,778
Trademarks, net	8,056	8,889
Goodwill	767,914	767,451
Promotional displays, net	12,980	12,189
Deferred income taxes	732	732
Other assets	12,802	13,337
<b>TOTAL ASSETS</b>	<b>\$1,597,013</b>	<b>\$1,645,345</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$60,876	\$71,096
Current maturities of long-term debt	4,264	4,143
Accrued compensation and related expenses	50,423	48,682
Accrued marketing expenses	19,429	19,289
Other accrued expenses	25,471	27,245
Total current liabilities	160,463	170,455
Long-term debt, less current maturities	747,381	809,897
Deferred income taxes	69,924	71,563
Defined benefit pension liabilities	5,002	6,960
Other long-term liabilities	4,336	4,805
Shareholders' equity		
Preferred stock, \$1.00 par value; 2,000,000 shares authorized, none issued	—	—
Common stock, no par value; 40,000,000 shares authorized; issued and outstanding shares: at July 31, 2018: 17,588,378;		
at April 30, 2018: 17,503,922	364,326	361,158
Retained earnings	294,343	269,576
Accumulated other comprehensive loss -		
Defined benefit pension plans	(48,762)	(49,069)
Total shareholders' equity	609,907	581,665
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$1,597,013</b>	<b>\$1,645,345</b>

See notes to condensed consolidated financial statements.



AMERICAN WOODMARK CORPORATION  
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
 (in thousands, except share and per share data)  
 (Unaudited)

	Three Months Ended July 31,	
	2018	2017
Net sales	\$428,962	\$276,827
Cost of sales and distribution	333,226	218,469
Gross Profit	95,736	58,358
Selling and marketing expenses	22,938	18,198
General and administrative expenses	29,830	9,527
Restructuring charges, net	2,441	—
Operating Income	40,527	30,633
Interest expense (income), net	9,425	(517 )
Other income	(1,437 )	(222 )
Income Before Income Taxes	32,539	31,372
Income tax expense	7,772	9,091
Net Income	\$24,767	\$22,281
Weighted Average Shares Outstanding		
Basic	17,534,114	16,271,788
Diluted	17,618,943	16,355,045
Net earnings per share		
Basic	\$1.41	\$1.37
Diluted	\$1.41	\$1.36

See notes to condensed consolidated financial statements.

AMERICAN WOODMARK CORPORATION  
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 (in thousands)  
 (Unaudited)

	Three Months Ended July 31, 2018    2017	
Net income	\$24,767	\$22,281
Other comprehensive income, net of tax:		
Change in pension benefits, net of deferred taxes of \$(105) and \$(156), for the three months ended July 31, 2018 and 2017, respectively	307	244
Total Comprehensive Income	\$25,074	\$22,525

See notes to condensed consolidated financial statements.



AMERICAN WOODMARK CORPORATION  
 CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
 (in thousands)  
 (Unaudited)

(in thousands, except share data)	COMMON STOCK		RETAINED EARNINGS	ACCUMULATED	TOTAL SHAREHOLDERS' EQUITY
	SHARES	AMOUNT		OTHER COMPREHENSIVE LOSS	
Balance, May 1, 2017	16,232,775	\$ 168,835	\$ 224,031	\$ (40,417)	) \$ 352,449
Net income	—	—	22,281	—	22,281
Other comprehensive income, net of tax	—	—	—	244	244
Stock-based compensation	—	945	—	—	945
Exercise of stock-based compensation awards, net of amounts withheld for taxes	79,071	(1,490)	—	—	(1,490)
Stock repurchases	(56,700)	(479)	(5,083)	—	(5,562)
Employee benefit plan contributions	36,264	3,554	—	—	3,554
Balance, July 31, 2017	16,291,410	\$ 171,365	\$ 241,229	\$ (40,173)	) \$ 372,421
Balance, May 1, 2018	17,503,922	\$ 361,158	\$ 269,576	\$ (49,069)	) \$ 581,665
Net income	—	—	24,767	—	24,767
Other comprehensive income, net of tax	—	—	—	307	307
Stock-based compensation	—	786	—	—	786
Exercise of stock-based compensation awards, net of amounts withheld for taxes	43,048	(1,241)	—	—	(1,241)
Employee benefit plan contributions	41,408	3,623	—	—	3,623
Balance, July 31, 2018	17,588,378	\$ 364,326	\$ 294,343	\$ (48,762)	) \$ 609,907

See notes to condensed consolidated financial statements.

AMERICAN WOODMARK CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in thousands)  
(Unaudited)

Three  
Months  
Ended  
July 31,  
2018 2017

OPERATING ACTIVITIES

Net income \$24,767