

EAGLE MATERIALS INC
Form 10-Q
July 30, 2018

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended

June 30, 2018

Commission File Number 1-12984

EAGLE MATERIALS INC.

(Exact name of registrant as specified in its charter)

Delaware (State of Incorporation)

75-2520779 (I.R.S. Employer Identification No.)

3811 Turtle Creek Blvd., Suite 1100, Dallas, Texas 75219 (Address of principal executive offices)

(214) 432-2000 (Registrant's telephone number, including area code)

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

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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 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, 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 Smaller reporting company

Non-accelerated filer (Do not check if a 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

As of July 26, 2018, the number of outstanding shares of common stock was:

Class	Outstanding Shares
Common Stock, \$.01 Par Value	47,786,301

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EAGLE MATERIALS INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF EARNINGS (unaudited)

	For the Three Months Ended June 30,	
	2018	2017
	(dollars in thousands, except share and per share data)	
Revenue	\$393,756	\$366,121
Cost of Goods Sold	302,122	280,062
Gross Profit	91,634	86,059
Equity in Earnings of Unconsolidated Joint Venture	9,251	9,876
Corporate General and Administrative Expense	(8,003)	(9,679)
Litigation Settlements and Losses	(1,800)	—
Other Non-Operating Income	571	757
Interest Expense, Net	(6,632)	(7,483)
Earnings before Income Taxes	85,021	79,530
Income Taxes	(18,682)	(24,648)
Net Earnings	66,339	54,882
EARNINGS PER SHARE		
Basic	\$1.39	\$1.14
Diluted	\$1.38	\$1.13
AVERAGE SHARES OUTSTANDING		
Basic	47,690,351	48,121,890
Diluted	48,144,325	48,655,553
CASH DIVIDENDS PER SHARE	\$0.10	\$0.10

See notes to unaudited consolidated financial statements.

EAGLE MATERIALS INC AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)

See notes to unaudited consolidated financial statements.

	For the Three Months Ended June 30,	
	2018	2017
	(dollars in thousands)	
Net Earnings	\$66,339	\$54,882
Net Actuarial Change in Defined Benefit Plans:		
Amortization of net actuarial loss	73	314
Tax expense	(17)	(117)
Comprehensive Earnings	\$66,395	\$55,079

See notes to unaudited consolidated financial statements.

EAGLE MATERIALS INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (unaudited)

	June 30, 2018	March 31, 2018
	(dollars in thousands)	
ASSETS		
Current Assets -		
Cash and Cash Equivalents	\$ 14,334	\$ 9,315
Restricted Cash	38,753	38,753
Accounts and Notes Receivable, net	184,083	141,685
Inventories	241,000	258,159
Income Tax Receivable	7,315	5,750
Prepaid and Other Assets	8,304	5,073
Total Current Assets	493,789	458,735
Property, Plant, and Equipment -	2,627,261	2,586,528
Less: Accumulated Depreciation	(1,009,726)	(991,229)
Property, Plant, and Equipment, net	1,617,535	1,595,299
Notes Receivable	3,266	115
Investment in Joint Venture	60,309	60,558
Goodwill and Intangible Assets, net	238,541	239,342
Other Assets	13,535	13,954
	\$ 2,426,975	\$ 2,368,003
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities -		
Accounts Payable	\$ 93,182	\$ 73,459
Accrued Liabilities	95,910	105,870
Total Current Liabilities	189,092	179,329
Long-term Debt	651,090	620,922
Other Long-term Liabilities	30,158	31,096
Deferred Income Taxes	125,156	118,966
Total Liabilities	995,496	950,313
Stockholders' Equity –		
Preferred Stock, Par Value \$0.01; Authorized 5,000,000 Shares; None Issued	—	—
Common Stock, Par Value \$0.01; Authorized 100,000,000 Shares;		
Issued and Outstanding 47,912,300 and 48,282,784 Shares, respectively	479	483
Capital in Excess of Par Value	74,568	122,379
Accumulated Other Comprehensive Losses	(3,956)	(4,012)
Retained Earnings	1,360,388	1,298,840
Total Stockholders' Equity	1,431,479	1,417,690
	\$ 2,426,975	\$ 2,368,003

See notes to the unaudited consolidated financial statements.

EAGLE MATERIALS INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the Three Months Ended June 30,	
	2018	2017
	(dollars in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Earnings	\$66,339	\$54,882
Adjustments to Reconcile Net Earnings to Net Cash Provided		
by Operating Activities, Net of Effect of Non-Cash Activity -		
Depreciation, Depletion and Amortization	29,850	28,947
Deferred Income Tax Provision	6,173	(3,812)
Stock Compensation Expense	3,493	3,399
Equity in Earnings of Unconsolidated Joint Venture	(9,251)	(9,876)
Distributions from Joint Venture	9,500	4,750
Changes in Operating Assets and Liabilities:		
Accounts and Notes Receivable	(45,549)	(38,527)
Inventories	17,159	7,960
Accounts Payable and Accrued Liabilities	8,897	(16,062)
Other Assets	(3,137)	(3,720)
Income Taxes Payable (Receivable)	(1,565)	25,729
Net Cash Provided by Operating Activities	81,909	53,670
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Property, Plant, and Equipment	(53,073)	(16,160)
Proceeds from Sale of Property, Plant, and Equipment	2,281	—
Net Cash Used in Investing Activities	(50,792)	(16,160)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in Credit Facility	30,000	