

**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)

**June 4, 2019**

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**PATRICK INDUSTRIES, INC.**

(Exact name of registrant as specified in its charter)

**Indiana**

**000-03922**

**35-1057796**

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(IRS Employer  
Identification Number)

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

**46515**

(Address of Principal Executive Offices)

(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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, no par value	PATK	The NASDAQ Global Stock Market

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.

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**PATRICK INDUSTRIES, INC.**

(Registrant)

Date: June 4, 2019

By: /s/ Joshua A. Boone

Joshua A. Boone

Vice President - Finance and Chief Financial Officer

Patrick Industries, Inc.

Investor Presentation

June 2019



# 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 Highlights & 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 Canada, China and the Netherlands



2019 LTM revenue of **\$2.3B**

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

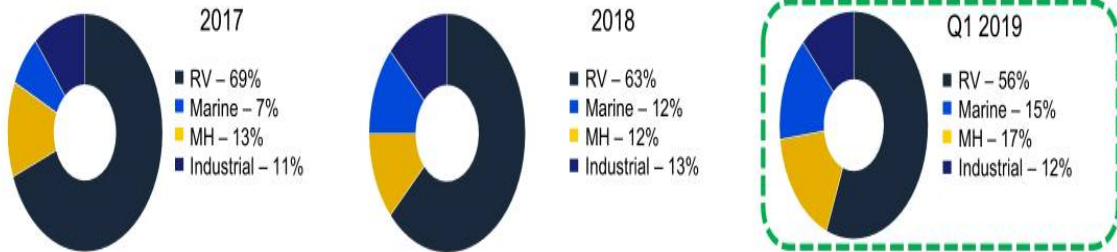
9 acquisitions  
13 companies  
\$338MM purchase price  
\$568MM annualized revenues

#### 2010 - 2018 Acquisition Highlights

42 acquisitions  
57 companies  
\$997MM purchase price  
\$1,573MM annualized revenues

# Market Platform

## Sales Composition



## Lifestyle & Leisure

Travel Trailer, Fifth Wheel, Folding Trailer, Class A, B, C



**RV**

56%  
of Q1 2019 sales

**Marine**

15%  
of Q1 2019 sales

Pontoon, Fiberglass, Ski & Wake, Aluminum



**MH**

17%  
of Q1 2019 sales



Manufactured Housing, Modular Housing, Modular Structure

**Industrial**

12%  
of Q1 2019 sales



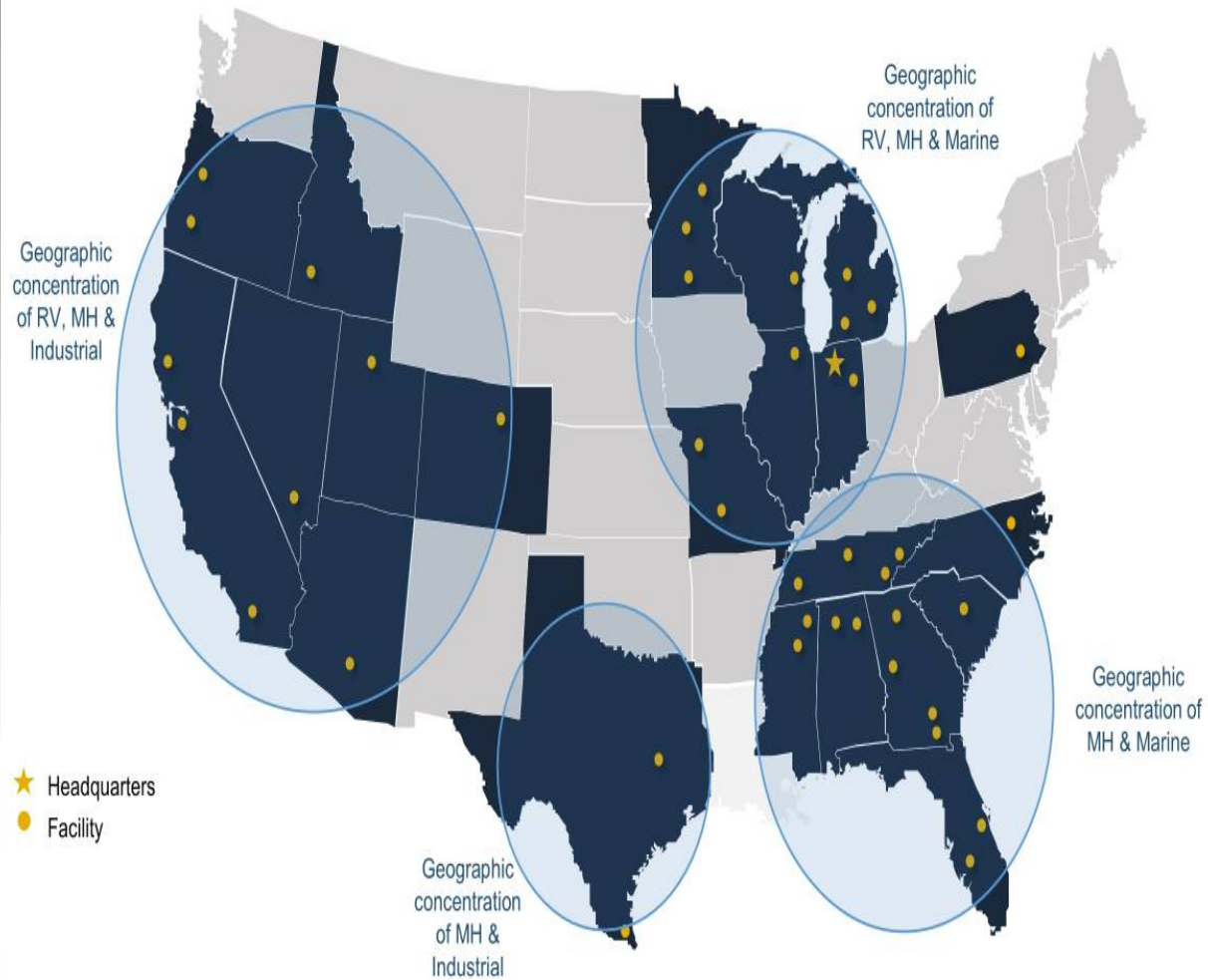
Residential Housing, Commercial Fixtures, Institutional Furniture

## 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, one distribution center in the Netherlands, and one distribution center in Canada.





