

SiteOne Landscape Supply, Inc.
Form 10-Q
August 01, 2018
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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
X 1934

For the quarterly period ended July 1, 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: 001-37760
SiteOne Landscape Supply, Inc.

(Exact name of registrant as specified in its charter)

Delaware 46-4056061
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification No.)

300 Colonial Center Parkway, Suite 600,
Roswell, Georgia 30076
(Address of principal executive offices) (Zip
Code)

(470) 277-7000
(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

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, 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 (Check One):

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Large accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) 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 7(a)(2)(B) of the Securities 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 27, 2018, 40,530,736 shares of the registrant's common stock, \$0.01 par value, were outstanding.

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Regarding Forward-Looking Statements and Information

This Quarterly Report on Form 10-Q includes forward-looking statements and cautionary statements. Some of the forward-looking statements can be identified by the use of terms such as “may,” “intend,” “might,” “will,” “should,” “could,” “would,” “expect,” “believe,” “estimate,” “anticipate,” “predict,” “project,” “potential,” or the negative of these terms, and similar expressions. You should be aware that these forward-looking statements are subject to risks and uncertainties that are beyond our control. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances. New factors emerge from time to time that may cause our business not to develop as we expect, and it is not possible for us to predict all of them. Factors that may cause actual results to differ materially from those expressed or implied by the forward-looking statements include, but are not limited to, the following:

- cyclical nature of residential and commercial construction markets;
- general economic and financial conditions;
- weather conditions, seasonality and availability of water to end-users;
- laws and government regulations applicable to our business that could negatively impact demand for our products;
- public perceptions that our products and services are not environmentally friendly;
- competitive industry pressures;
- product shortages and the loss of key suppliers;
- product price fluctuations;
- inventory management risks;
- ability to implement our business strategies and achieve our growth objectives;
- acquisition and integration risks;
- increased operating costs;
- risks associated with our large labor force;
- adverse credit and financial markets events and conditions;
- credit sale risks;
- retention of key personnel;
- performance of individual branches;
- environmental, health and safety laws and regulations;
- hazardous materials and related materials;
- construction defect and product liability claims;
- computer data processing systems;
- security of personal information about our customers;
- intellectual property and other proprietary rights;
- requirements of being a public company;
- risks related to our internal controls;
- the possibility of securities litigation;
- our substantial indebtedness and our ability to obtain financing in the future;
- increases in interest rates; and
- risks related to other factors discussed in this Quarterly Report on Form 10-Q.

You should read this Quarterly Report on Form 10-Q completely and with the understanding that actual future results may be materially different from expectations. All forward-looking statements made in this Quarterly Report on Form 10-Q are qualified by these cautionary statements. These forward-looking statements are made only as of the date of this Quarterly Report on Form 10-Q, and we do not undertake any obligation, other than as may be required by law, to update or revise any forward-looking or cautionary statements to reflect changes in assumptions, the occurrence of events, unanticipated or otherwise, changes in future operating results over time or otherwise.

Comparisons of results for current and any prior periods are not intended to express any future trends, or indications of future performance, unless expressed as such, and should only be viewed as historical data.

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PART I - FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements (Unaudited)

SiteOne Landscape Supply, Inc.

Consolidated Balance Sheets (Unaudited)

(In millions, except share and per share data)

Assets	July 1, 2018	December 31, 2017
Current assets:		
Cash and cash equivalents	\$17.1	\$ 16.7
Accounts receivable, net of allowance for doubtful accounts of \$5.6 and \$4.7, respectively	325.8	219.9
Inventory, net	447.5	338.3
Income tax receivable	1.3	2.7
Prepaid expenses and other current assets	31.0	24.3
Total current assets	822.7	601.9
Property and equipment, net (Note 5)	82.5	75.5
Goodwill (Note 6)	125.5	106.5
Intangible assets, net (Note 6)	131.8	112.8
Other assets	18.5	14.0
Total assets	\$1,181.0	\$ 910.7
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$215.4	\$ 124.1
Current portion of capital leases (Note 7)	5.8	4.9
Accrued compensation	35.0	40.1
Long term debt, current portion (Note 9)	3.5	3.5
Accrued liabilities	46.4	33.2
Total current liabilities	306.1	205.8
Other long-term liabilities	13.6	16.8
Capital leases, less current portion (Note 7)	8.9	6.8
Deferred tax liabilities	13.4	8.4
Long-term debt, less current portion (Note 9)	569.6	460.1
Total liabilities	911.6	697.9
Commitments and contingencies (Note 12)		
Stockholders' equity (Note 1):		
Common stock, par value \$0.01; 1,000,000,000 shares authorized; 40,512,209 and 39,977,181 shares issued, and 40,491,298 and 39,956,270 shares outstanding at July 1, 2018 and December 31, 2017, respectively	0.4	0.4
Additional paid-in capital	235.6	227.8
Retained earnings (accumulated deficit)	32.3	(15.1)
Accumulated other comprehensive income (loss)	1.1	(0.3)
Total equity	269.4	212.8

Total liabilities and equity

\$1,181.0 \$ 910.7

See Notes to Consolidated Financial Statements (Unaudited).

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SiteOne Landscape Supply, Inc.
 Consolidated Statements of Operations (Unaudited)
 (In millions, except share and per share data)

	Three Months Ended		Six Months Ended	
	July 1, 2018	July 2, 2017	July 1, 2018	July 2, 2017
Net sales	\$687.8	\$608.6	\$1,059.2	\$943.6
Cost of goods sold	457.9	406.2	720.8	640.3
Gross profit	229.9	202.4	338.4	