

HAWKINS INC
Form 10-Q
February 06, 2019

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 December 30, 2018
Commission file number 0-7647

HAWKINS, INC.
(Exact name of registrant as specified in its charter)

MINNESOTA 41-0771293
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
2381 ROSEGATE, ROSEVILLE, MINNESOTA 55113
(Address of principal executive offices, including zip code)
(612) 331-6910
(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 every Interactive Data File required to be submitted 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 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:

Large Accelerated Filer Accelerated Filer

Non-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 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

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

Edgar Filing: HAWKINS INC - Form 10-Q

CLASS	Shares Outstanding at February 1, 2019
Common Stock, par value \$.05 per share	10,682,063

HAWKINS, INC.
INDEX TO FORM 10-Q

	Page
PART I. <u>FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements (unaudited):</u>	
<u>Condensed Consolidated Balance Sheets – December 30, 2018 and April 1, 2018</u>	<u>1</u>
<u>Condensed Consolidated Statements of Income – Three and Nine Months Ended December 30, 2018 and December 31, 2017</u>	<u>2</u>
<u>Condensed Consolidated Statements of Comprehensive Income – Three and Nine Months Ended December 30, 2018 and December 31, 2017</u>	<u>3</u>
<u>Condensed Consolidated Statements of Cash Flows – Nine Months Ended December 30, 2018 and December 31, 2017</u>	<u>4</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>5</u>
Item 2. <u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>13</u>
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	<u>18</u>
Item 4. <u>Controls and Procedures</u>	<u>19</u>
PART II. <u>OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	<u>20</u>
Item 1A. <u>Risk Factors</u>	<u>20</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>20</u>
Item 6. <u>Exhibits</u>	<u>21</u>

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

HAWKINS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(In thousands, except share data)

	December 30, 2018	April 1, 2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 7,300	\$4,990
Trade receivables — less allowance for doubtful accounts: \$589 as of December 30, 2018 and \$942 as of April 1, 2018	61,431	63,507
Inventories	67,672	59,736
Income taxes receivable	84	2,643
Prepaid expenses and other current assets	5,693	4,106
Total current assets	142,180	134,982
PROPERTY, PLANT, AND EQUIPMENT:		
Less accumulated depreciation	242,886	238,165
Net property, plant, and equipment	125,282	114,339
Net property, plant, and equipment	117,604	123,826
OTHER ASSETS:		
Goodwill	58,440	58,440
Intangible assets, net	66,994	71,179
Other	3,226	2,564
Total other assets	128,660	132,183
Total assets	\$ 388,444	\$390,991
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable — trade	\$ 29,269	\$33,424
Dividends payable	—	4,704
Accrued payroll and employee benefits	10,081	8,399
Current portion of long-term debt	9,907	9,864
Container deposits	1,286	1,241
Other current liabilities	2,540	2,935
Total current liabilities	53,083	60,567
LONG-TERM DEBT, LESS CURRENT PORTION	80,635	90,762
PENSION WITHDRAWAL LIABILITY	5,400	5,646
DEFERRED INCOME TAXES	27,242	27,383
OTHER LONG-TERM LIABILITIES	4,554	4,386
Total liabilities	170,914	188,744
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Common stock; authorized: 30,000,000 shares of \$0.05 par value; 10,619,681 and 10,631,992 shares issued and outstanding as of December 30, 2018 and April 1, 2018, respectively	531	532
Additional paid-in capital	53,478	53,877
Retained earnings	163,083	147,242
Accumulated other comprehensive income	438	596
Total shareholders' equity	217,530	202,247
Total liabilities and shareholders' equity	\$ 388,444	\$390,991

See accompanying notes to condensed consolidated financial statements.

1

HAWKINS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(In thousands, except share and per-share data)

Three Months Ended		Nine Months
December 30,	December 31,	Ended
2018	2017	December 30,
		2018