

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

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)

January 8, 2020

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

(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	NASDAQ

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.

**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.

(Registrant)

Date: January 8, 2020

By: /s/ Joshua A. Boone
Joshua A. Boone
Vice President - Finance and Chief Financial Officer



Investor Presentation January 2020



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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.

Use Of Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures. These measures, the purposes for which management uses them, why management believes they are useful to investors, and a reconciliation to the most directly comparable GAAP financial measures can be found in the Appendix of this presentation. All references to profit measures and earnings per share on a comparable basis exclude items that affect comparability.

Company Highlights & Overview

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Company Snapshot



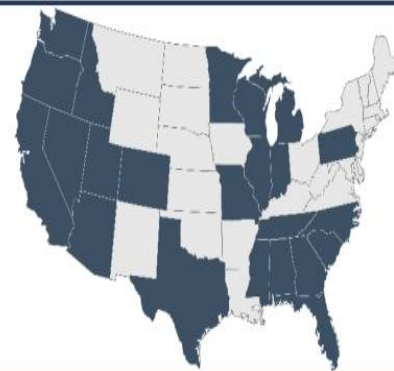
Founded in 1959 as a
Manufactured Housing Supplier



Today, operates as a key **component manufacturer and supplier** to the RV, Marine, Manufactured Housing and Industrial Markets

Headquartered in **Elkhart, Indiana**

Operates coast-to-coast in 23 states in the U.S. and in Canada, China and the Netherlands



Listed on the **NASDAQ** under ticker **PATK**
\$1.2B Market Cap

Q3 2019 LTM:
Revenue: **\$2.3B**
Operating Cash Flows: **\$195MM**

7,500 team members

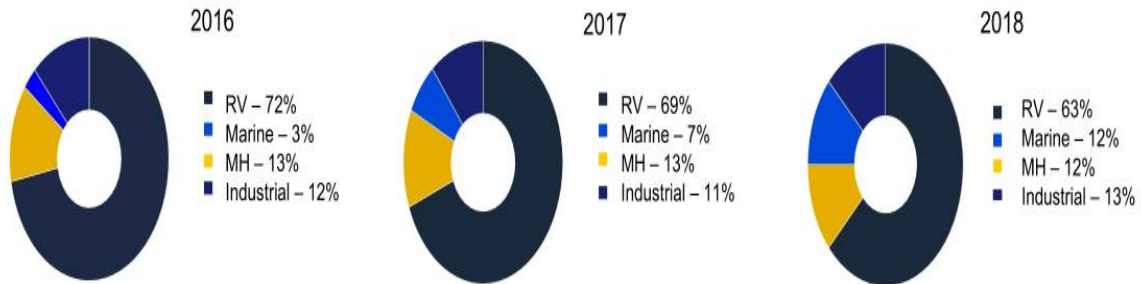


Our vision is to leverage the strength of our brand platform, manufacturing & distribution capabilities, diversified product portfolio, deep customer relationships, operating scale, and strategic geographic footprint to continue growth organically and through strategic acquisitions in all of our primary markets.

Market Platform

Over the last several years, we have strategically engaged in diversifying our market position in order to align our revenue stream with wholesale and retail trends across all four of our primary end markets

Sales Composition



Lifestyle & Leisure

Housing & Industrial

RV



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

56% of 9M 2019 Sales

Marine



Pontoon, Fiberglass, Ski & Wake, Aluminum

14% of 9M 2019 Sales

MH



Manufactured Housing, Modular Housing, Modular Structure

18% of 9M 2019 Sales

Industrial







Residential Housing, Commercial Fixtures, Institutional Furniture

12% of 9M 2019 Sales

Strategic End Markets Overview

Lifestyle & Leisure

Housing & Industrial

	RV	Marine	Manufactured Housing	Industrial
Net Sales (LTM 9/29/19)	\$1,299 million	\$339 million	\$400 million	\$281 million
Portfolio of Expertise				
Lamination/Custom Components	Green	White	Green	Green
Hardwoods/Softwoods/Cabinetry	Green	White	Green	Green
Thermoforming/Plastics	Green	Green	Green	Green
Countertops & Fabrication	Green	White	Green	Green
Metal Fabrication/Fuel Tanks	Green	Green	White	Green
Electrical Systems/Wire Harnesses	Green	Green	Green	Green
Electronics & Appliances	Green	Green	Green	Green
Full Body Paint	Green	White	White	White
Wiring	Green	Green	White	Green
Marine Canvas and Towers	White	Green	White	White
Fiberglass	Green	Green	Green	Green
Distribution & Design Center	Green	Green	Green	White
Geographic Reach / Industry Concentration				