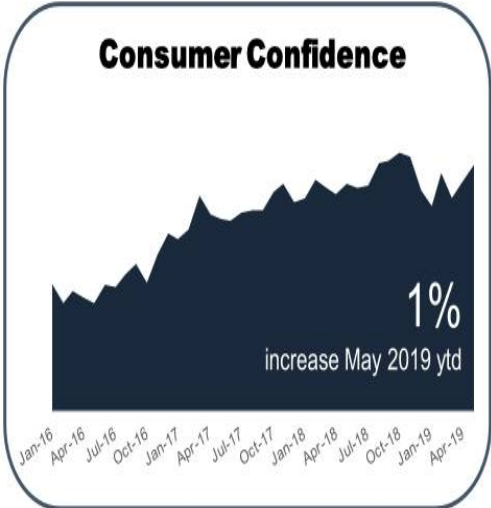
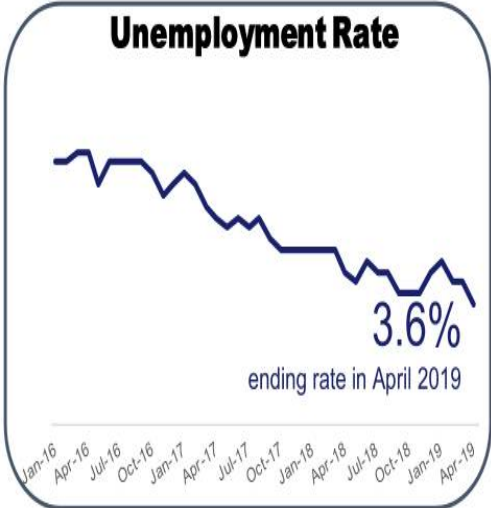
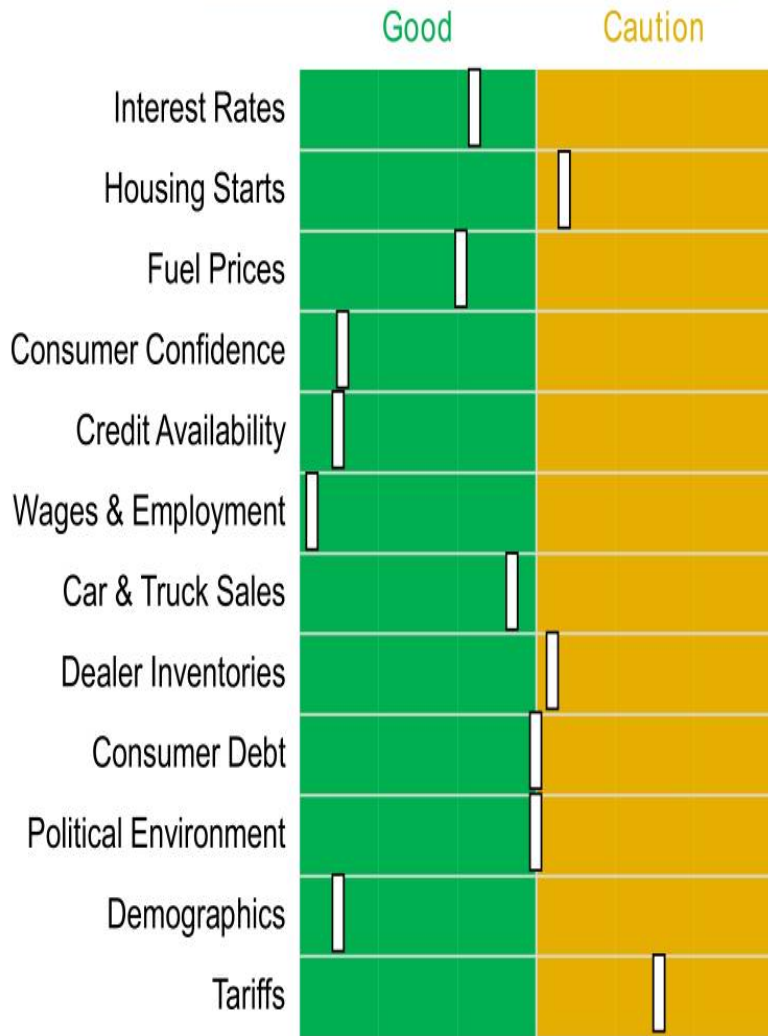
# Markets Served & Trends

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# Economic Fundamentals

Solid trends in macro economic fundamentals signal a continued positive outlook in our industries, albeit we need to stay wary of the volatile economic and political environment which has impacted our markets.

## Economic Fundamentals



Sources: U.S. Census, Conference Board

# Demographic Trends Across End Markets

## Favorable Demographic Trends – Lifestyle & Leisure



- Active, outdoor lifestyle continuing to grow, allowing more time spent with family and friends and gain better access to nature
- Improved consumer savings levels for discretionary spend items such as RVs and recreational boating
- Significant number of **“Baby Boomers”** entering retirement age over the next 15 years
- Increased participation by millennials and ethnically diverse families
- New, younger buyers and emergence of incremental repeat buyers in channel
- Improved connectivity while traveling reduces barriers to leisure lifestyle and outdoor activities
- Continued innovation driving new design / features at all price points

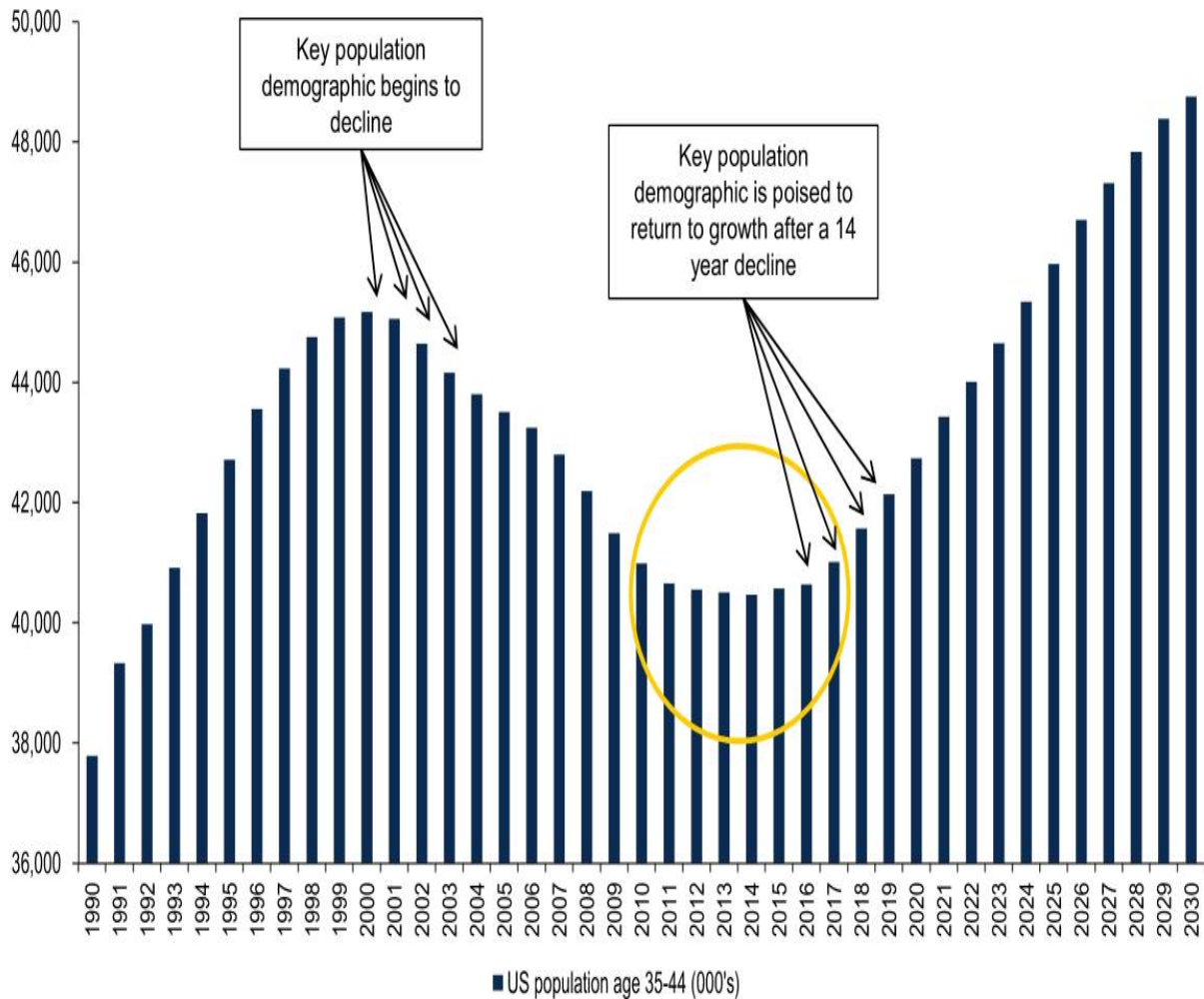
## Favorable Demographic Trends – Housing & Industrial



- Innovative high-quality, affordable homes with excellent alternative to the traditional **“stick-built”** home
- Pent-up demand and need for quality, affordable housing providing continued runway in manufactured and new residential housing markets
- Growing population of first time home buyers as well as those looking to downsize
- **Lack of “stick-built” housing contractors and sub-contractors**
- Attractiveness of single-family manufactured housing option

