

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**FORM 8-K**

**CURRENT REPORT**

**Pursuant To Section 13 OR 15(d) Of The Securities Exchange Act Of 1934**

Date of report (Date of earliest event reported)

**December 5, 2018**

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**PATRICK INDUSTRIES, INC.**

(Exact name of registrant as specified in its charter)

**Indiana**

(State or other jurisdiction  
of incorporation)

**000-03922**

(Commission  
File Number)

**35-1057796**

(IRS Employer  
Identification Number)

**107 W. Franklin Street, P.O. Box 638, Elkhart, Indiana**

(Address of Principal Executive Offices)

**46515**

(Zip Code)

Registrant's Telephone Number, including area code

**(574) 294-7511**

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(Former name or former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)  
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)  
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))  
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

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**Item 7.01 Regulation FD Disclosure.**

The information referenced in this Form 8-K is furnished pursuant to Item 7.01, "Regulation FD Disclosure." Such information, including the Exhibit attached hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as shall be expressly set forth by specific reference in such filing.

(a) Slides for Investor Presentation as contained in Exhibit 99.1.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibit

[Exhibit 99.1](#) - Slides for Investor Presentation

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**PATRICK INDUSTRIES, INC.**

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(Registrant)

Date: December 6, 2018

By: /s/ Joshua A. Boone

Joshua A. Boone

Vice President - Finance and Chief Financial Officer

# Investor Presentation

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December 2018



# Forward-Looking Statements

This presentation contains certain statements related to future results or states our intentions, beliefs and expectations or predictions for the future which are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from either historical or anticipated results depending on a variety of factors. Further information concerning the Company and its business, including factors that potentially could materially affect the Company's financial results, is contained in the Company's filings with the Securities and Exchange Commission.

This presentation includes market and industry data, forecasts and valuations that have been obtained from independent consultant reports, publicly available information, various industry publications and other published industry sources. Although we believe these sources are reliable, we have not independently verified the information and cannot make any representation as to the accuracy or completeness of such information.

We disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this presentation or to reflect any change in our expectations after the date of this presentation or any change in events, conditions or circumstances on which any statement is based.



# Company Overview

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# Company Snapshot

Founded in **1959**



Key **component manufacturer and supplier** to the RV, Marine, Housing and Industrial Markets

Headquartered in **Elkhart, Indiana**

Operates coast-to-coast in the U.S. and in British Columbia, China and The Netherlands



Q3 2018 LTM revenue of **\$2.2B**

Listed on the **NASDAQ** under ticker **PATK**

**8,200 team members**



Acquired **57** companies in our core markets since 2010

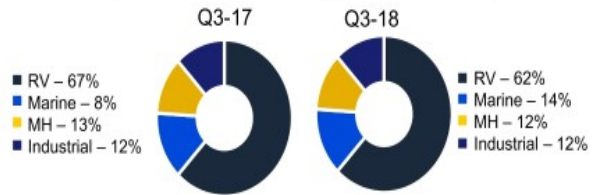
**2017 Acquisition Highlights**  
7 acquisitions  
13 companies  
\$249MM purchase price  
\$309MM annualized revenues

**2018 Acquisition Highlights**  
9 acquisitions  
13 companies  
\$338MM purchase price  
\$568MM annualized revenues

**2010 - 2018 Acquisition Highlights**  
42 acquisitions  
57 companies  
\$997MM purchase price  
\$1,573MM annualized revenues

# Market Platform

## Sales Composition



## Lifestyle & Leisure

<p>Travel Trailer, Fifth Wheel, Folding Trailer, Class A, B, C</p>  <p><b>RV</b></p> <p>65% of Q3 YTD 2018 sales</p>	<p>Pontoon, Fiberglass, Ski &amp; Wake, Aluminum</p>  <p><b>Marine</b></p> <p>11% of Q3 YTD 2018 sales</p>
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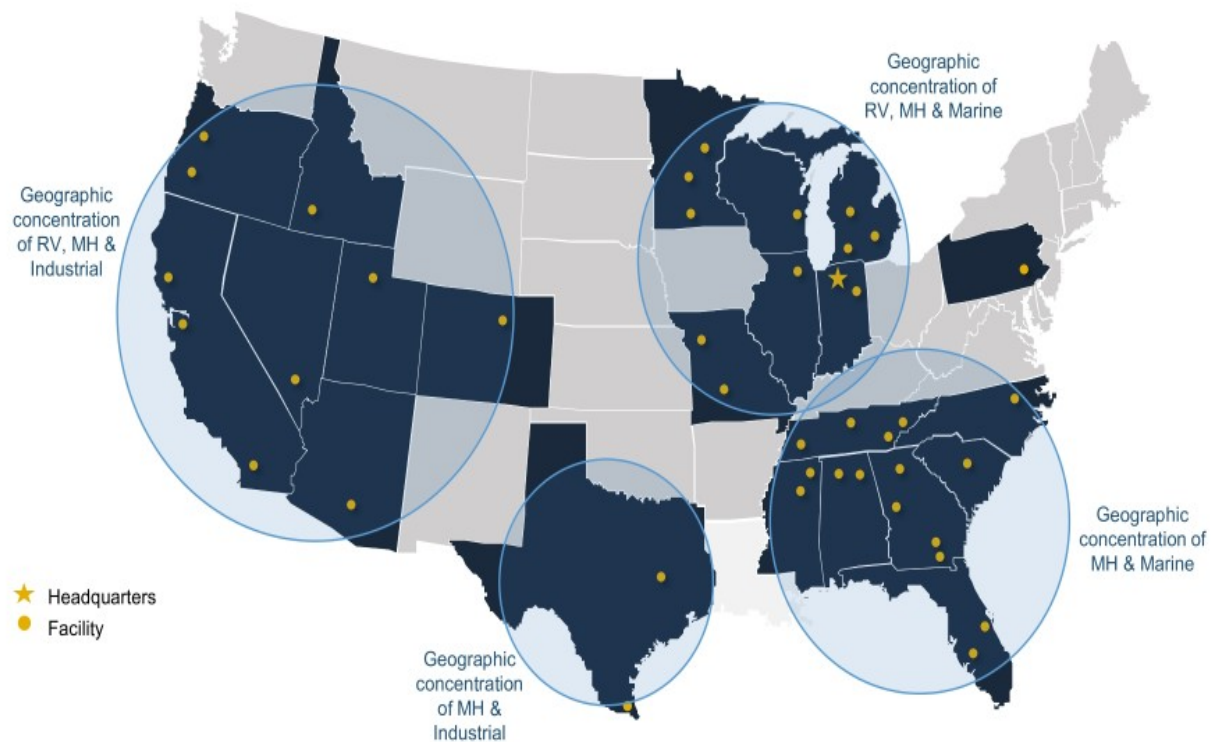
 <p><b>MH</b></p> <p>12% of Q3 YTD 2018 sales</p> <p>Manufactured Housing, Modular Housing, Modular Structure</p>	 <p><b>Industrial</b></p> <p>12% of Q3 YTD 2018 sales</p> <p>Residential Housing, Commercial Fixtures, Institutional Furniture</p>
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## Housing & Industrial

# Patrick Facility Profile

## Nationwide Network

- ✓ Strategically aligned with OEM customers
- ✓ Operates various manufacturing facilities and distribution centers



\*There is one manufacturing facility located in China that was part of the November 2017 LMI acquisition, one distribution center in The Netherlands that was part of the June 2018 acquisition of Marine Accessories Corporation, and one distribution center in British Columbia that was part of the November 2018 LaSalle Bristol acquisition.