Portfolio of products is highly leverageable across business lines

Indicators and Demographics

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Macro Economic Indicators

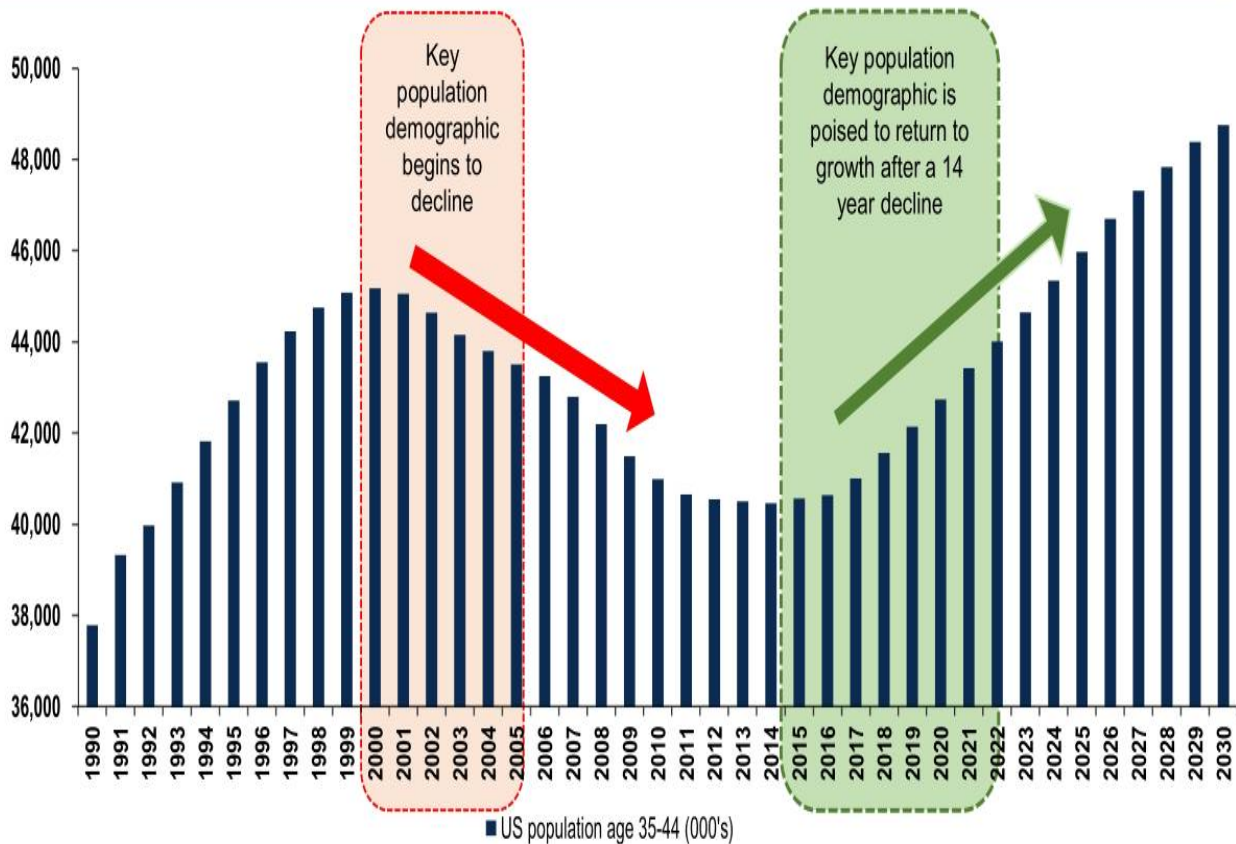
While we have been experiencing some secular recalibration in each of our markets, we believe there are solid fundamental indicators that signal opportunities for growth in all of our end markets as we start the new year