# 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 Trends



## Favorable Industry Trends

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

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

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

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

**41%** of all campers are millennials

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

**72%** growth in campers who camp three or more times per year (2014-2018)

**70%** of campers traveled within 150 miles of home (31% less than 50 miles from home)

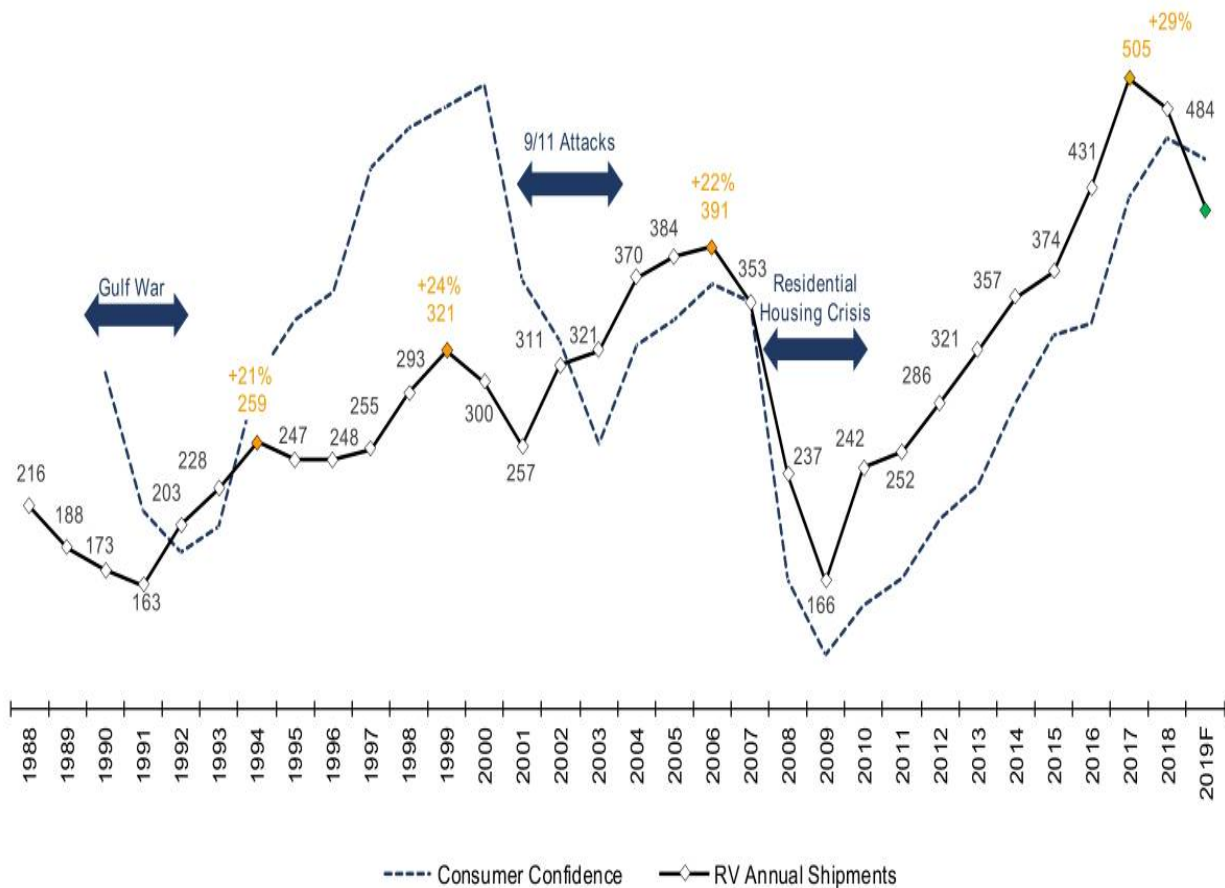


Source: 2019 KOA North American Camping Report; RVIA

# Industry Outlook

(shipments in thousands)

## RV Wholesale Unit Shipments



RV shipments declined YoY in 2018 for the first time since the economic downturn of 2009, coming off eight years of consecutive growth, which ended 29% higher than the last peak in 2006. While the RV industry has been recalibrating its inventory over the past 12 months, we believe current demographic indicators, overall economic conditions, and resilience and strength of the leisure lifestyle all point towards continued solid end market demand.

RV Shipments Source: 1990 – 2019F RVIA; Consumer Confidence Index: The Conference Board

# RV Retail & Inventories

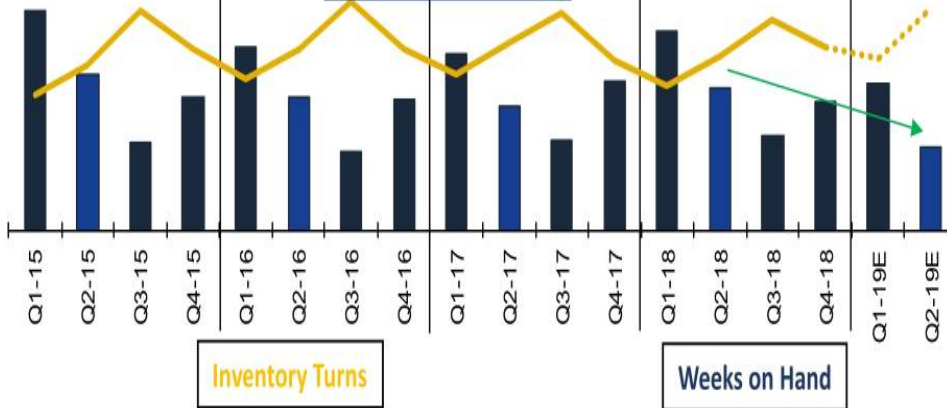
## RV Shipments Change YoY



### 2019 Trends

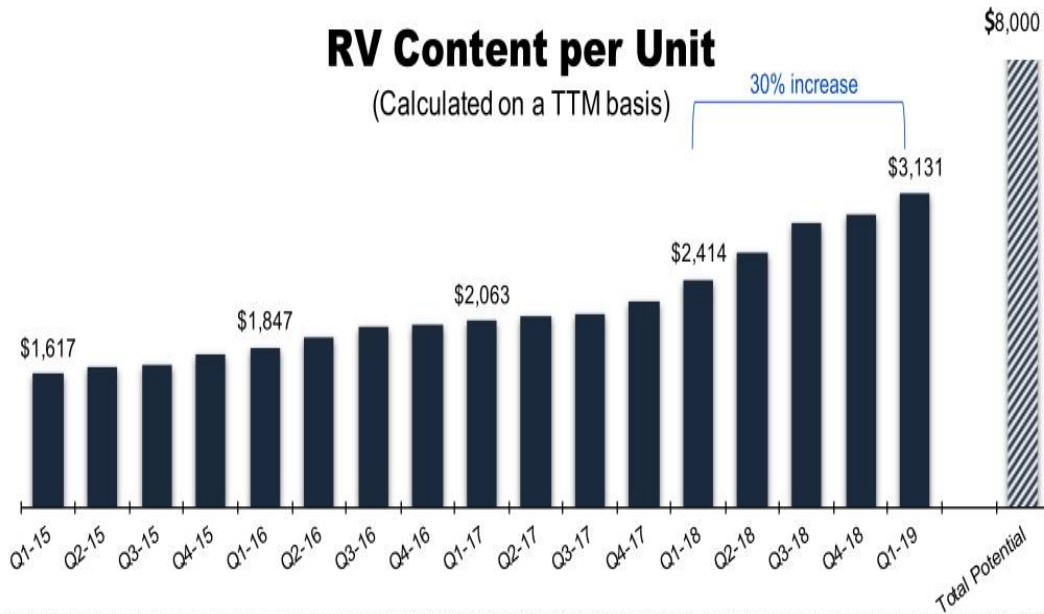
- Retail continuing to outpace wholesale
- Reduced dealer inventories and weeks on hand (Q2-19E weeks on hand down 4.4 weeks vs. prior 4 year Q2 average)

## Dealer Inventory



Source: RV wholesale shipments: RVIA; Retail shipments: SSI; Q1E/Q2E Company Estimates

