Acuity Brands.

Acuity Brands Reports Fiscal 2019 Fourth Quarter and Full-Year Results

October 2, 2019

ATLANTA, Oct. 02, 2019 (GLOBE NEWSWIRE) -- Acuity Brands, Inc. (NYSE: AYI) (the "Company") today announced that fiscal 2019 fourth quarter net sales were $958.1 million compared with $1,061.2 million in the year-ago period.

Fiscal 2019 Fourth Quarter Results

Fiscal 2019 Full-Year Results

Outlook

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Non-GAAP Financial Measures

Forward-Looking Information

ACUITY BRANDS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions)

	2019 (Preliminary)	2018
	August 31,	
ASSETS		
Current Assets:		
Cash and cash equivalents	461.0	129.1
Accounts receivable, less reserve for doubtful accounts of $1.0 and $1.3, respectively	561.0	637.9
Inventories	340.8	411.8
Prepayments and other current assets	79.0	32.3
Total Current Assets	1,441.8	1,211.1
Property, Plant, and Equipment, net	277.3	286.7
Other Long-Term Assets	1,453.3	1,491.0
Total Assets	3,172.4	2,988.8
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	338.8	451.1
Current maturities of long-term debt	9.1	0.4
Other accrued liabilities	248.2	231.2
Total Current Liabilities	596.1	682.7
Long-Term Debt, less current portion	347.5	356.4
Other Long-Term Liabilities	309.9	232.9
Total Stockholders' Equity	1,918.9	1,716.8
Total Liabilities and Stockholders' Equity	3,172.4	2,988.8

ACUITY BRANDS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions, except per-share data)

	Three Months Ended August 31		Year Ended August 31	
	2019 (Preliminary)	2018	2019 (Preliminary)	2018
Net sales	958.1	1,061.2	3,672.7	3,680.1
Cost of products sold	593.4	648.3	2,193.0	2,194.7
Gross profit	364.7	411.9	1,479.7	1,485.4
Selling, distribution, and administrative expenses	263.9	273.3	1,015.0	1,019.0
Special charge	0.5	(5.1)	1.8	5.6
Operating profit	100.3	143.7	462.9	460.8
Other expense (income):				
Interest expense, net	7.7	9.0	33.3	33.5
Miscellaneous expense (income), net	2.1	(2.4)	4.7	1.4
Total other expense	9.8	6.6	38.0	34.9
Income before income taxes	120.5	137.1	424.9	425.9
Income tax expense	24.4	28.9	94.5	76.3
Net income	96.1	108.2	330.4	349.6
Earnings per share:				
Basic earnings per share	2.43	2.71	8.32	8.34
Basic weighted average number of shares outstanding	39.6	40.0	39.7	40.9
Diluted earnings per share	2.42	2.70	8.29	8.32
Diluted weighted average number of shares outstanding	39.7	40.1	39.8	41.0
Dividends declared per share	0.13	0.13	0.52	0.52

ACUITY BRANDS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Year Ended August 31,	
	2019 (Preliminary)	2018
Cash flows from operating activities:		
Net income	330.4	349.6
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	88.3	80.3
Share-based payment expense	29.2	32.3
Loss on sale or disposal of property, plant, and equipment	0.9	0.6
Deferred income taxes	9.3	(38.2)
Gain on sale of business	—	(5.4)
Net change in assets and liabilities, net of effect of acquisitions, divestitures and effect of exchange rate changes	36.6	(67.7)
Net cash provided by operating activities	494.7	351.5
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(53.0)	(43.6)
Acquisition of businesses, net of cash acquired	(2.9)	(163.2)
Proceeds from sale of business assets	—	1.1
Other investing activities	2.9	1.7
Net cash used for investing activities	(53.0)	(204.0)
Cash flows from financing activities:		
Borrowings on credit facility	86.5	395.4
Repayments of borrowings on credit facility	(96.5)	(395.4)
Repayments of long-term debt	(0.4)	(0.4)
Repurchases of common stock	(91.6)	(298.4)
Proceeds from stock option exercises and other	0.6	1.7
Payments for employee taxes on net settlement of equity awards	(6.0)	(8.2)
Dividends paid	(20.8)	(21.4)
Net cash used for financing activities	(108.2)	(326.7)
Effect of exchange rate changes on cash and cash equivalents	(1.6)	(2.8)
Net change in cash and cash equivalents	331.9	(182.0)
Cash and cash equivalents at beginning of year	129.1	311.1
Cash and cash equivalents at end of year	461.0	129.1

ACUITY BRANDS, INC.
Reconciliation of Non-U.S. GAAP Measures

(In millions, except per share data)