	Good	Caution	Commentary
Interest Rates			Three rate cuts in 2019
Housing Starts			Up 1% Nov-YTD
Fuel Prices			Fuel prices remain advantageous; Mideast tension may cause volatility
Consumer Confidence			Consumer confidence remains at high levels
Credit Availability			Capacity & competitive landscape within consumer financing
Wages & Employment			Strong wage growth & sustainment of record unemployment
Cars & Truck Sales			Slight decline, but expect interest rate cuts to stabilize demand in 2020
Dealer Inventories			Inventories stabilizing; starting to hear that there is an undersupply
Consumer Debt			Consumer debt continuing to rise
Global Political Environment			Political uncertainty domestically; trade talks trending positive
Fundamental Demographics			Strong long-term fundamentals

Favorable Demographic Trends

A key population demographic supporting the industries we serve indicates future market upside potential

US Population age 35 – 44



This segment of the population is in the family building and wealth forming stages of the life cycle, settling into permanent housing, and allocating a portion of disposable income to discretionary purchases and high ticket items

Demographic Trends Across End Markets

Favorable Demographic Trends Lifestyle & Leisure



- Outdoor activities participation of U.S. population has averaged 49% over the last five years
- Improved consumer savings levels for discretionary spend items
- Culture shift toward outdoor activities being embraced by all population segments & ethnicities

Favorable Demographic Trends Housing & Industrial



- U.S. adult population estimated to expand by 12 million between 2019 and 2024
- 55+ population projected to increase 21% from 2019-2035
- Gen Y (age 18-39) is the largest group: 98 million in 2019 (older Gen Y in peak home buying years)
- Growth in population of first time home buyers and those looking to downsize

Sources: 2018 Outdoor Participation Report; RVIA; Bureau of Economic Analysis; World Bank & U.S. Census Bureau

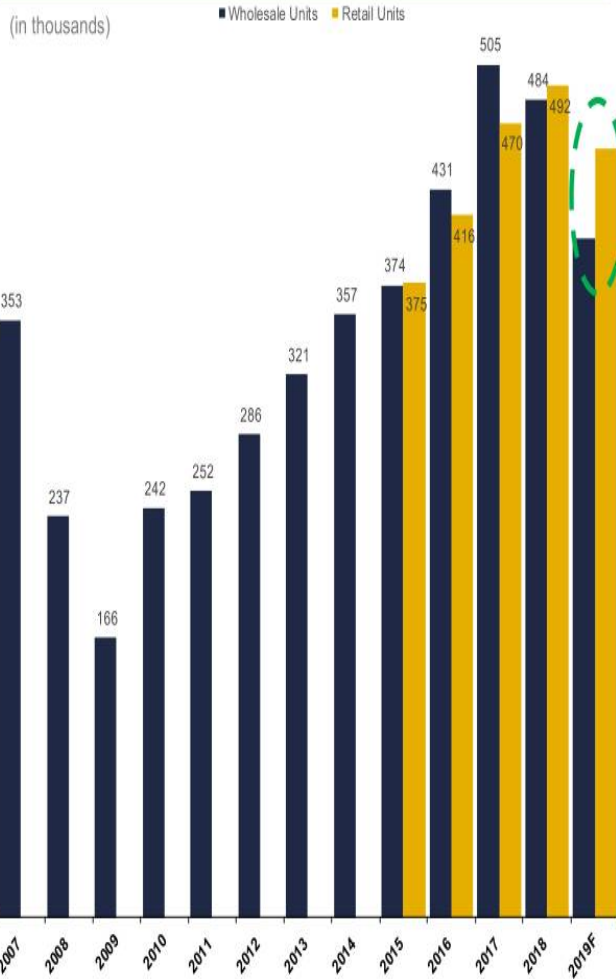
Industry Trends

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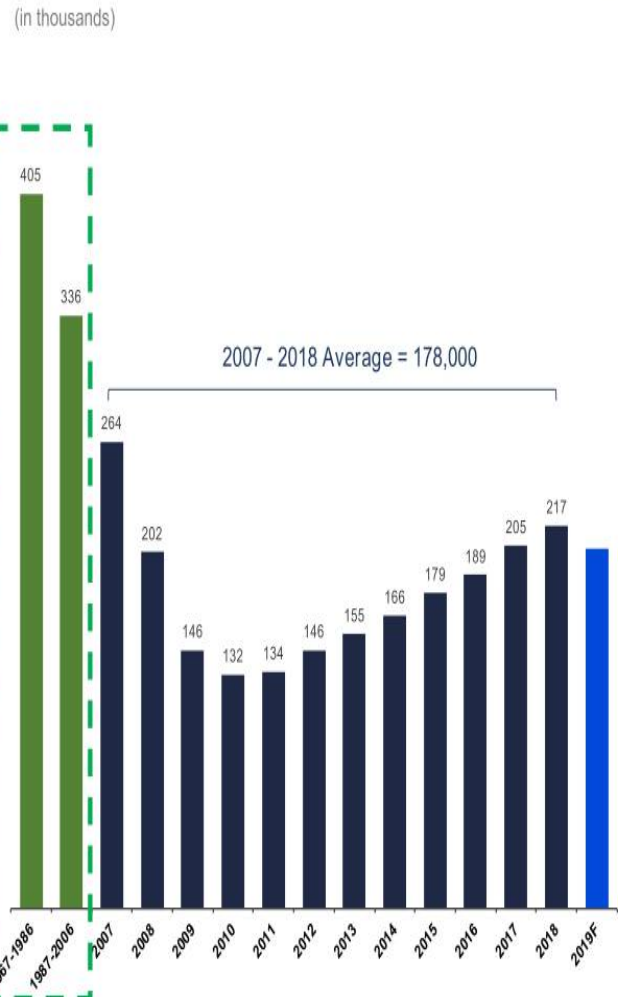
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Leisure Lifestyle Markets

North American RV Unit Shipments¹



U.S. Marine Retail Units



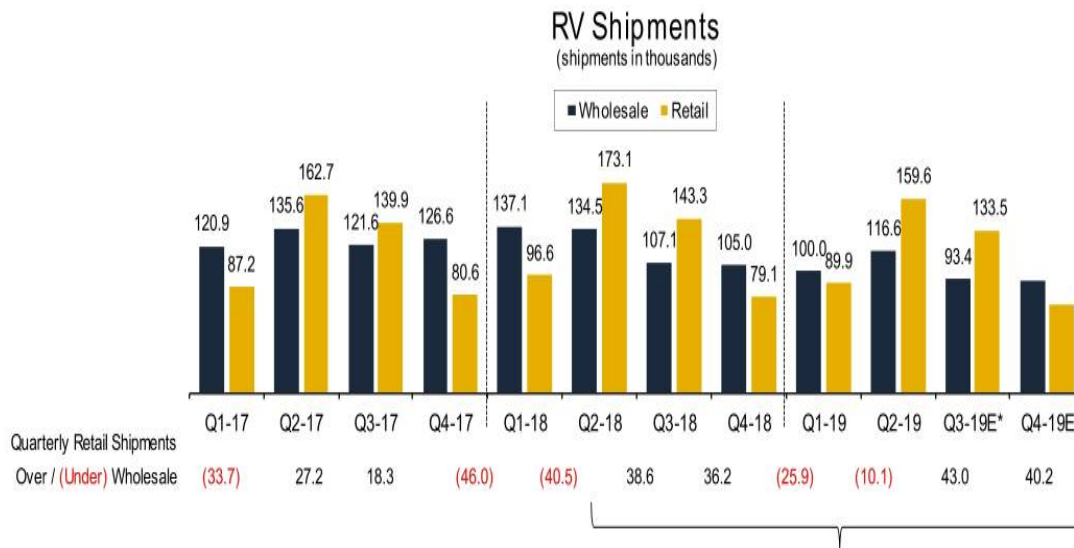
- Recent wholesale inventory correction nearly completed and market approaching equilibrium

- Retail units well below prior peak and significantly below historical retail of 300-500k units
- On average, 250,000 boats per year are expected to be retired in the next 3 – 4 years due to the ~25 year-old average age of boats on the water

RV Industry Trends

RV Market

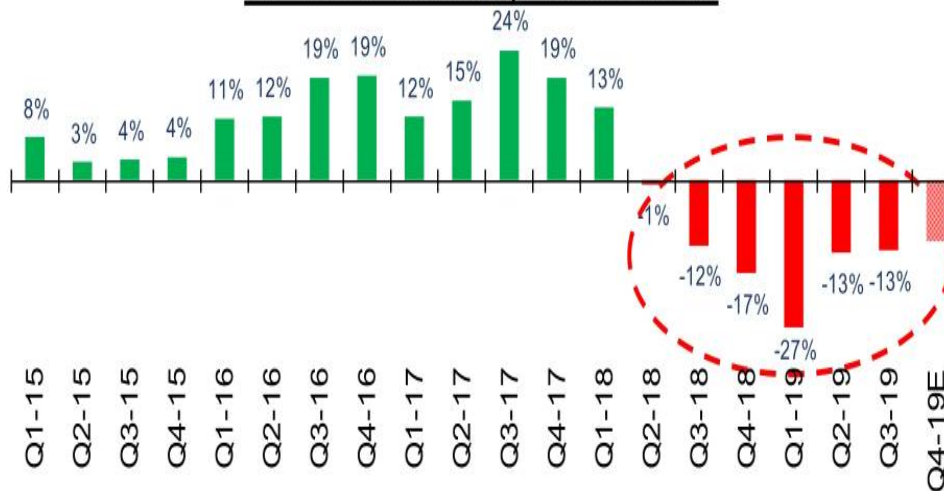
The prior 18 month RV trends continued into the third quarter with wholesale shipment declines still outpacing retail leaving dealer unit inventories at their lowest point since 2014



RVIA projects wholesale units of 402k for 2019 and a range of 360k to 405k for FY 2020

Anticipate ~121k units will have been pulled out of inventory since the initial de-stocking began

RV Wholesale Shipment Trends



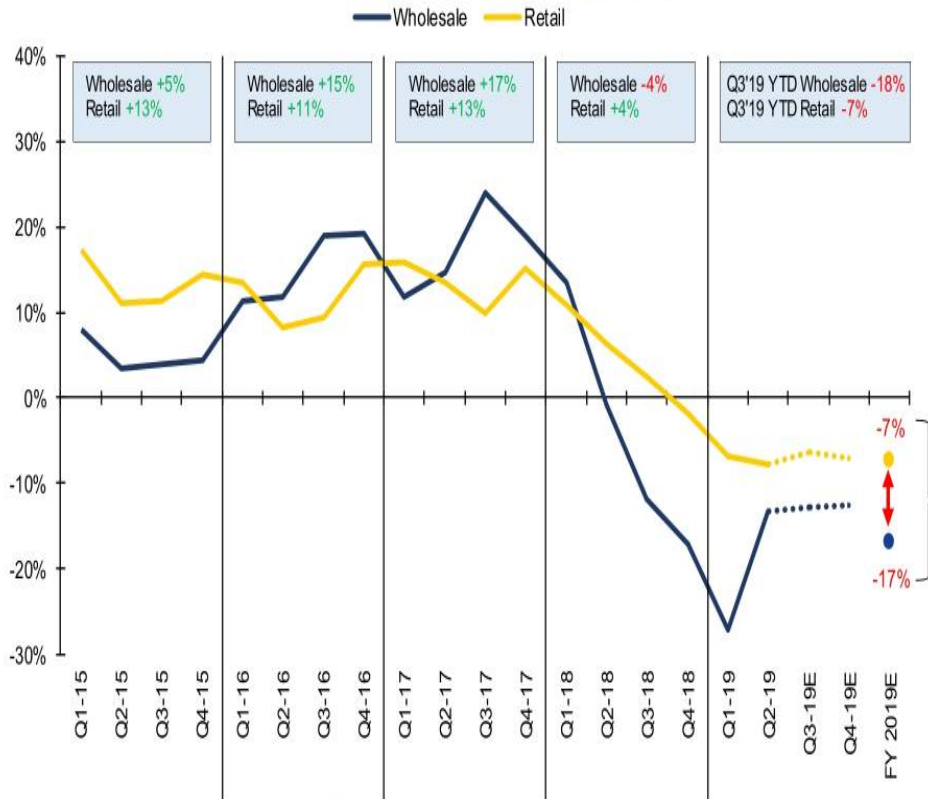
The RV wholesale declines hit a trough in Q1 '19 and the declines are expected to continue to decelerate