# RV Content per Unit



## RV Product Categories

TOWABLE

MOTORIZED

Travel Trailer

Fifth Wheel

Class A

Class B & C



ASP \$22,000

ASP \$50,800

ASP \$160,900

ASP \$97,700

- 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

**\$10.5 Billion** retail sales of new powerboats in 2018

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

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

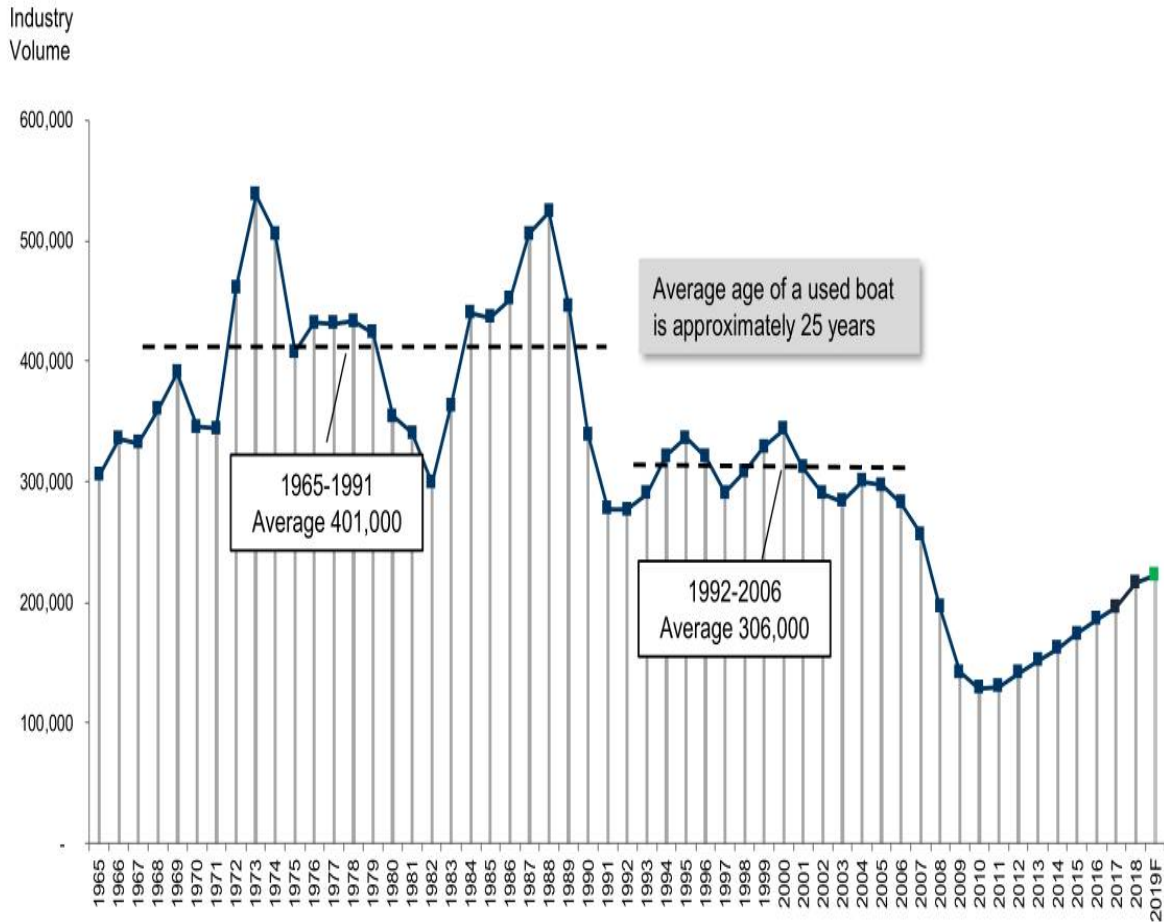
**25 years** average age of a boat on the water

**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



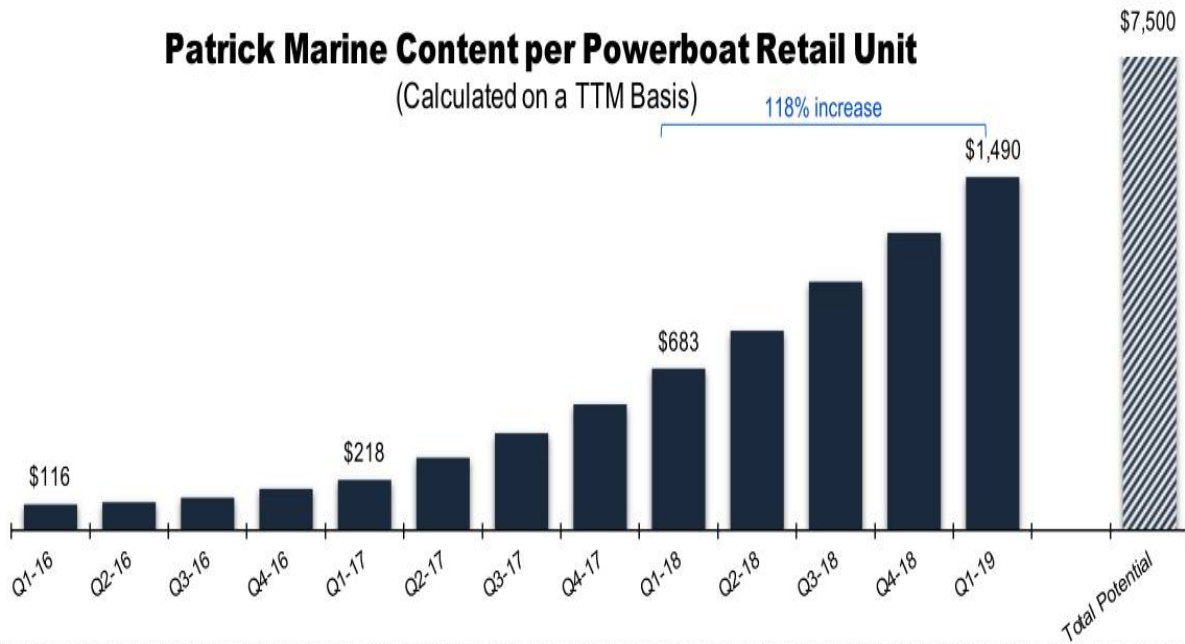
The U.S. marine market continues its recovery with the potential for a long runway of slow and steady growth with leisure lifestyle attractiveness and an aging inventory of used boats

Source: NMMA (traditional powerboat retail excluding jet boats and PWC); 2019F 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 \$36,500	ASP \$97,200	ASP \$69,100	ASP \$21,800
27% of market	5% of market	37% 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 Trends

MH Market



## 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

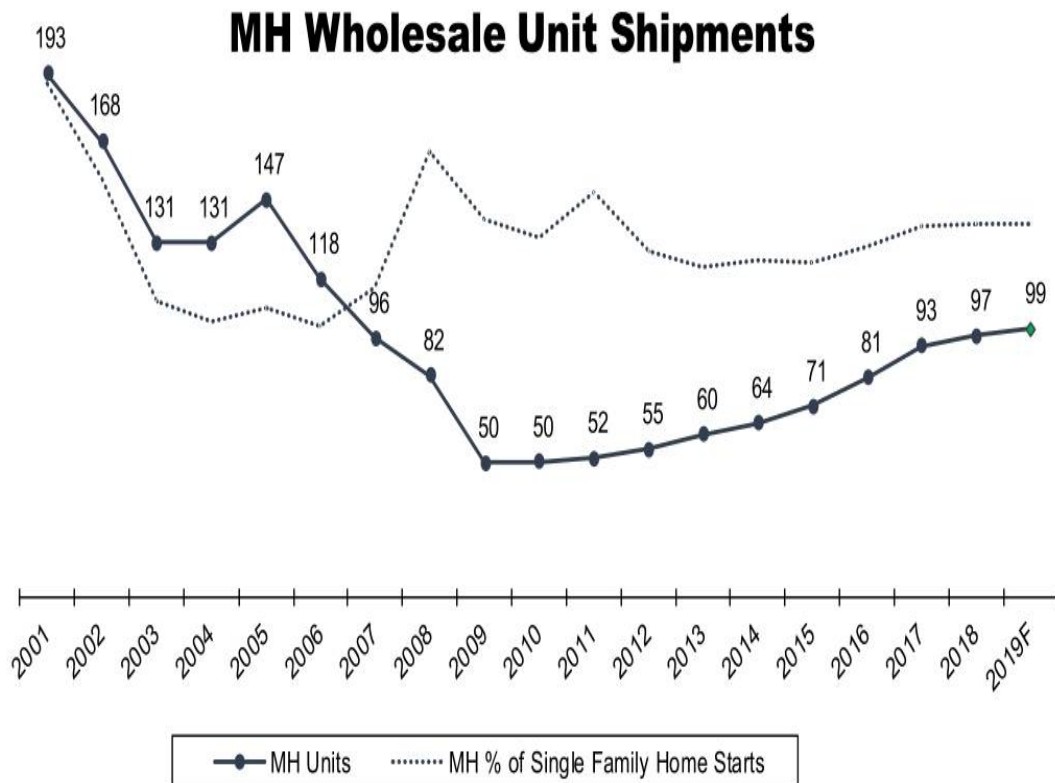
**\$70,600** average MH retail price for 1,446 sq. ft. (home only)



