

ENCORE WIRE CORP
Form 10-Q
May 02, 2019
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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 March 31, 2019

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: 000-20278

ENCORE WIRE CORPORATION
(Exact name of registrant as specified in its charter)

Delaware 75-2274963
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

1329 Millwood Road 75069
McKinney, Texas
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (972) 562-9473

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$.01 per share	WIRE	The NASDAQ Global Select Market

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 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 in Rule 12b-2 of the Exchange Act).

Yes No

Number of shares of Common Stock, par value \$0.01, outstanding as of May 1, 2019: 20,894,148

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FOR THE QUARTER ENDED MARCH 31, 2019

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Encore Wire Corporation

Balance Sheets

(In thousands, except share and per share data)

	March 31, 2019 (Unaudited)	December 31, 2018 (See Note)
Assets		
Current assets:		
Cash and cash equivalents	\$ 177,974	\$ 178,405
Accounts receivable, net of allowance of \$2,031 and \$2,030	231,470	235,353
Inventories, net	101,592	102,367
Income tax receivable	—	1,389
Prepaid expenses and other	1,019	1,723
Total current assets	512,055	519,237
Property, plant and equipment - at cost:		
Land and land improvements	51,169	51,169
Construction-in-progress	27,409	24,623
Buildings and improvements	152,258	151,758
Machinery and equipment	320,153	314,175
Furniture and fixtures	9,920	9,687
Total property, plant and equipment	560,909	551,412
Accumulated depreciation	(256,791)	(252,754)
Property, plant and equipment - net	304,118	298,658
Other assets	790	165
Total assets	\$ 816,963	\$ 818,060
Liabilities and Stockholders' Equity		
Current liabilities:		
Trade accounts payable	\$ 30,673	\$ 36,706
Accrued liabilities	24,512	36,866
Income taxes payable	2,558	—
Total current liabilities	57,743	73,572
Deferred income taxes and other	24,580	24,032
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value:		
Authorized shares – 2,000,000; none issued	—	—
Common stock, \$.01 par value:		
Authorized shares – 40,000,000;		
Issued shares – 26,921,603 and 26,906,603	269	269
Additional paid-in capital	62,013	60,822
Treasury stock, at cost – 6,027,455 and 6,027,455 shares	(91,056)	(91,056)
Retained earnings	763,414	750,421

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Total stockholders' equity	734,640	720,456
Total liabilities and stockholders' equity	\$ 816,963	\$ 818,060

Note: The balance sheet at December 31, 2018, as presented, is derived from the audited financial statements at that date.

See accompanying notes.

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Encore Wire Corporation

Statements of Income

(In thousands, except per share data)

	Three Months Ended March 31, 2019 2018 (Unaudited)	
Net sales	\$314,707	\$291,431
Cost of goods sold	273,381	253,937
Gross profit	41,326	37,494
Selling, general, and administrative expenses	24,999	22,887
Operating income	16,327	14,607
Net interest and other income	1,079	343
Income before income taxes	17,406	14,950
Provision for income taxes	3,995	3,597
Net income	\$13,411	\$11,353
Earnings per common and common equivalent share – basic	\$0.64	\$0.54
Earnings per common and common equivalent share – diluted	\$0.64	\$0.54
Weighted average common and common equivalent shares outstanding – basic	20,884	20,835
Weighted average common and common equivalent shares outstanding – diluted	20,983	20,911
Cash dividends declared per share	\$0.02	\$0.02
See accompanying notes.		

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Encore Wire Corporation
Stockholders' Equity
For the Three Months Ended March 31, 2019 and 2018
(In thousands, except per share data)

Common
Stock