# Industry Fundamentals

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# Economic Fundamentals

Solid trends in macro economic fundamentals in 2017 and the first nine months of 2018 signal continued positive outlook in our industries

## Favorable Economic Fundamentals

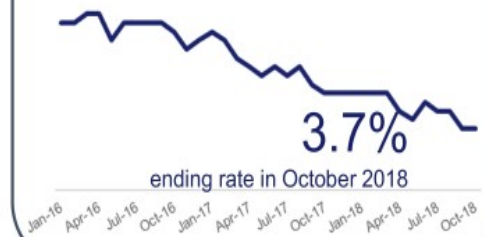
- ✓ Strong consumer confidence
- ✓ Relatively low interest rates
- ✓ Lower, stable fuel prices
- ✓ Credit availability
- ✓ Favorable employment and wage trends
- ✓ Strength in equity and housing markets
- ✓ Increases in consumer spending with recreational goods increasing at a higher rate

## Solid Industry Growth

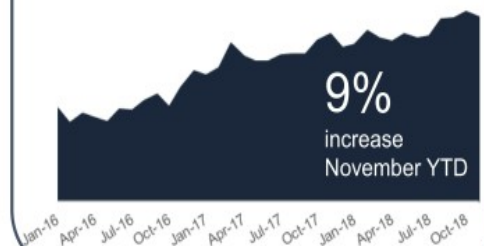
### 9M 2018 compared to 9M 2017...

- ✓ RV wholesale unit shipments flat
- ✓ Marine powerboat retail units up 2%
- ✓ MH wholesale unit shipments up 9%
- ✓ Housing starts increase of 6%

### Unemployment Rate



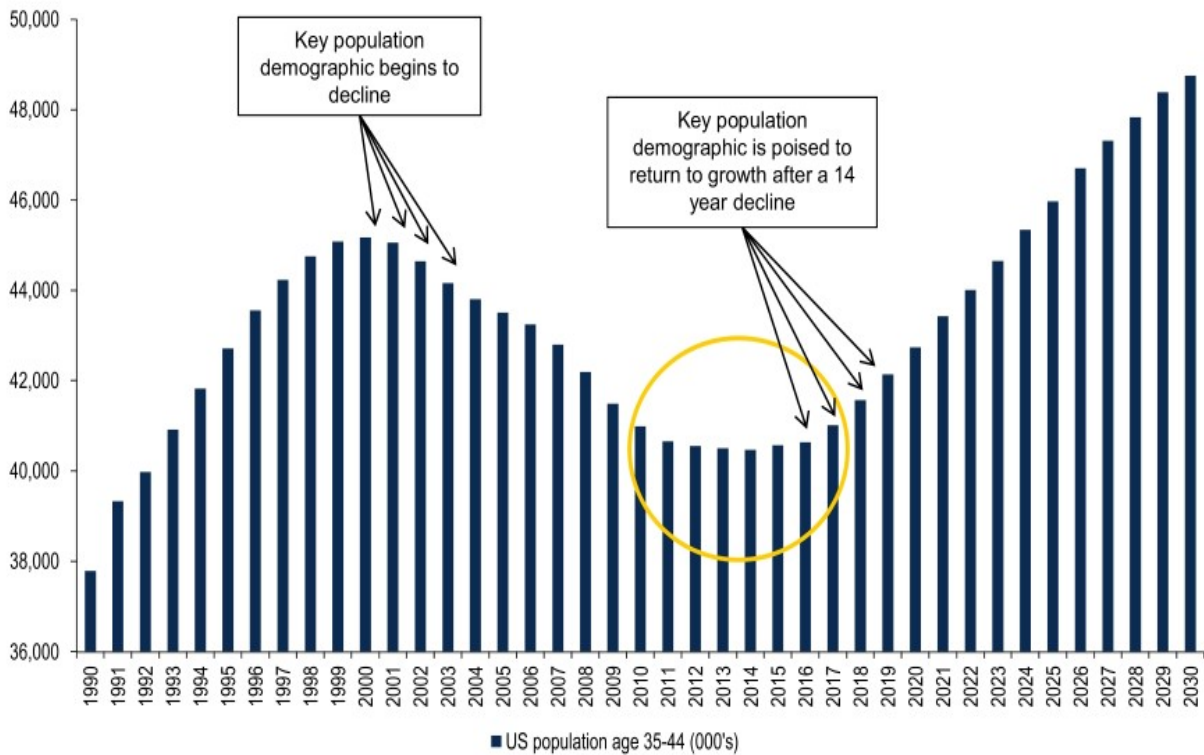
### Consumer Confidence



Sources: RVIA, NMMA, MHI, U.S. Census, Conference Board

# Population Demographic Trend

A key trending population demographic in the industries we serve began to increase in 2017 indicating future market upside potential in all of our markets



Sources: Euromonitor, BofA Merrill Lynch Global Research



# Industry and Market Review: Lifestyle & Leisure

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# Industry Trends

RV Market



## Favorable Industry Trends

➤ Influx of younger, more diverse campers continue to build momentum for the North American outdoor, leisure lifestyle