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: 1990-2018: MHI, NAHB; 2019F Company Estimate

# MH Content per Unit

**MH Content Per Unit**  
(Calculated on a TTM basis)



Single-Section Homes

Multi-Section Homes



50% of 2017 market

Avg. Sales Price (2016): \$47,000

50% of 2017 market

Avg. Sales Price (2016): \$90,000

Source: MHI / IBTS

\*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

**4%** increase in single-family housing starts in 2018 vs. prior year

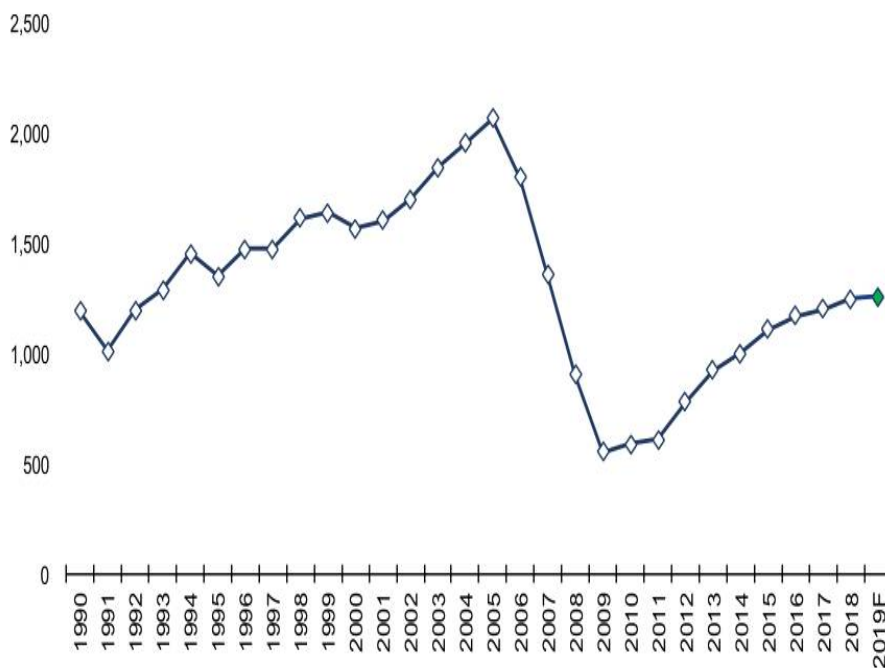
**40%** of Patrick's Industrial sales are linked to the non-residential housing market which includes: big box retail, retail & commercial fixtures and high rise, office, hospitality, schools & universities



Source: U.S. Census, NAHB

# Industry Outlook

**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

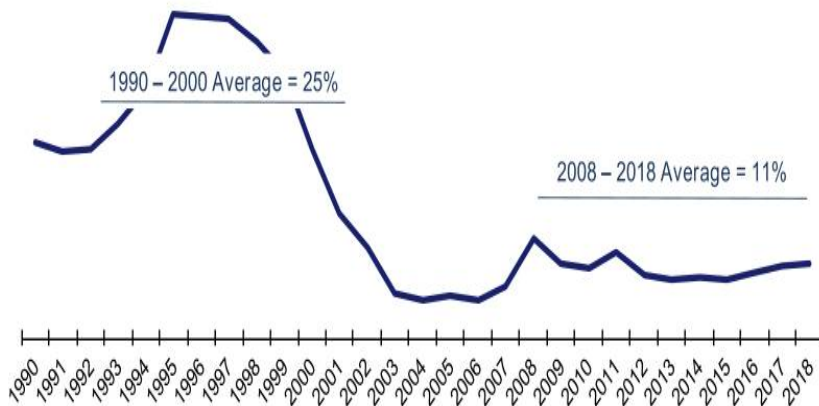
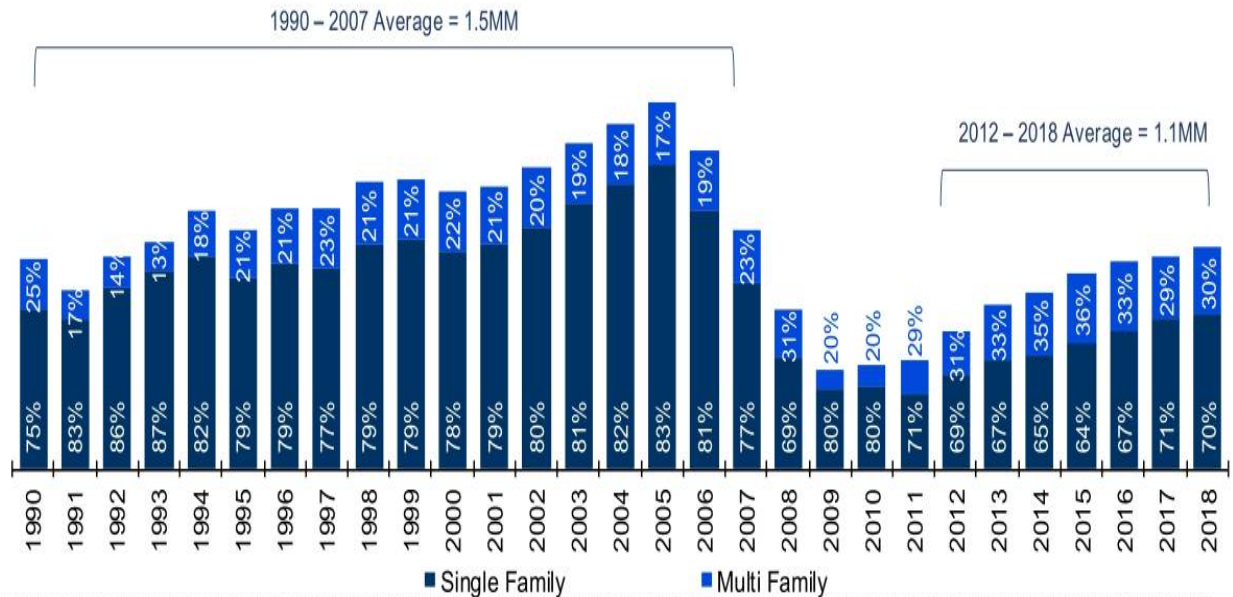
Sources: New Housing Starts - U.S. Census Bureau; 2019F Company Estimate



# Growing Housing Demand

MH Market

## Total New 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



# Growth Initiatives & Capital Allocation Strategy

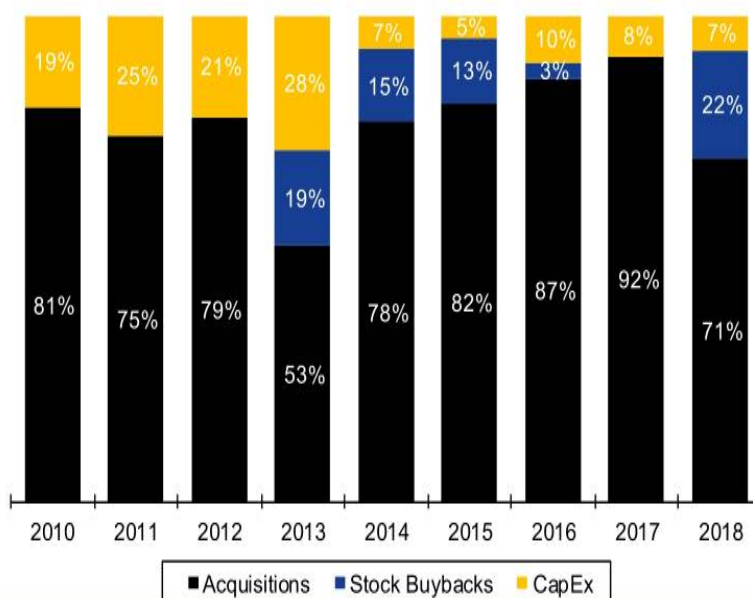
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# Capital Allocation Strategy

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

Acquisitions	Capital Expenditures	Expansion	Stock Repurchases	Debt Reduction
<ul style="list-style-type: none"> <li>Execute disciplined strategic acquisition program in core markets</li> </ul>	<ul style="list-style-type: none"> <li>Invest in internal growth and cost saving opportunities including product extensions, infrastructure and expansions</li> </ul>	<ul style="list-style-type: none"> <li>Focus on geographic expansion opportunities to leverage our existing relationships and expertise</li> </ul>	<ul style="list-style-type: none"> <li>Return capital to shareholders through share repurchases</li> </ul>	<ul style="list-style-type: none"> <li>Use strong cash flow to reduce debt and reload growth capacity</li> </ul>

## Historical Capital Allocation

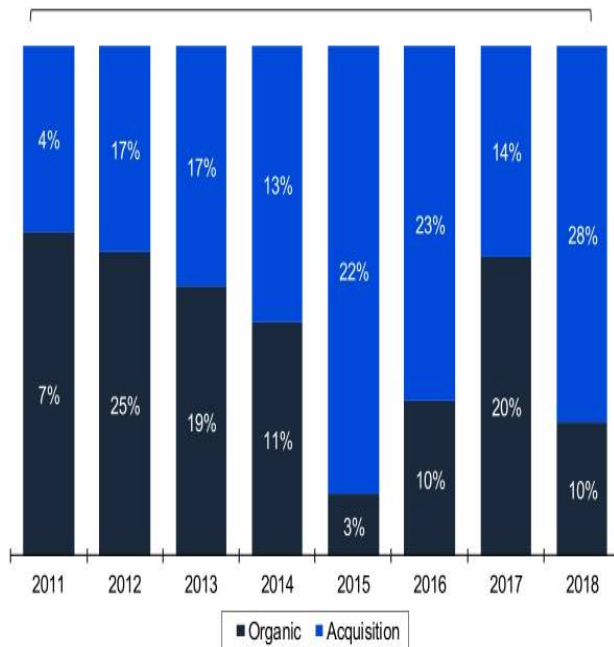


# Organic and Strategic Growth

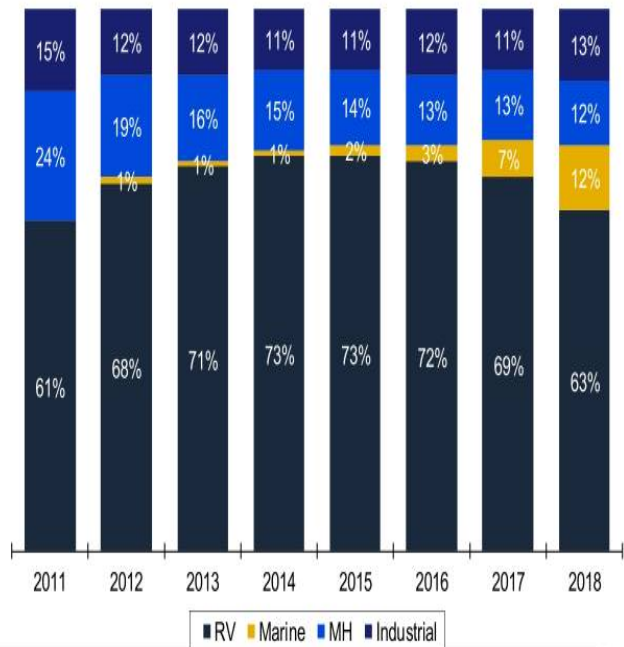
Strong sales growth continues to be evident and reflects organic and strategic impact leading to more balanced and diverse end-markets

## Sales Growth Trends

Average annual organic growth of 15%



## Revenue Mix



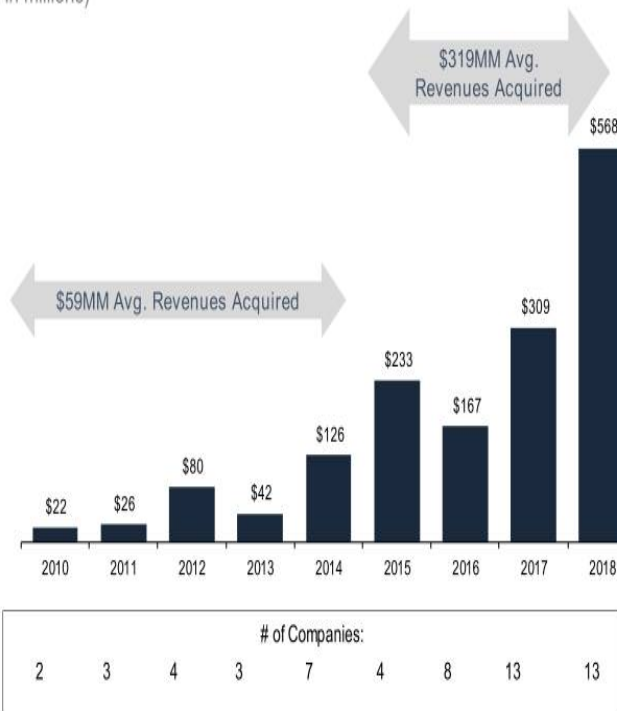
- Double digit organic and acquisition growth experienced over the last few years has led to strong top line growth
- With strategic acquisitions into diverse end-markets, our 2018 sales composition was 63% RV and 37% non-RV

# Acquisition Execution

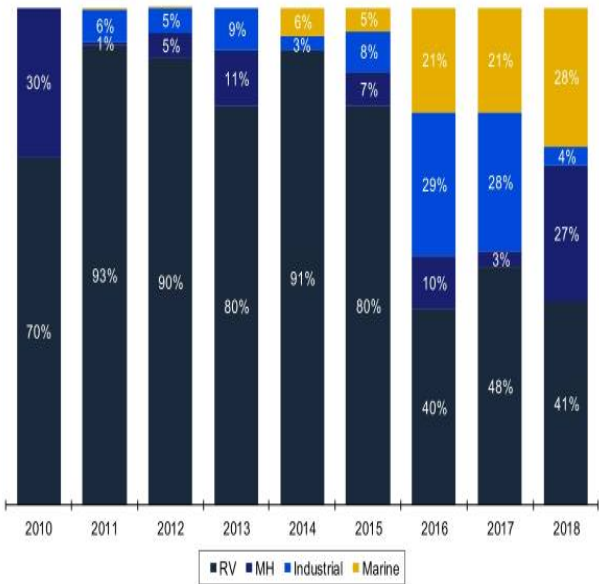
Demonstrated ability to source, acquire and integrate while increasingly executing on opportunities across diverse end-markets

## 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 revenue in last 4 years

# Geographic and Product Expansion

We have executed on 8 geographic expansions over the last 4 years with expansion opportunities of \$500MM market potential

## Targeted Product Lines:

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



- 1 IDAHO
- 2 CALIFORNIA
- 3 TEXAS
- 4 MISSOURI
- 5 MISSISSIPPI
- 6 INDIANA
- 7 GEORGIA
- 8 NORTH CAROLINA

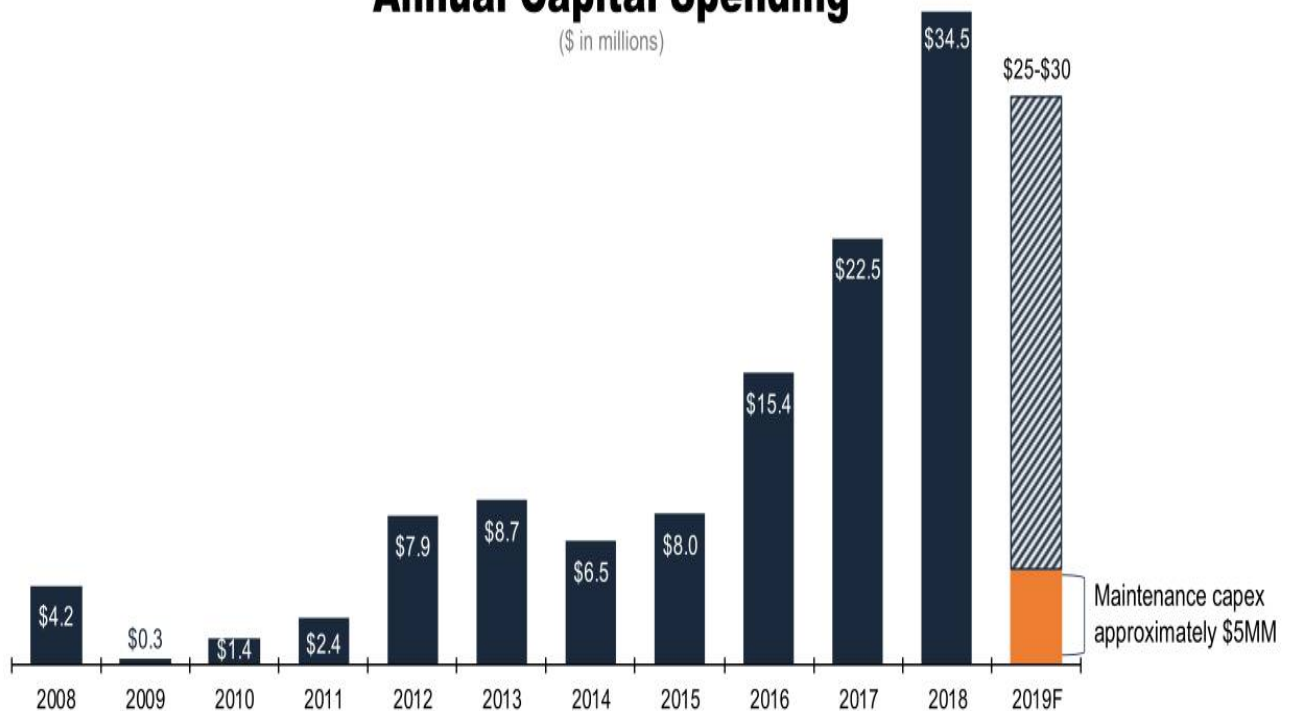
\*2018 and 2019 executed expansions

# 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

## Annual Capital Spending

(\$ in millions)



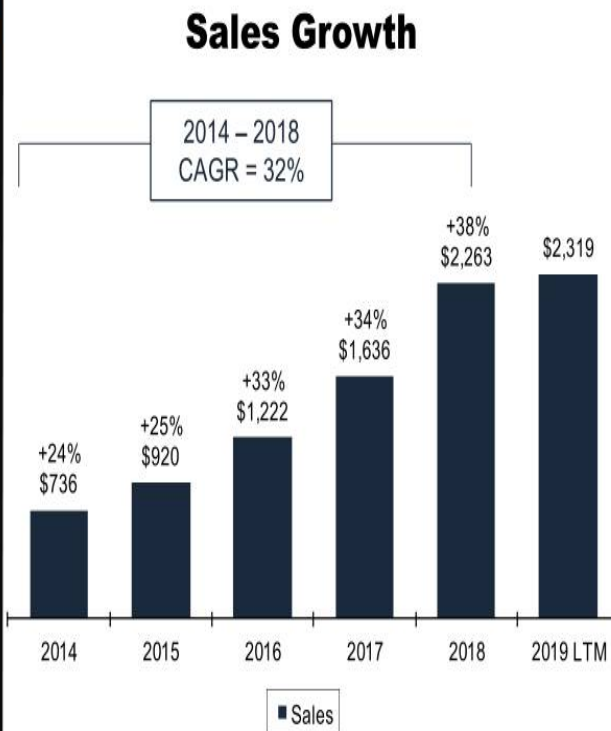
Maintenance capex approximately \$5MM

### 2016 – 2018 Strategic Focus:

- \$72MM Investment
- New Process / Automation
- Increased Capacity
- Increased Efficiencies

# Consistent 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

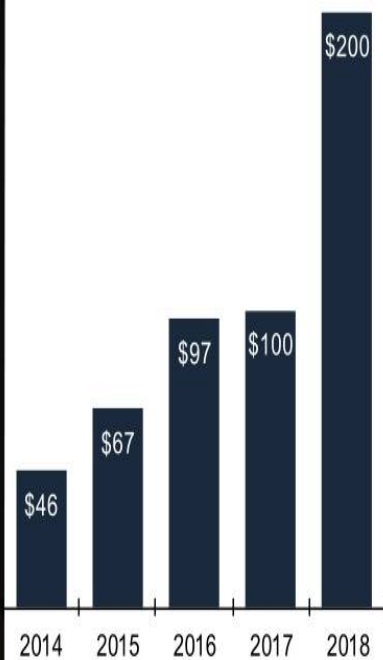


# Cash Flow Generation and Growth

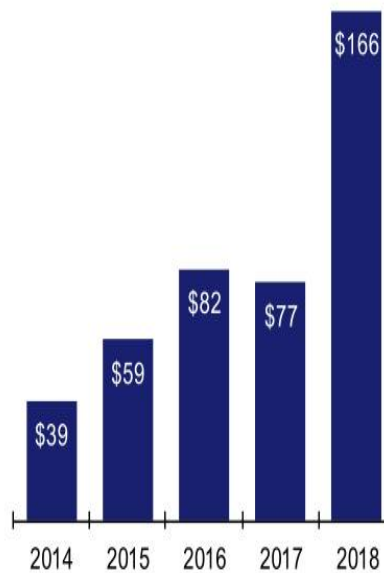
(\$ in millions except per share data)

Strong free cash flow generation provides flexibility across operational, financial and strategic objectives

## Cash Flows from Operating Activities

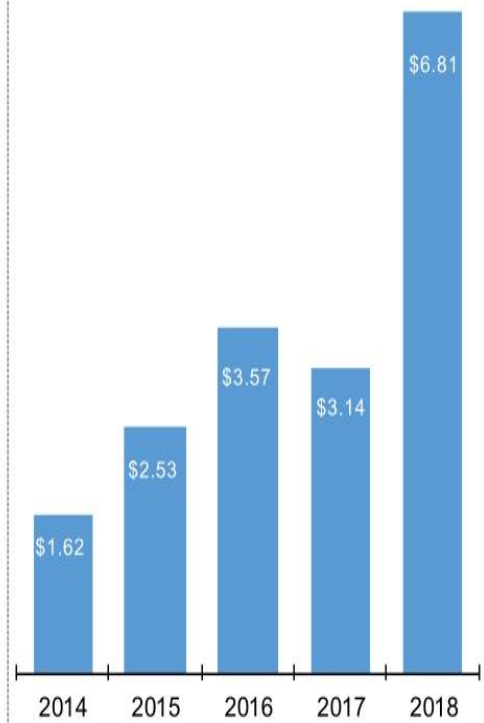


## Free Cash Flow



Free cash flow is calculated as operating cash flow less capital expenditures

## Free Cash Flow per Share

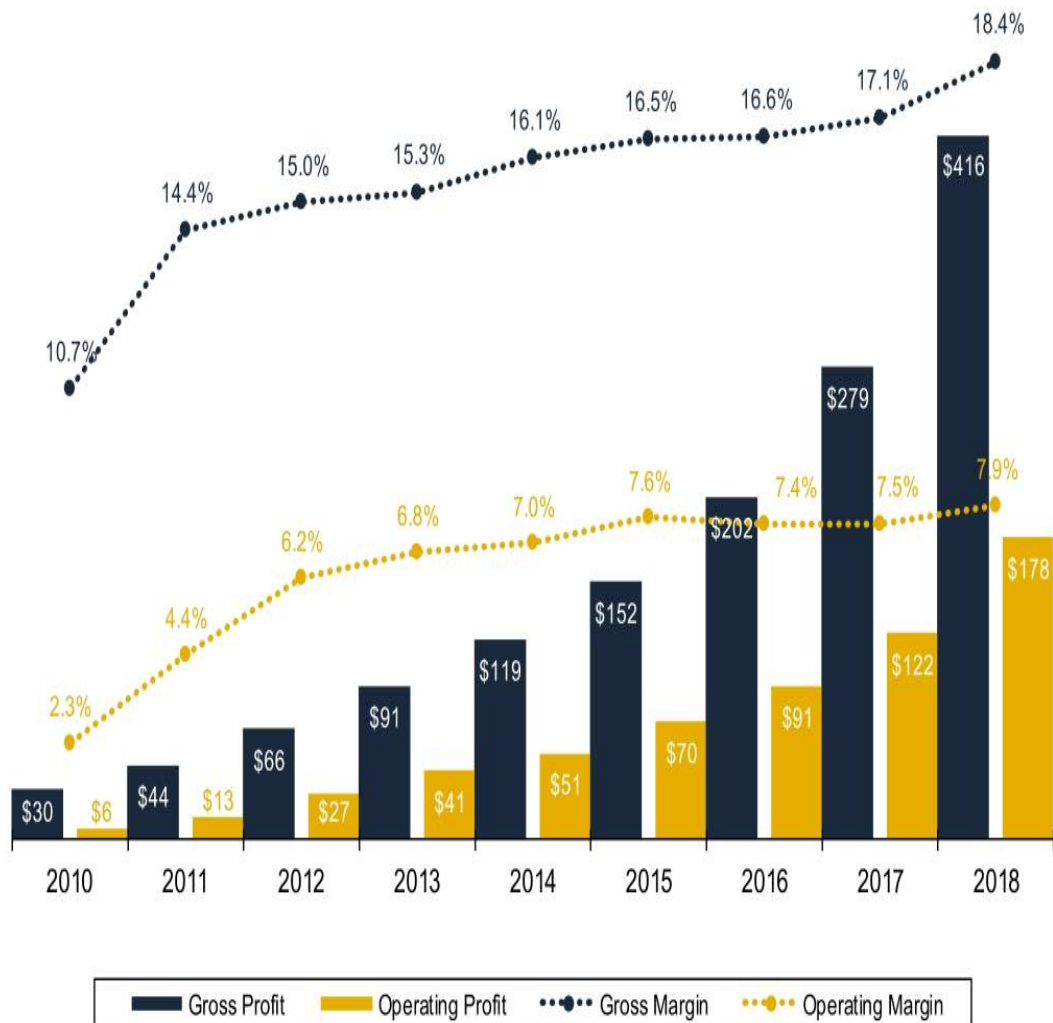


Free cash flow divided by weighted average diluted shares outstanding

# Margin Expansion

(\$ in millions)

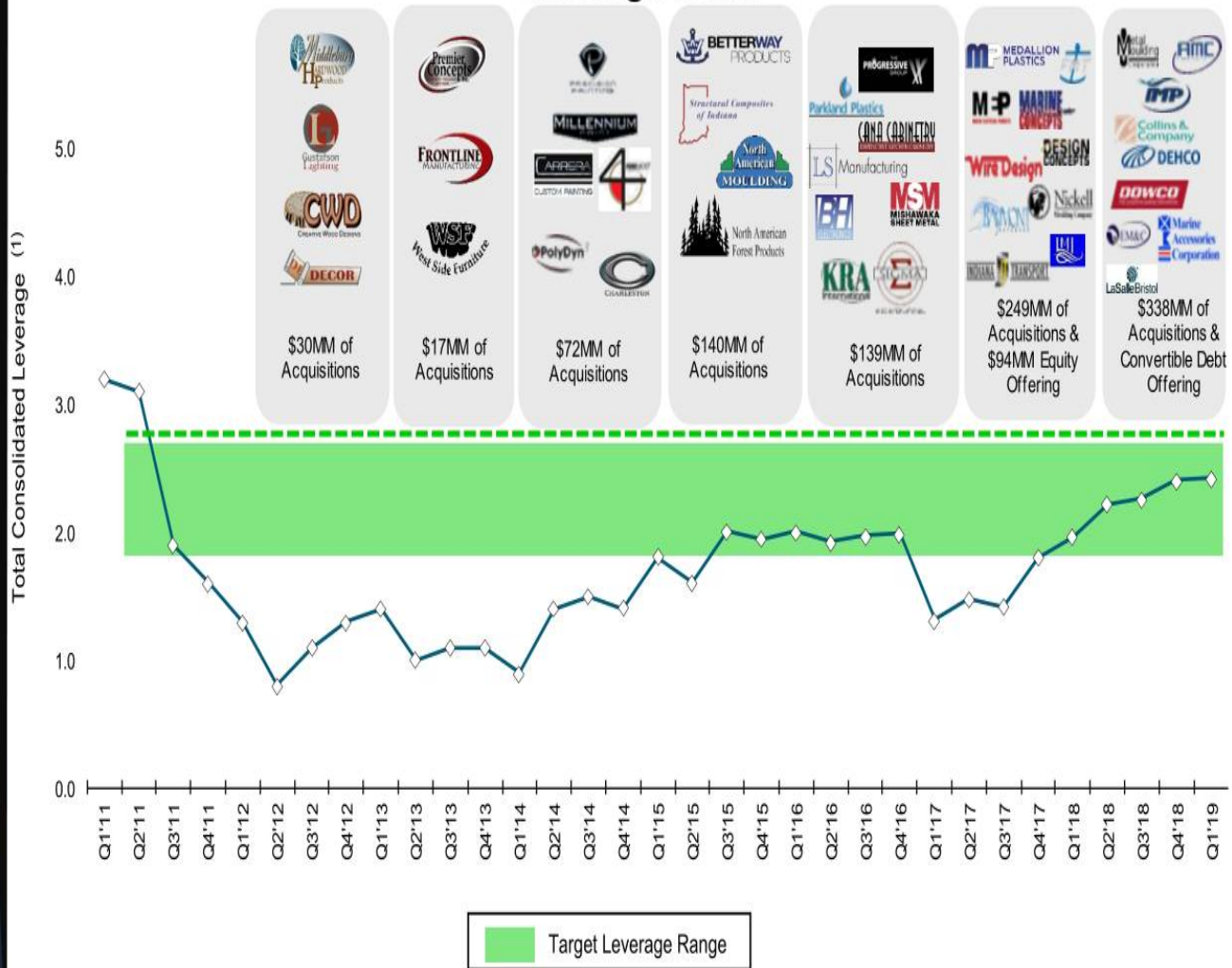
Consistent growth and improvement in gross and operating margins



# 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

## Leverage Ratio



Logos of acquired companies and their respective acquisition values:

- \$30MM of Acquisitions:** Hildebrandt Hardware, Garrison Lighting, CWD, DECOR
- \$17MM of Acquisitions:** Premier Concepts, FRONTLINE MANUFACTURING, WSP West Side Furniture
- \$72MM of Acquisitions:** MILLENNium, ARPERA, PolyDyn, CHARLESTON
- \$140MM of Acquisitions:** BETTERWAY PRODUCTS, Structural Composites of Indiana, North American MOULDING, North American Forest Products
- \$139MM of Acquisitions:** PROGRESSIVE, Parkland Plastics, CANA CABINETRY, LS Manufacturing, BH, KRA, MSM MISHAWAKA SHEET METAL
- \$249MM of Acquisitions & \$94MM Equity Offering:** MEDALLION PLASTICS, M-P MARINE CONCEPTS, WIT Design, DESIGN CONCEPTS, Nickel, LLI, BOWCO
- \$338MM of Acquisitions & Convertible Debt Offering:** Metal Molding, FATC, FTP, Collins & Company, DEHCO, Marine Accessories Corporation, LeSaleBristol

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



**PATRICK**  
INDUSTRIES, INC.