The average normal RV cycle is approximately 8 to 12 quarters

*Q3 retail is adjusted with Company estimate for historical lag analysis; Q4-19E is Company Estimate

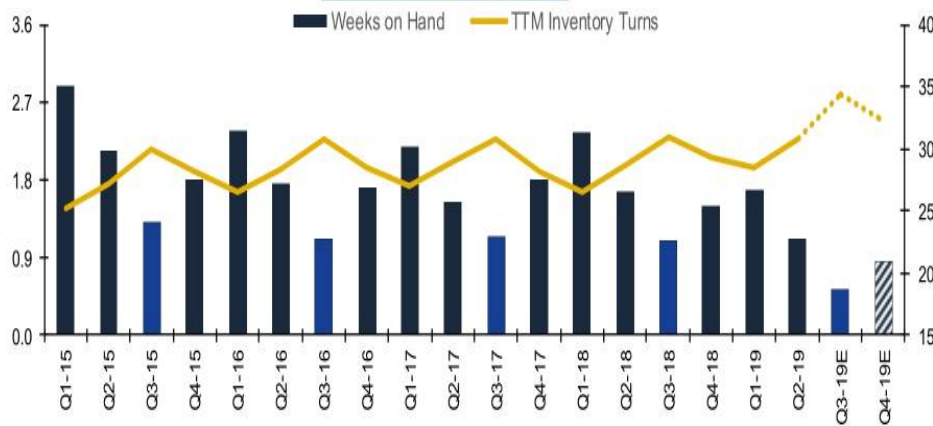
RV Retail & Inventories

RV Shipments Change YoY



The destocking that has occurred over the last 18 months has positioned wholesale shipments to be resilient if there were to be a modest decline in retail demand in 2020

Dealer Inventory



Reduced dealer inventories and weeks on hand (Q3-19E weeks on hand down 4.4 weeks vs. prior 4 year Q3 average)

Sources: RV wholesale shipments: RVIA; Retail shipments: SS; Q3'19E/Q4'19E Retail / FY2019E (Company Estimates)

RV Content per Unit

(Calculated on a TTM basis)



- 100% market share in our existing products would yield a total potential content/unit of \$8,000
- 9% growth in TTM content per unit – Q3'19 vs. Q3'18 TTM

RV Product Categories

TOWABLE

MOTORIZED

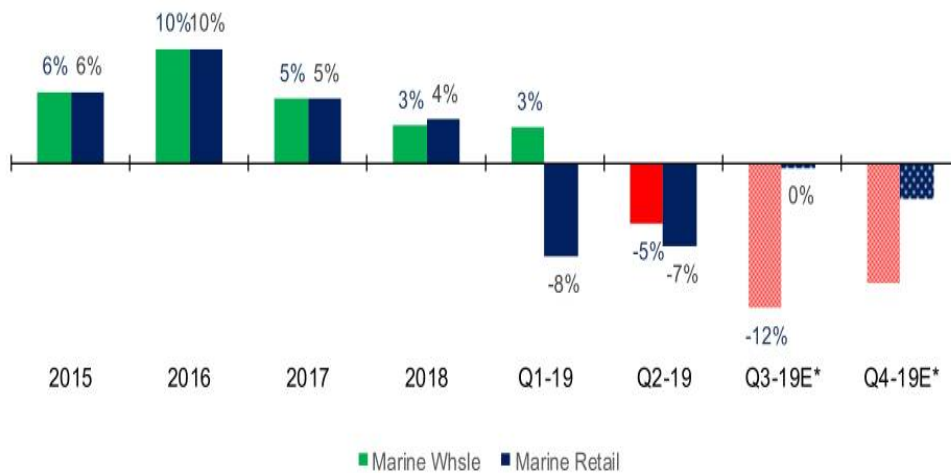
Travel Trailer	Fifth Wheel	Class A	Class B & C
			
ASP \$22,900	ASP \$49,000	ASP \$212,800	ASP \$95,600
<ul style="list-style-type: none"> • 88% of all wholesale shipments • 60% of retail value of shipments 		<ul style="list-style-type: none"> • 12% of all wholesale shipments • 40% of retail value of all shipments 	