**77 million** household campers in the U.S.

**6 million** new campers have started camping since 2014

**83 million** millennials in the U.S.

**40%** of all campers are millennials

**23% (19 million)** call themselves highly-likely RV buyers

**64%** growth in campers who camp three or more times per year (2014-2017)

**74%** of campers traveled within 150 miles of home (35% less than 50 miles from home)

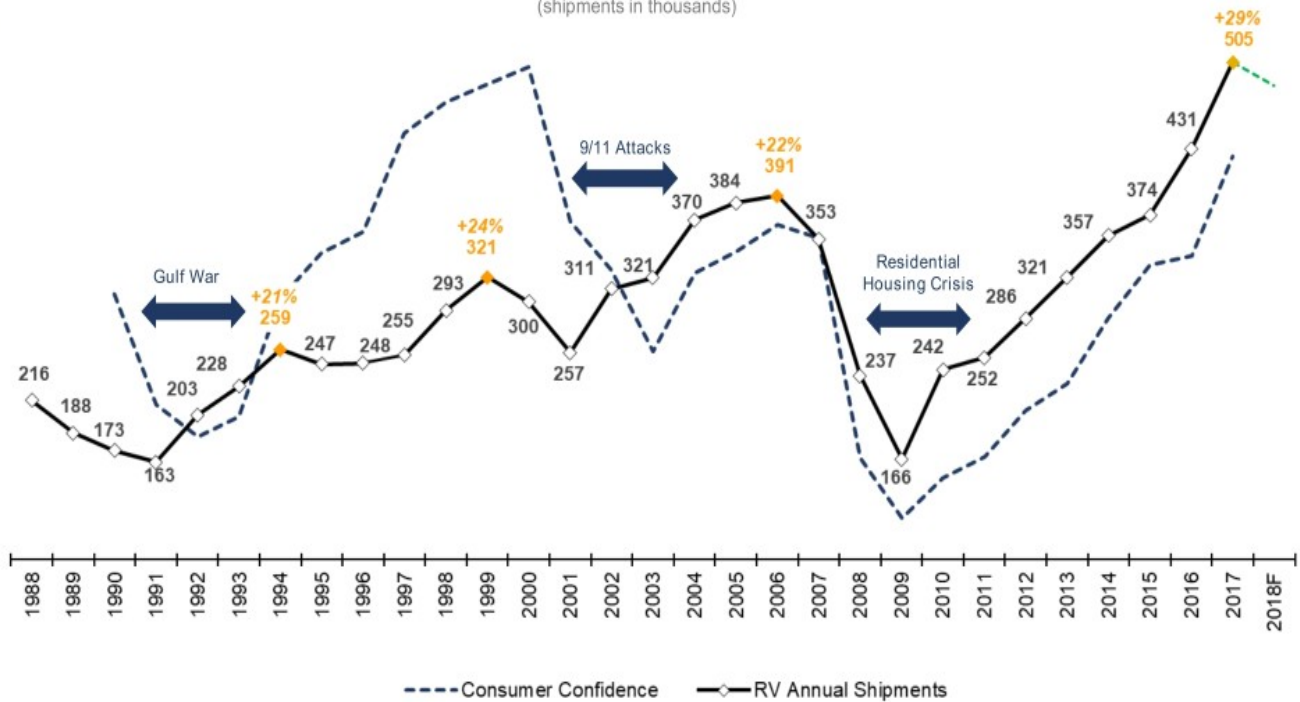


Source: 2018 KOA North American Camping Report; RVIA

# Industry Outlook

## RV Wholesale Unit Shipments

(shipments in thousands)



It is our belief that trended shipment levels indicate continued potential for future growth trajectory based on current demographic indicators, discipline in the space, overall economic conditions and resilience and strength of the leisure lifestyle.

RV Shipments Source: 1990 – 2017 RVIA; 2018F Company Estimate; Consumer Confidence Index: The Conference Board

# RV Retail Shipments

## RV Retail Growth and Re-Statement

■ Initially Reported   ■ Subsequently Reported   ✕ Revision\*



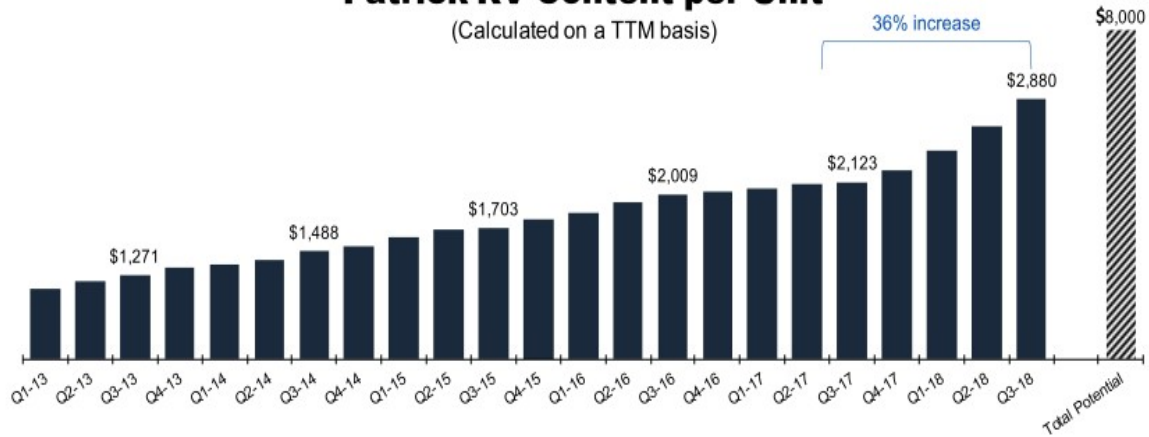
RV retail shipments are typically reported at a lower YoY growth rate initially and then updated as registrations get filed over subsequent periods

\*2018 revisions are based on 2017 historical adjustment ranges & 2018YTD is Company Estimate  
Source: Statistical Surveys Inc. (SSI)

# RV Content per Unit

## Patrick RV Content per Unit

(Calculated on a TTM basis)



## RV Product Categories

TOWABLE

MOTORIZED

Travel Trailer

Fifth Wheel

Class A

Class B & C



ASP \$22,035

ASP \$50,768

ASP \$160,940

ASP \$97,663

- 88% of all wholesale shipments
- 62% of retail value of shipments

- 12% of all wholesale shipments
- 38% of retail value of all shipments

Total Retail Value of Shipments in 2017 - \$20 billion

Source: RVIA 2017 Industry Profile (travel trailer stats include camping trailer and truck campers);  
 \*100% market share in existing products would yield the 'Total Potential' content per unit amount



# Industry Trends



## Favorable Industry Trends

➤ Increased outdoor lifestyle and core recreational boater demand

**36% (142 million)** of U.S. adult population participated in recreational boating in 2017

**12 million** registered boats in the U.S. in 2017

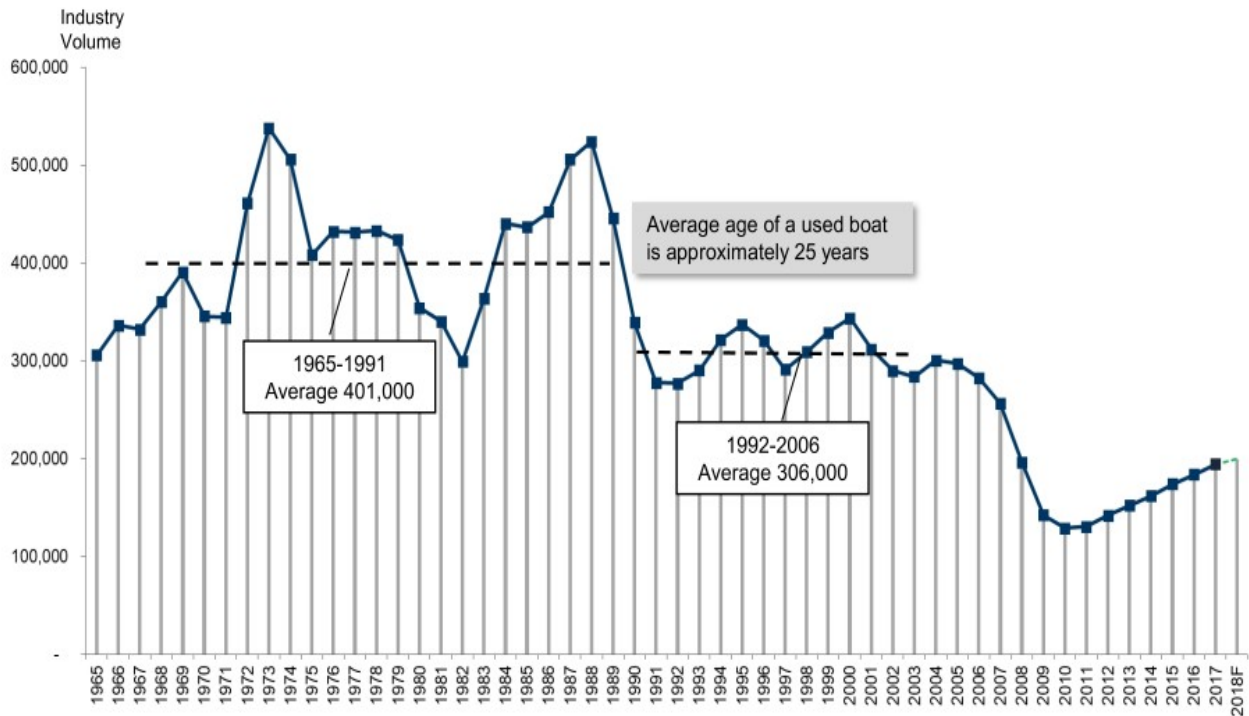
**25 years** average age of a boat on the water

**1 million** expected number of boats to be retired over next 4 years (2018-2022)



Source: National Marine Manufacturers Association (NMMA)

# U.S. Marine Outlook

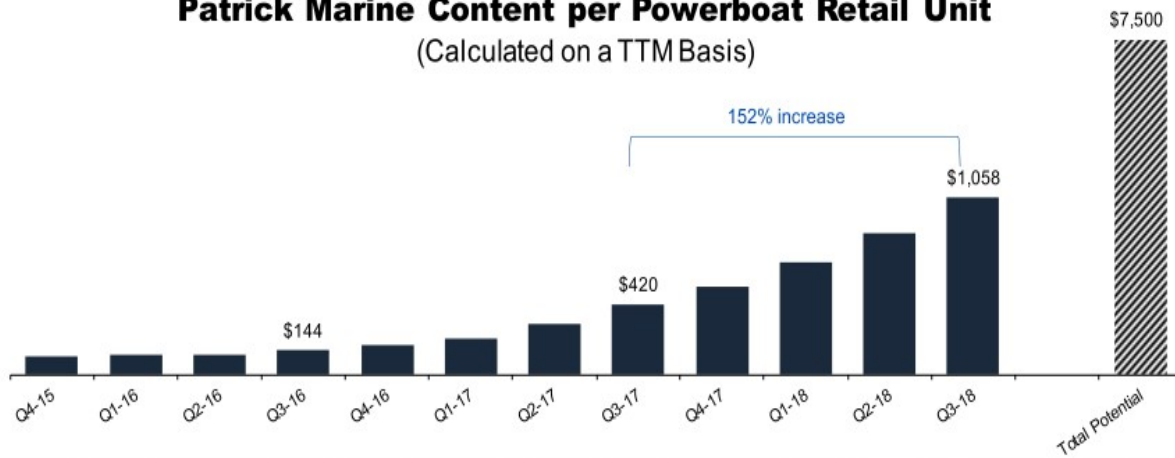


The U.S. marine market continues its recovery with the potential for a long runway of slow and steady growth with leisure lifestyle attractiveness and an aging inventory of used boats

Source: NMMA (traditional powerboat retail excluding jet boats); 2018F Company Estimate





# Marine Content per Unit

**Patrick Marine Content per Powerboat Retail Unit**  
(Calculated on a TTM Basis)



## Marine Powerboat Product Categories

Our products are primarily used in the traditional powerboat market which we view as the following four categories:

Pontoon	Ski & Wake	Fiberglass	Aluminum
			
ASP \$36,504	ASP \$97,171	ASP \$69,116	ASP \$21,834
28% of market	5% of market	36% of market	31% of market

U.S. expenditures on boats, engines and accessories totaled \$39 billion in 2017

Source: NMMA 2017 Statistical Abstract; \*100% market share in existing products would yield the 'Total Potential' content per unit amount



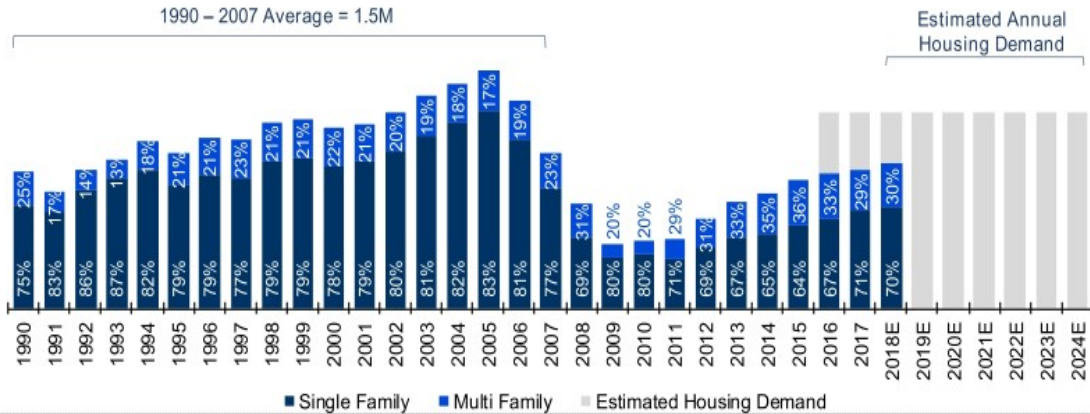
# Industry and Market Review: Housing & Industrial

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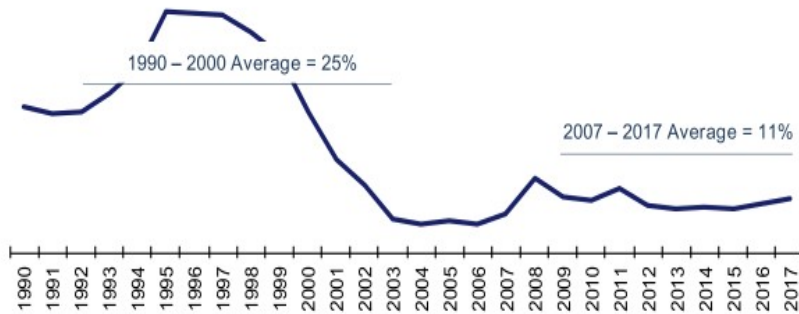
# Growing Housing Demand

## Total New Housing Starts

(starts in thousands)



## MH Shipments as a % of Single Family Housing Starts



If MH shipments continue at approximately 11% of new single family housing starts, based on estimated housing demand, MH units could exceed 150,000

Source: U.S. Census, NAHB, MHI

# Industry Trends



## Favorable Industry Trends

➔ Excellent alternative to the traditional "stick" built home

**9 million** households with 22 million people living in manufactured homes

**80%** of all new homes sold under \$150,000 are MH

**\$49** per sq. ft. average structure cost compared to \$107 for a single family home

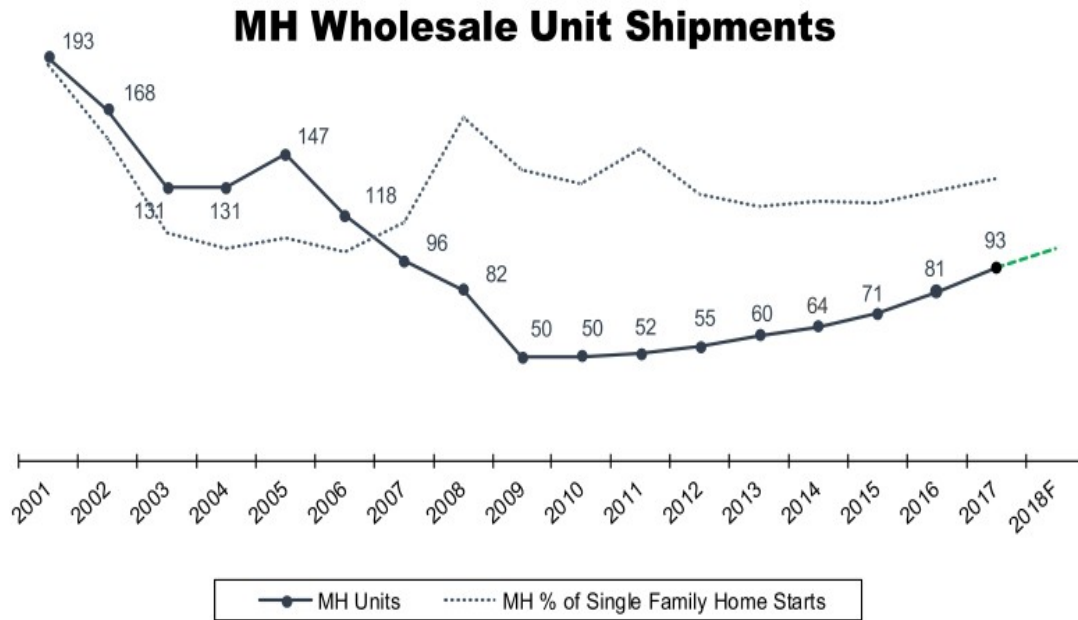
**\$70,600** average MH retail price for 1,446 sq. ft. (home only)



