

MIDDLEBY CORP
Form 10-Q
November 10, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended October 1, 2016

or

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

Commission File No. 1-9973

THE MIDDLEBY CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

36-3352497

(State or other jurisdiction of incorporation or organization) (IRS Employer Identification Number)

1400 Toastmaster Drive, Elgin, Illinois 60120

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (847) 741-3300

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 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 "accelerated filer, large accelerated filer and smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer 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

As of November 4, 2016, there were 57,539,766 shares of the registrant's common stock outstanding.

THE MIDDLEBY CORPORATION AND SUBSIDIARIES

QUARTER ENDED OCTOBER 1, 2016

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

THE MIDDLEBY CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In Thousands, Except Share Data)

(Unaudited)

ASSETS	Oct 1, 2016	Jan 2, 2016
Current assets:		
Cash and cash equivalents	\$61,780	\$55,528
Accounts receivable, net of reserve for doubtful accounts of \$9,446 and \$8,839	329,066	282,534
Inventories, net	385,444	354,150
Prepaid expenses and other	42,792	39,801
Prepaid taxes	10,930	11,426
Current deferred taxes	—	51,723
Total current assets	830,012	795,162
Property, plant and equipment, net of accumulated depreciation of \$112,254 and \$100,345	227,435	199,750
Goodwill	1,109,341	983,339
Other intangibles, net of amortization of \$162,416 and \$139,279	701,839	749,430
Long-term deferred tax assets	16,292	11,438
Other assets	30,549	22,032
Total assets	\$2,915,468	\$2,761,151
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$6,811	\$32,059
Accounts payable	147,104	157,758
Accrued expenses	331,692	320,154
Total current liabilities	485,607	509,971
Long-term debt	826,510	734,002
Long-term deferred tax liability	68,026	113,010
Accrued pension benefits	157,107	207,564
Other non-current liabilities	31,757	29,774
Stockholders' equity:		
Preferred stock, \$0.01 par value; nonvoting; 2,000,000 shares authorized; none issued	—	—
Common stock, \$0.01 par value; 95,000,000 shares authorized; 62,445,315 and 62,168,346 shares issued in 2016 and 2015, respectively	144	144
Paid-in capital	345,203	328,686
Treasury stock, at cost; 4,905,549 and 4,862,264 shares in 2016 and 2015, respectively	(205,280)	(200,862)
Retained earnings	1,318,554	1,115,274
Accumulated other comprehensive loss	(112,160)	(76,412)
Total stockholders' equity	1,346,461	1,166,830
Total liabilities and stockholders' equity	\$2,915,468	\$2,761,151

See accompanying notes

THE MIDDLEBY CORPORATION AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (In Thousands, Except Per Share Data)
 (Unaudited)

	Three Months Ended		Nine Months Ended	
	Oct 1, 2016	Oct 3, 2015	Oct 1, 2016	Oct 3, 2015
Net sales	\$574,224	\$449,004	\$1,671,035	\$1,291,891
Cost of sales	342,496	271,822	1,009,032	784,258
Gross profit	231,728	177,182	662,003	507,633
Selling and distribution expenses	56,568	44,477	168,282	136,918
General and administrative expenses	52,572	46,929	165,849	128,922
Restructuring expenses	1,149	5,746	8,145	11,823
Income from operations	121,439	80,030	319,727	229,970
Interest expense and deferred financing amortization, net	6,440	4,224	17,775	12,021
Other expense (income), net	3,152	1,941	(1,486) 6,136
Earnings before income taxes	111,847	73,865	303,438	211,813
Provision for income taxes	35,996	25,040	100,158	70,490
Net earnings	\$75,851	\$48,825	\$203,280	\$141,323

Net earnings per share: