

PGT, Inc.
Form 10-Q
November 06, 2008

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

FORM 10-Q

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

For the quarterly period ended September 27, 2008

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 000-52059

PGT, Inc.

1070 Technology Drive
North Venice, FL 34275

Registrant's telephone number: 941-480-1600

State of Incorporation
Delaware

IRS Employer Identification No.
20-0634715

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 is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller

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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

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

Common Stock, \$0.01 par value – 35,413,438 shares, as of October 31, 2008.

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PART I — FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PGT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Third Quarter Ended		Nine Months Ended	
	September	September	September	September
	27,	29,	27,	29,
	2008	2007	2008	2007
	(unaudited)		(unaudited)	
Net sales	\$ 54,330	\$ 72,054	\$ 169,266	\$ 224,059
Cost of sales	38,132	49,177	115,506	147,765
Gross margin	16,198	22,877	53,760	76,294
Goodwill and intangible impairment charges	1,600	-	93,600	-
Asset impairment charge	-	-	-	826
Selling, general and administrative expenses	14,475	18,272	46,909	59,033
Income (loss) from operations	123	4,605	(86,749)	16,435
Interest expense, net	2,236	2,772	7,153	8,697
Other expense (income), net	18	198	(38)	428
(Loss) income before income taxes	(2,131)	1,635	(93,864)	7,310
Income tax (benefit) expense	(502)	566	(13,799)	2,656
Net (loss) income	\$ (1,629)	\$ 1,069	\$ (80,065)	\$ 4,654
Net (loss) income per common share:				
Basic	\$ (0.05)	\$ 0.04	\$ (2.74)	\$ 0.16

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Diluted	\$ (0.05)	\$ 0.04	\$ (2.74)	\$ 0.16
Weighted average shares outstanding:				
Basic	32,082	28,572	29,183	28,279
Diluted	32,082	29,513	29,183	29,447

The accompanying notes are an integral part of these condensed consolidated financial statements.

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PGT, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (in thousands except per share amounts)

	September 27, 2008 (unaudited)	December 29, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 18,822	\$ 19,479
Accounts receivable, net	21,387	20,956
Inventories	11,668	9,223
Deferred income taxes	4,019	3,683
Other current assets	5,355	7,080
Total current assets	61,251	60,421
Property, plant and equipment, net	74,956	80,184
Other intangible assets, net	91,871	96,348
Goodwill	76,348	169,648
Other assets, net	1,273	1,264
Total assets	\$ 305,699	\$ 407,865
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 15,991	\$ 15,235
Current portion of long-term debt	95	332
Total current liabilities	16,086	15,567
Long-term debt	90,309	129,668
Deferred income taxes	35,224	48,927
Other liabilities	2,890	3,231
Total liabilities	144,509	197,393
Commitments and contingencies (note 10)		
Shareholders' equity:		
Preferred stock; par value \$.01 per share; 10,000 shares authorized; none outstanding	-	-
Common stock; par value \$.01 per share; 200,000 shares authorized; 35,413		

and		
27,732 shares issued and 35,197 and		
27,620 shares outstanding at		
September 27, 2008 and December 29,		
2007, respectively	352	276
Additional paid-in-capital	241,506	210,964
Accumulated other comprehensive loss	(257)	(422)
Accumulated deficit	(80,411)	(346)
Total shareholders' equity	161,190	210,472
Total liabilities and shareholders'		
equity	\$ 305,699	\$ 407,865

The accompanying notes are an integral part of these condensed consolidated financial statements.

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PGT, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (in thousands)

	Nine Months Ended	
	September 27, 2008 (unaudited)	September 29, 2007 (unaudited)
Cash flows from operating activities:		
Net (loss) income	\$ (80,065)	\$ 4,654
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation	8,575	7,656
Amortization	4,177	4,177
Stock-based compensation	588	1,195
Excess tax benefits from stock-based compensation plans	(458)	(1,620)
Deferred taxes	(13,686)	-
Amortization of deferred financing costs	624	648
Derivative financial instruments	(38)	429
Impairment charges	93,600	826
Loss on disposal of assets	6	14
Change in operating assets and liabilities:		
Accounts receivable	535	439
Inventories	(2,445)	1,210
Prepaid expenses and other current assets	757	3,610
Accounts payable, accrued and other liabilities	729	(691)
Net cash provided by operating activities	12,899	22,547
Cash flows from investing activities:		
Purchases of property, plant and equipment	(2,993)	(7,864)
Proceeds from sales of equipment	58	42