Source: Manufactured Housing Institute (MHI)

# Industry Outlook

(shipments in thousands)



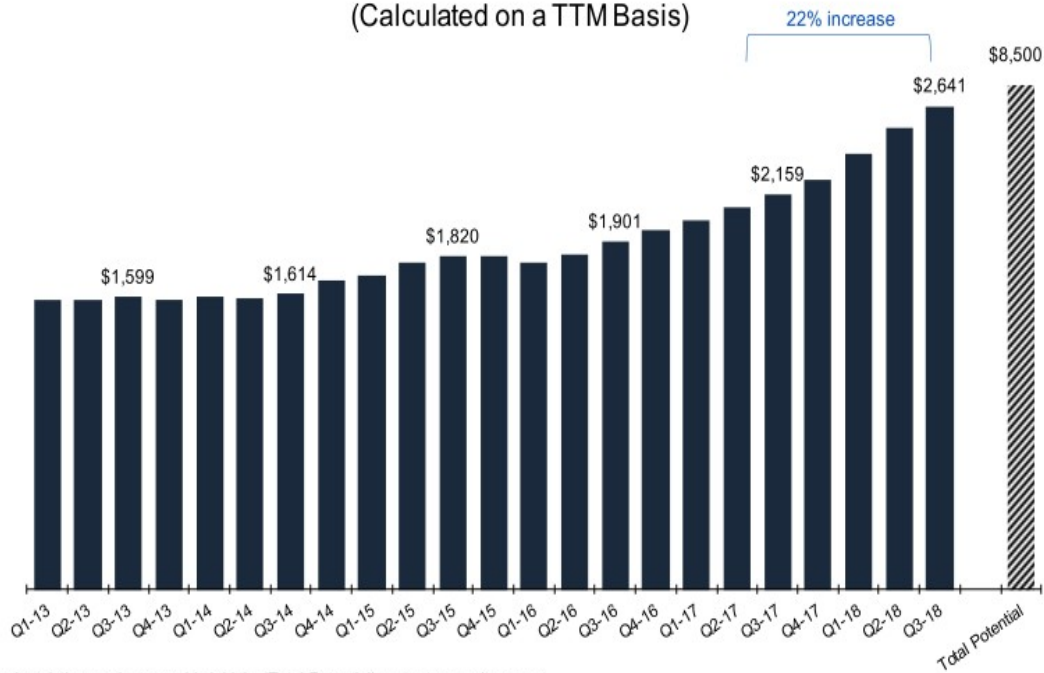
The MH industry continues to perform at historical lows, reflecting the residual impacts from the residential housing market crisis. We believe, however, that there is pent-up demand and significant upside potential for this market based on current demographic trends, including multi-family housing capacity and improving consumer credit and financing conditions, among other factors.

Source: 1990-2017: MHI; 2018F Company Estimate, NAHB

# MH Content per Unit

Our focus on strategic acquisitions and organic growth has resulted in significant increases in our content per unit and sales outpacing our respective markets

**MH Content per Unit**  
(Calculated on a TTM Basis)



\*100% market share in existing products would yield the 'Total Potential' content per unit amount



# Industry Trends

Industrial Market



## Favorable Industry Trends

➔ Housing starts are well below the prior peak and there continues to be pent-up demand, providing continued runway in the new housing market

**60%** of Patrick's Industrial sales are linked to the residential housing market

**9%** increase in single-family housing starts vs. prior year

**40%** of Patrick's Industrial sales are linked to the non-residential housing market which includes: big box retail, retail & commercial fixtures and high rise, office, hospitality, schools & universities



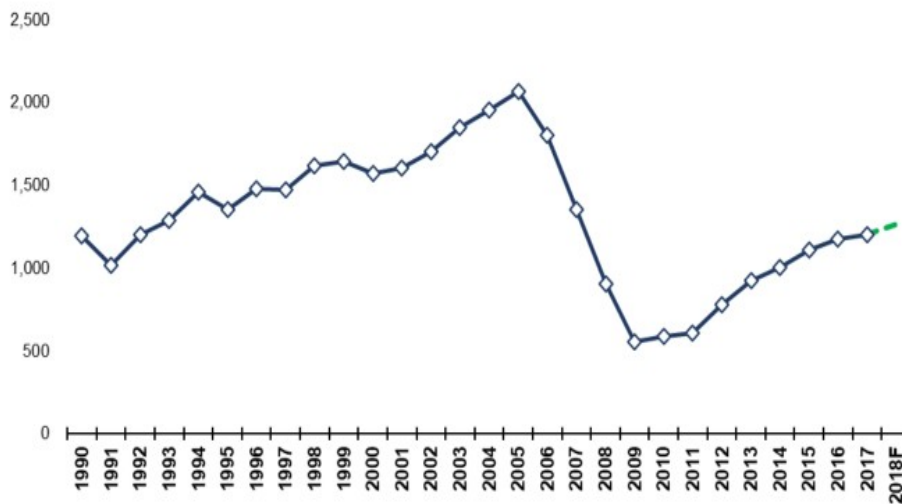
Source: U.S. Census, NAHB

# Industry Outlook

## Industrial Market

### Annual New Housing Starts

(starts in thousands)



### Diversification and Adjacent Markets

Leverage our manufacturing and distribution capabilities, geographic footprint and product expertise to penetrate adjacent markets and identify new sales channels

The housing market continues to grow at a steady pace, providing ample runway for us to capitalize on by leveraging our product expertise and continuing to acquire and bring new products to the industrial markets and geographic regions

Sources: New Housing Starts - U.S. Census Bureau; Existing Home Sales - National Association of Realtors; NAHB: 2018F



# Strategy

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# Capital Allocation Strategy

Our capital allocation strategy is centered around the utilization of a balanced leverage position, strong cash flows and capital resources to grow and reinvest in the business model



\$385 million of capital deployed in first nine months of 2018 with leverage ratio of 2.3x



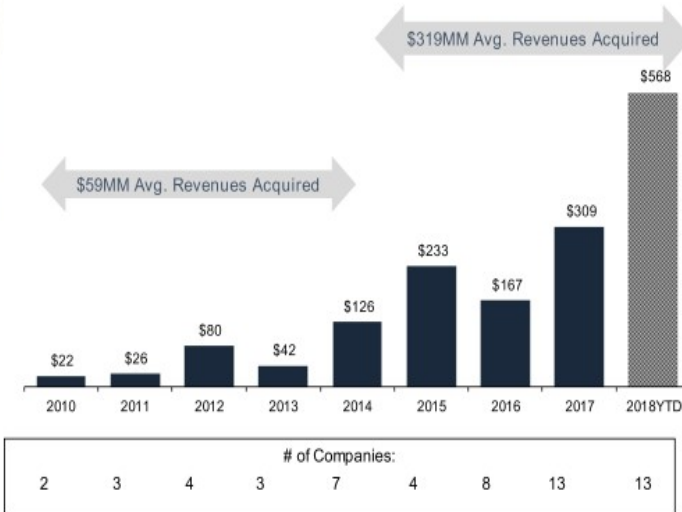
- Acquisitions 74%
- Stock Repurchases 19%
- Capital Expenditures 7%

# Acquisition Execution

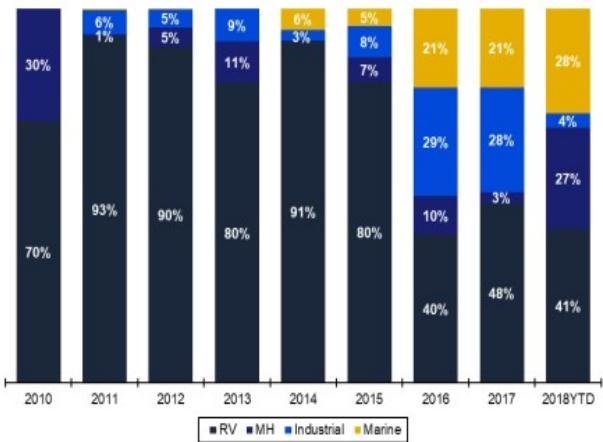
Demonstrated ability to source, acquire and integrate while increasingly executing on opportunities across diverse end-markets

## Acquisition Momentum

(\$ in millions)



## Acquisition End-Market Mix



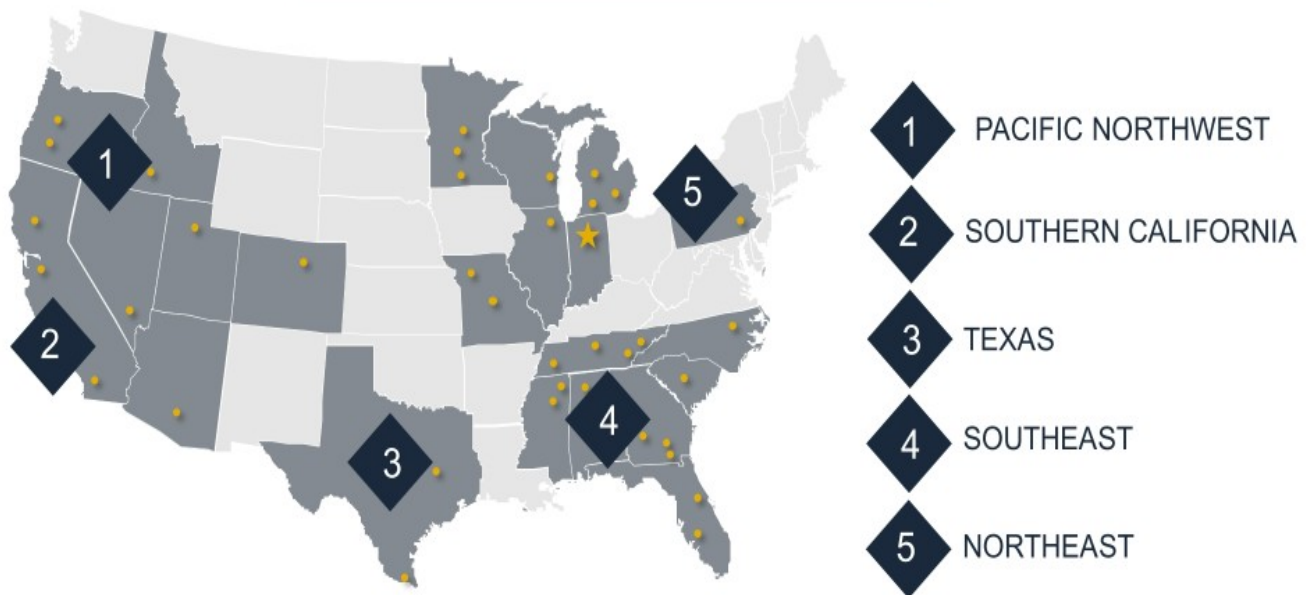
- Commitment to expanding product portfolio within our core markets has resulted in 42 strategic acquisitions of 57 companies from 2010 – 2018
- Averaged ~\$319MM in annualized acquired revenues in last 4 years

# Geographic and Product Expansion

Focus on expansion opportunities with \$250MM market potential

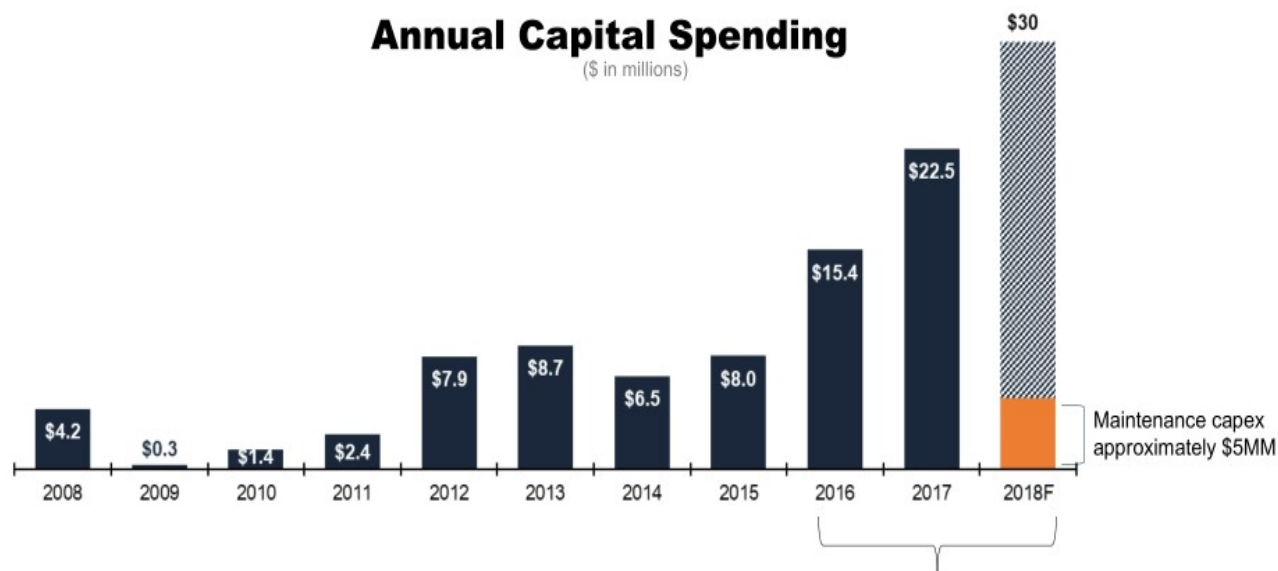
## Targeted Product Lines:

- Lamination
- Aluminum
- FRP
- Fiberglass
- Paint
- Shower Doors
- Solid Surface
- Hardwood Products
- Pressed Products
- Interior Doors
- Plastics
- Bath & Closet Systems



# Capital Expenditures

We will continue to invest in our infrastructure to drive efficiency and capacity, and flex our capital spend when necessary to align with our demand levels