Three Months Ended August 31

	2019	2018	Increase (Decrease)	Percent Change
Net sales	958.1	1,061.2	(103.1)	(11.6%)
Gross profit (GAAP)	364.7	411.9		
Add-back: Acquisition-related items (1)	—	1.2		
Adjusted gross profit (Non-GAAP)	364.7	413.1	(18.4)	(4.5%)
Percent of net sales	42.1%	38.9%		320 bps
Selling, distribution, and administrative (SD&A) expenses (GAAP)	263.9	273.3		
Less: Amortization of acquired intangible assets	(7.7)	(8.0)		
Less: Share-based payment expense	(6.3)	(7.9)		
Less: Acquisition-related items (1)	(1.3)			
Adjusted SD&A expenses (Non-GAAP)	248.6	257.1	(8.5)	(3.3%)
Percent of net sales	24.0%	24.2%		230 bps
Operating profit (GAAP)	100.3	143.7		
Add-back: Amortization of acquired intangible assets	7.7	8.0		
Add-back: Share-based payment expense	6.3	7.9		
Add-back: Acquisition-related items (1)	1.3	1.5		
Add-back: Special charge	0.5	(5.1)		
Adjusted operating profit (Non-GAAP)	146.1	156.0	(9.9)	(6.3%)
Percent of net sales	15.6%	14.7%		90 bps
Other expense (income) (GAAP)	9.8	6.6		
Add-back: Gain on sale of business	—	5.4		
Adjusted other expense (income) (Non-GAAP)	9.8	12.0	(2.2)	(18.3%)
Net income (GAAP)	96.1	108.2		
Add-back: Amortization of acquired intangible assets	7.7	8.0		
Add-back: Share-based payment expense	6.3	7.9		
Add-back: Acquisition-related items (1)	1.3	1.5		
Add-back: Special charge	0.5	(5.1)		
Add-back: Gain on sale of business	—	(5.4)		
Total pre-tax adjustments to net income	15.8	6.9		
Income tax effects	(2.9)	(4.3)		
Less: Discrete income tax benefits of TCJA (2)	—	(3.4)		
Adjusted net income (Non-GAAP)	109.0	107.4	1.6	1.5%
Diluted earnings per share (GAAP)	2.42	2.70		
Adjusted diluted earnings per share (Non-GAAP)	2.75	2.68	0.07	2.6%

(1) Acquisition-related items include profit in inventory and professional fees.
(2) Discrete income tax benefits of the TCJA recognized within income tax expense on the Consolidated Statements of Comprehensive Income.

(In millions, except per share data)

Year Ended August 31

	2019	2018	Increase (Decrease)	Percent Change
Net sales	3,672.7	3,680.1	(7.4)	(0.2%)
Gross profit (GAAP)	1,479.7	1,485.4		
Add-back: Manufacturing inefficiencies (1)	0.9			
Add-back: Acquisition-related items (2)	1.2	1.7		
Add-back: Excess inventory (3)		3.1		
Adjusted gross profit (Non-GAAP)	1,481.8	1,490.2	(8.4)	(0.6%)
Percent of net sales	40.3%	40.5%		(20 bps)
Selling, distribution, and administrative (SD&A) expenses (GAAP)	1,015.0	1,019.0		
Less: Amortization of acquired intangible assets	(30.8)	(28.3)		
Less: Share-based payment expense	(29.2)	(32.3)		
Less: Acquisition-related items (2)	(1.3)	(2.1)		
Adjusted SD&A expenses (Non-GAAP)	953.7	956.3	(2.4)	(0.3%)
Percent of net sales	26.0%	26.0%		- bps
Operating profit (GAAP)	462.9	460.8		
Add-back: Amortization of acquired intangible assets	30.8	28.3		
Add-back: Share-based payment expense	29.2	32.3		
Add-back: Manufacturing inefficiencies (1)	0.9			
Add-back: Acquisition-related items (2)	2.5	3.8		
Add-back: Excess inventory (3)		3.1		
Add-back: Special charge	1.8	5.6		
Adjusted operating profit (Non-GAAP)	528.1	534.1	(6.0)	(1.1%)
Percent of net sales	14.4%	14.5%		(10 bps)
Other expense (income) (GAAP)	38.0	34.9		
Add-back: Gain on sale of business		5.4		
Adjusted other expense (income) (Non-GAAP)	38.0	40.3	(2.3)	(5.7%)
Net income (GAAP)	330.4	349.6		
Add-back: Amortization of acquired intangible assets	30.8	28.5		
Add-back: Share-based payment expense	29.2	32.3		
Add-back: Manufacturing inefficiencies (1)	0.9			
Add-back: Acquisition-related items (2)	2.5	3.8		
Add-back: Excess inventory (3)		3.1		
Add-back: Special charge	1.8	5.6		
Add-back: Gain on sale of business		(5.4)		
Total pre-tax adjustments to net income	65.2	67.9		
Income tax effect	(14.2)	(20.0)		

Less: Discrete income tax benefits of the TCJA (4)				(34.4)			
Adjusted net income (Non-GAAP)	$	381.4	$	362.9	$	18.5	5.1%
Diluted earnings per share (GAAP)	$	9.29	$	8.52			
Adjusted diluted earnings per share (Non-GAAP)	$	9.57	$	8.84	$	0.73	8.3%

(1) Incremental costs incurred due to manufacturing inefficiencies directly related to the closure of a facility.
(2) Acquisition-related items include profit in inventory and professional fees.
(3) Excess inventory related to the closure of a facility.
(4) Discrete income tax benefits of the TCJA recognized within *Income tax expense* on the *Consolidated Statements of Comprehensive Income.*

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Source: Acuity Brands, Inc.