

INSTEEL INDUSTRIES INC
Form 10-Q
July 19, 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

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: 1-9929

Insteel Industries, Inc.

(Exact name of registrant as specified in its charter)

North Carolina

(State or other jurisdiction of
incorporation or organization)

1373 Boggs Drive, Mount Airy, North Carolina

56-0674867

(I.R.S. Employer
Identification No.)

27030

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(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: **(336) 786-2141**

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, 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

The number of shares outstanding of the registrant's common stock as of July 18, 2018 was 19,085,438.

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PART I – FINANCIAL INFORMATION**Item 1. Financial Statements**

**INSTEEL
INDUSTRIES, INC.
AND
SUBSIDIARIES
CONSOLIDATED
STATEMENTS OF
OPERATIONS AND
COMPREHENSIVE
INCOME**

(In thousands, except
per share amounts)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	June 30, 2018	July 1, 2017	June 30, 2018	July 1, 2017
Net sales	\$126,688	\$96,938	\$331,846	\$291,985
Cost of sales	102,502	80,262	280,583	244,005
Gross profit	24,186	16,676	51,263	47,980
Selling, general and administrative expense	7,541	6,216	20,779	19,535
Restructuring charges, net	-	60	-	133
Other expense (income), net	(32)	50	153	50
Interest expense	23	34	74	103
Interest income	(150)	(75)	(279)	(175)
Earnings before income taxes	16,804	10,391	30,536	28,334
Income taxes	3,936	3,522	3,678	9,585
Net earnings	\$12,868	\$6,869	\$26,858	\$18,749
Net earnings per share:				
Basic	\$0.67	\$0.36	\$1.41	\$0.99
Diluted	0.67	0.36	1.40	0.98
Weighted average shares outstanding:				
Basic	19,070	19,025	19,054	19,003
Diluted	19,274	19,225	19,252	19,219
Cash dividends declared per share	\$0.03	\$0.03	\$1.09	\$1.34

Comprehensive income	\$12,868	\$6,869	\$26,858	\$18,749
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See accompanying notes to consolidated financial statements.

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INSTEEL INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In thousands)

	(Unaudited)	
	June 30, 2018	September 30, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 45,232	\$ 32,105
Accounts receivable, net	55,832	40,284
Inventories	54,751	81,853
Other current assets	5,075	5,949
Total current assets	160,890	160,191
Property, plant and equipment, net	102,789	98,670
Intangibles, net	9,976	7,913
Goodwill	8,293	6,965
Other assets	9,778	9,334
Total assets	\$ 291,726	\$ 283,073
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$ 34,420	\$ 33,651
Accrued expenses	10,017	8,667
Total current liabilities	44,437	42,318
Other liabilities	16,602	17,379
Commitments and contingencies		
Shareholders' equity:		
Common stock	19,085	19,041