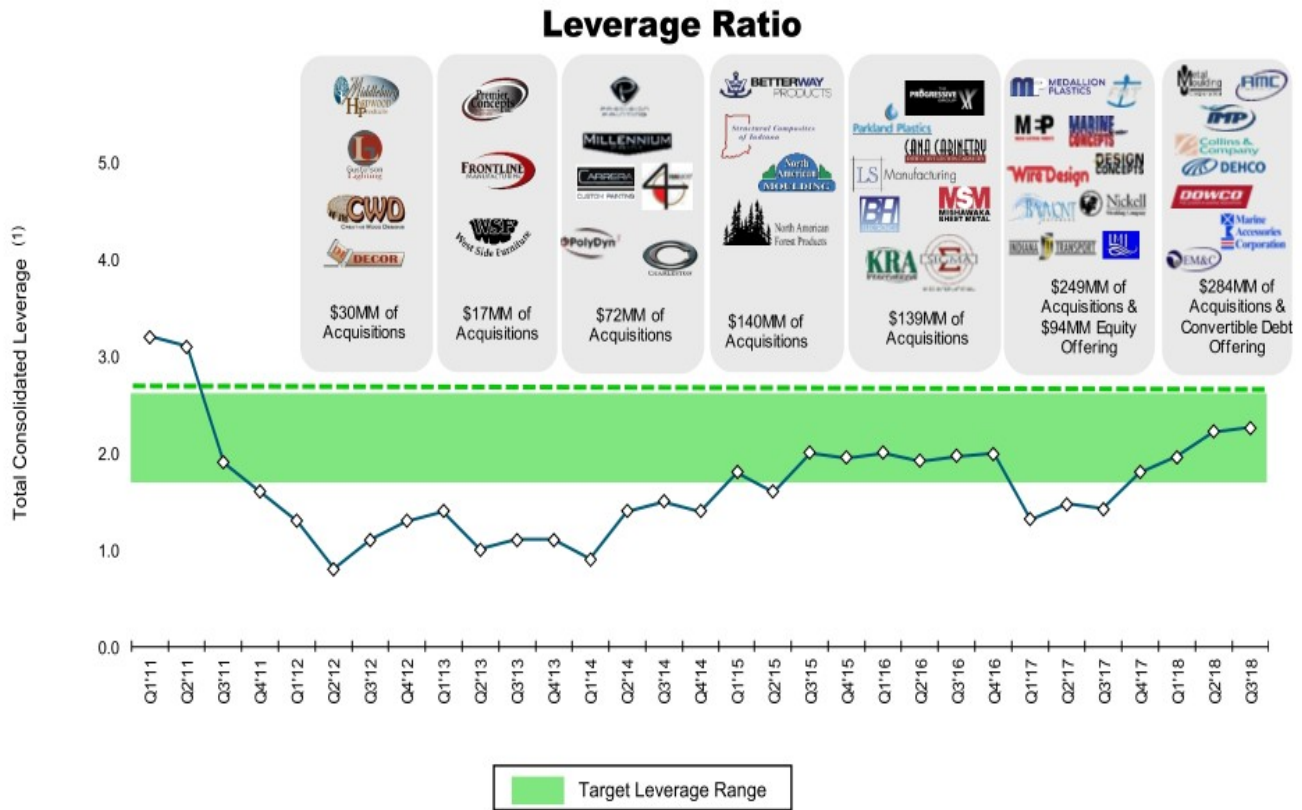


2016 – 2018 Strategic Focus:

- New Process / Automation
- Increased Capacity
- Increased Efficiencies

# Leverage Capacity

We expect to continue to utilize and maintain a disciplined leverage position and our cash flows in alignment with our capital allocation strategy and financing covenants



(1) Leverage is the consolidated total indebtedness to consolidated adjusted EBITDA as defined by the 2018 Credit Agreement





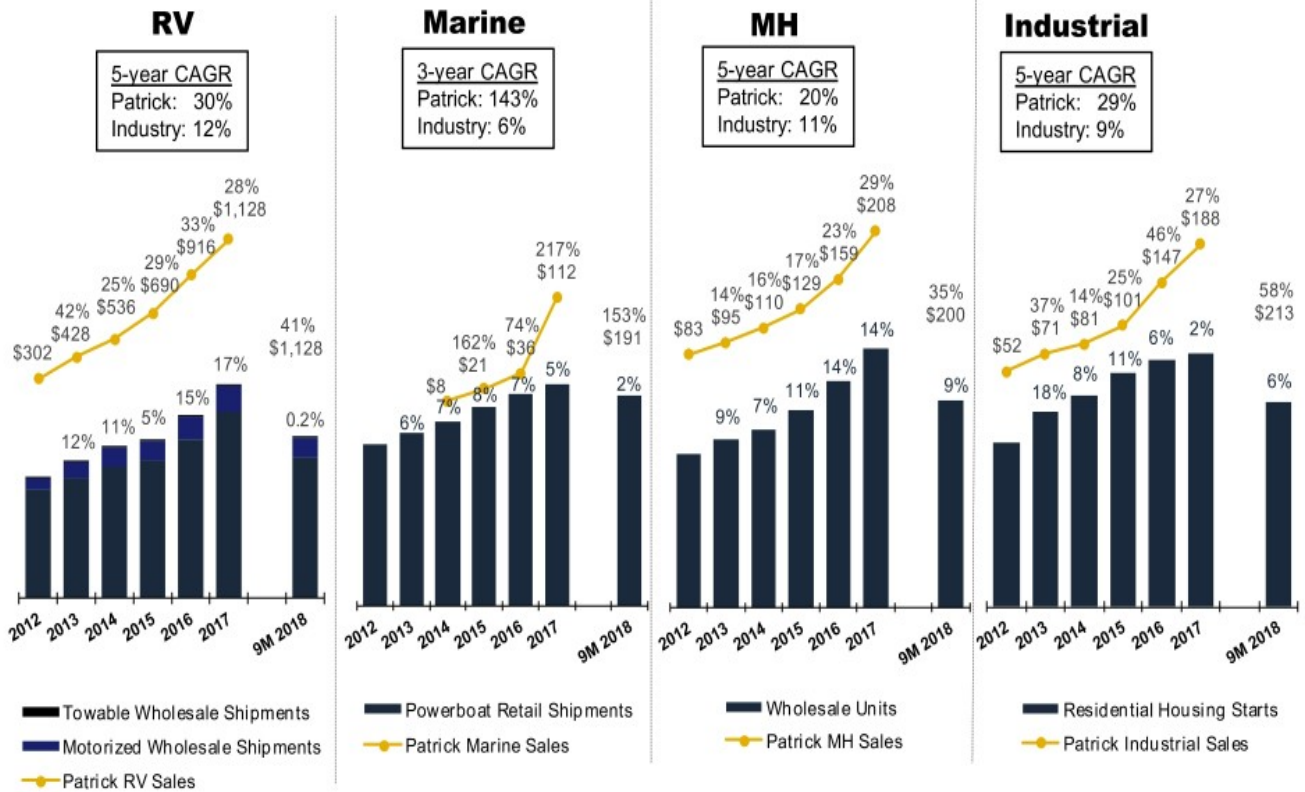
# Performance

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# Outperforming End-Market Growth

(\$ in millions)

In recent years, Patrick's sales growth has outpaced industry growth in all four of our primary markets

