

NCI BUILDING SYSTEMS INC  
Form 10-Q  
August 31, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark  
One)

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the quarterly period ended July 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: 1-14315

NCI BUILDING SYSTEMS, INC.  
(Exact name of registrant as specified in its charter)

Delaware 76-0127701  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

10943 North Sam Houston Parkway West 77064  
Houston, TX  
(Address of principal executive offices) (Zip Code)

(281) 897-7788  
(Registrant's telephone number, including area code)

(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

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 (§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.

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 - 71,230,961 shares as of August 25, 2016.

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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)

	July 31, 2016 (Unaudited)	November 1, 2015
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$50,710	\$99,662
Restricted cash	726	682
Accounts receivable, net	175,387	166,800
Inventories, net	183,340	157,828
Deferred income taxes	31,404	27,390
Prepaid expenses and other	38,346	31,834
Investments in debt and equity securities, at market	5,885	5,890
Assets held for sale	4,256	6,261
Total current assets	490,054	496,347
Property, plant and equipment, net	244,347	257,892
Goodwill	158,106	158,026
Intangible assets, net	149,181	156,395
Other assets	10,131	11,069
Total assets	\$1,051,819	\$1,079,729
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Note payable	\$919	\$513
Accounts payable	146,417	145,917
Accrued compensation and benefits	65,919	62,200
Accrued interest	1,486	6,389
Accrued income taxes	5,374	9,296
Other accrued expenses	103,593	97,309
Total current liabilities	323,708	321,624
Long-term debt, net	414,147	444,147
Deferred income taxes	24,332	20,807
Other long-term liabilities	21,063	21,175
Total long-term liabilities	459,542	486,129
Stockholders' equity:		
Common stock, \$.01 par value, 100,000,000 shares authorized; 71,545,242 and 74,529,750 shares issued at July 31, 2016 and November 1, 2015, respectively; 71,230,961 and 74,082,324 shares outstanding at July 31, 2016 and November 1, 2015, respectively	715	745
Additional paid-in capital	600,538	640,767
Accumulated deficit	(321,707)	(353,733)
Accumulated other comprehensive loss, net	(8,330)	(8,280)
	(2,647)	(7,523)

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Treasury stock, at cost (314,281 and 447,426 shares at July 31, 2016 and November 1, 2015, respectively)

Total stockholders' equity	268,569	271,976
Total liabilities and stockholders' equity	\$1,051,819	\$1,079,729

See accompanying notes to consolidated financial statements.

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NCI BUILDING SYSTEMS, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(In thousands, except per share data)  
(Unaudited)

	Fiscal Three Months		Fiscal Nine Months	
	Ended	Ended	Ended	Ended
	July 31,	August 2,	July 31,	August 2,
	2016	2015	2016	2015
Sales	\$462,353	\$420,789	\$1,204,614	\$1,103,862
Cost of sales	334,454	319,102	899,277	852,789
Fair value adjustment of acquired inventory	—	1,000	—	2,358
Gain on sale of assets and asset recovery	(52 )	—	(1,704 )	—
Gross profit	127,951	100,687	307,041	248,715
Engineering, selling, general and administrative expenses	80,414	74,520	224,912	210,424
Intangible asset amortization	2,405	5,338	7,226	11,206
Strategic development and acquisition related costs	819	701	2,080	3,058
Restructuring and impairment charges	778	750	3,437	3,695
Income from operations	43,535	19,378	69,386	20,332