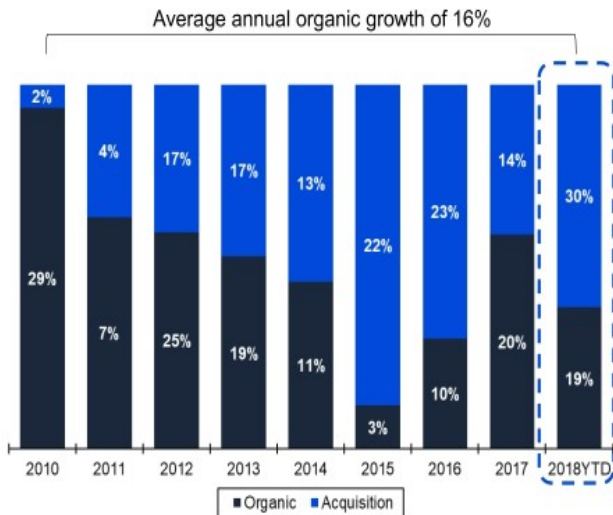


Sources: RVIA, NMMA, MHI, NAHB

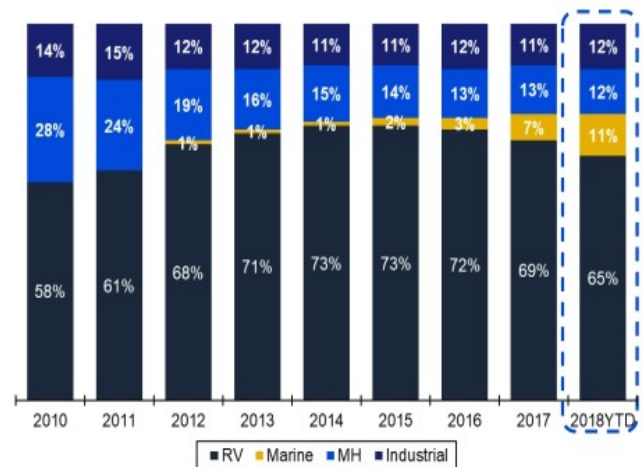
# Organic and Strategic Growth

Strong sales growth continues to be evident and reflects organic and strategic impact leading to more balanced and diverse end-markets

## Sales Growth Trends



## Revenue Mix

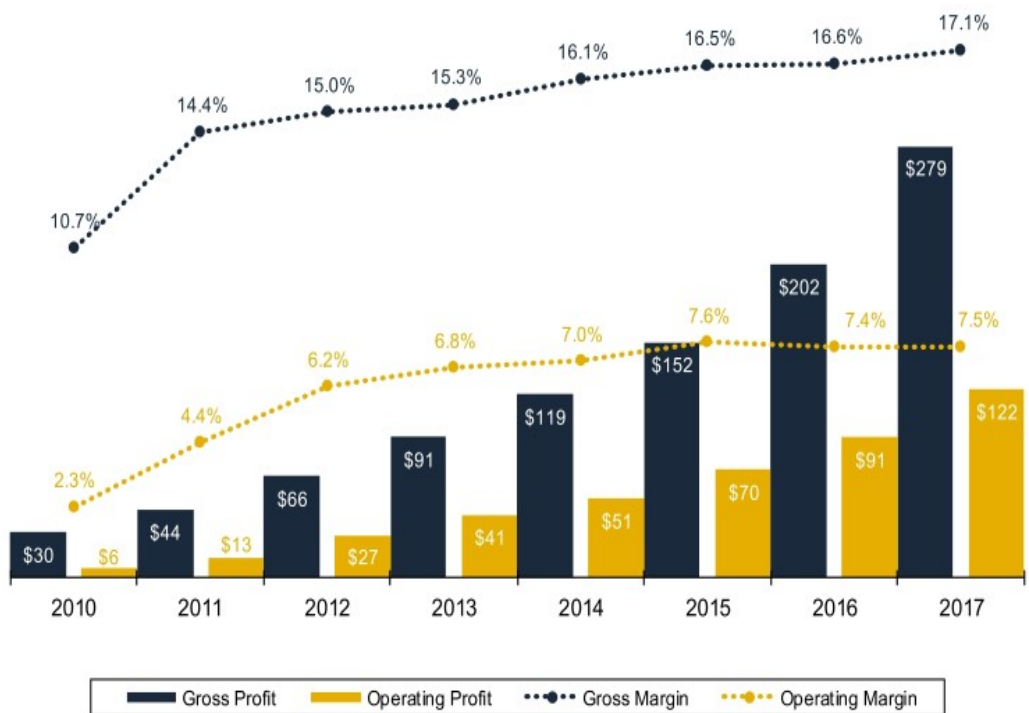


- Double digit organic and acquisition growth experienced over the last few years has led to strong top line growth
- With recent strategic acquisitions into diverse end-markets, our year to date 2018 sales composition is currently 65% RV and 35% non-RV

# Margin Expansion

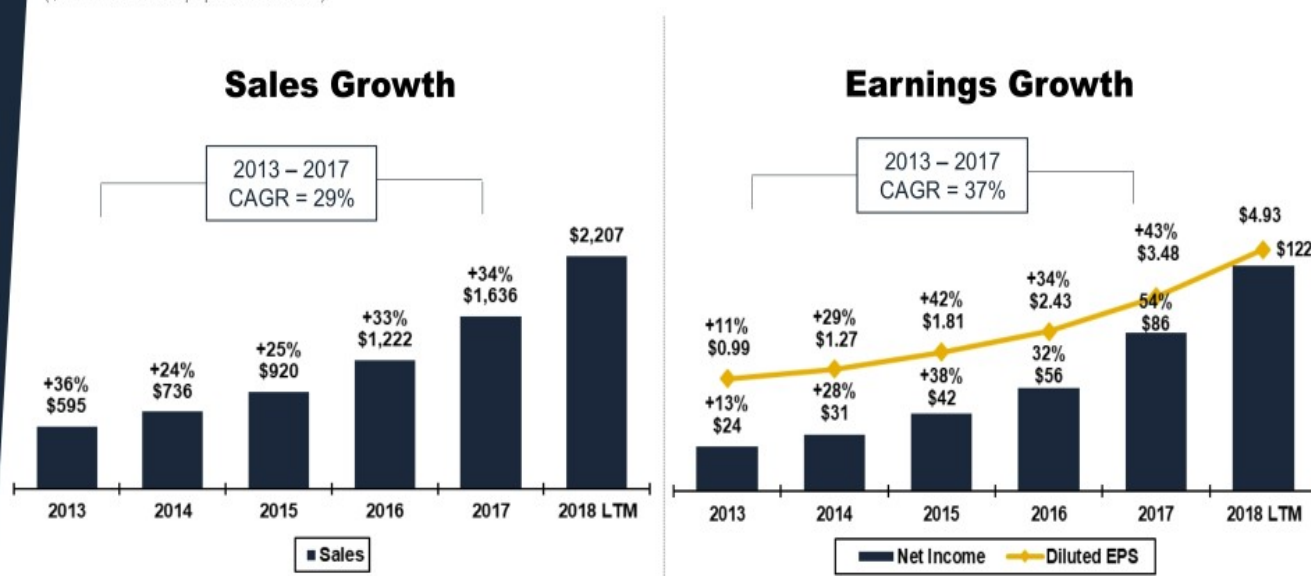
(\$ in millions)

Consistent growth and improvement in gross and operating margins



# Sales & Earnings Growth

(\$ in millions except per share data)



- Sales continue to grow and outpace their respective markets, driven by acquisitions, new products and line extensions, and market share gains
- Net Income and EPS continue steady growth driven by the following:
  - Leveraging of fixed costs
  - Tight management of controllable expenses
  - Realized cost synergies from acquisitions



**PATRICK**  
INDUSTRIES, INC.