Total Retail Value of Shipments in 2018 - \$20 billion

Marine Industry Trends

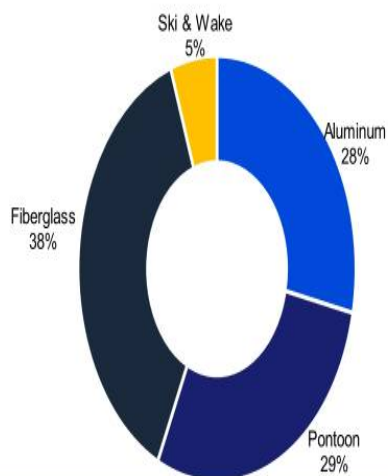
Marine continues to have strong fundamental consumer demand, combined with aging boat inventories and the replacement cycle. Marine dealers and OEMs began to destock inventory in Q3 in reaction to first half of the year retail headwinds from volatile interest rates and difficult weather conditions

Marine Wholesale / Retail Shipment Trends



Expect dealers and OEMs to remain focused on inventory reduction in reaction to challenging weather in the first half that impacted retail – Q3 wholesale shipments down and expect to see the same in Q4.

Marine Shipment Categories



*Q3-19E & Q4-19E = Company Estimates

Marine Content per Unit

Marine Market





(Powerboat Retail Unit - Calculated on a TTM Basis)



- 100% market share in our existing products would yield a total potential content/unit of \$9,000
- 55% growth in TTM content per unit – Q3'19 vs. Q3'18 TTM

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 \$39,200	ASP \$104,300	ASP \$75,500	ASP \$22,700
28% of market	5% of market	36% of market	31% of market

U.S. expenditures on boats, engines and accessories totaled \$42 billion in 2018

Source: NMMA 2018 Statistical Abstracts

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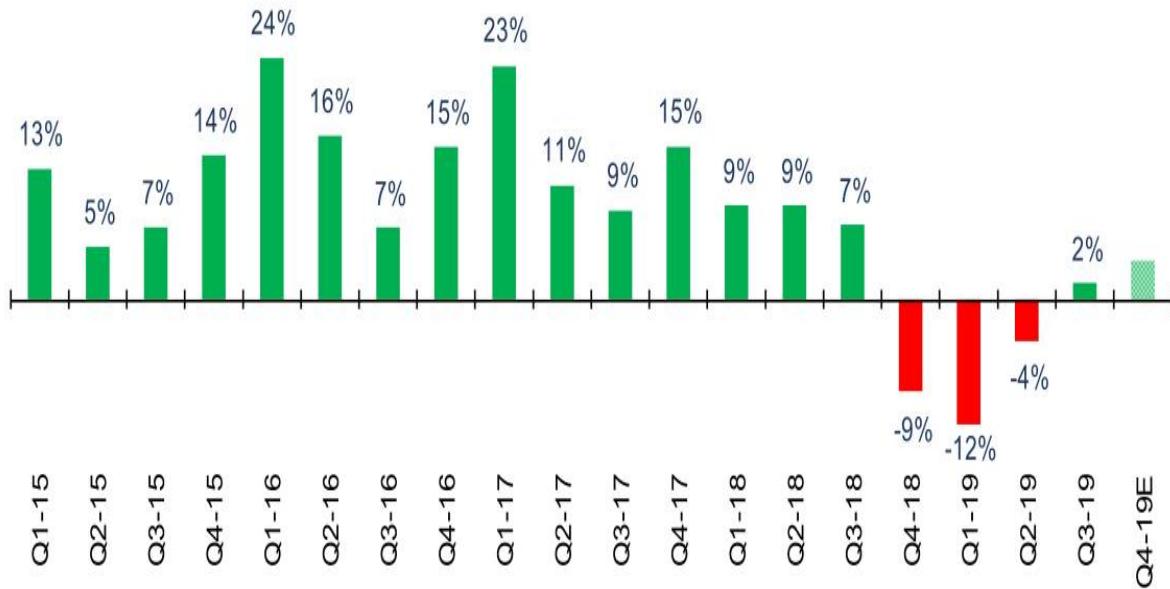
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MH Industry Trends

MH Market

Declining interest rates, reduced commodities and pent-up demand for quality, affordable housing should help drive opportunities for MH growth in Q4

MH Wholesale Shipment Trends

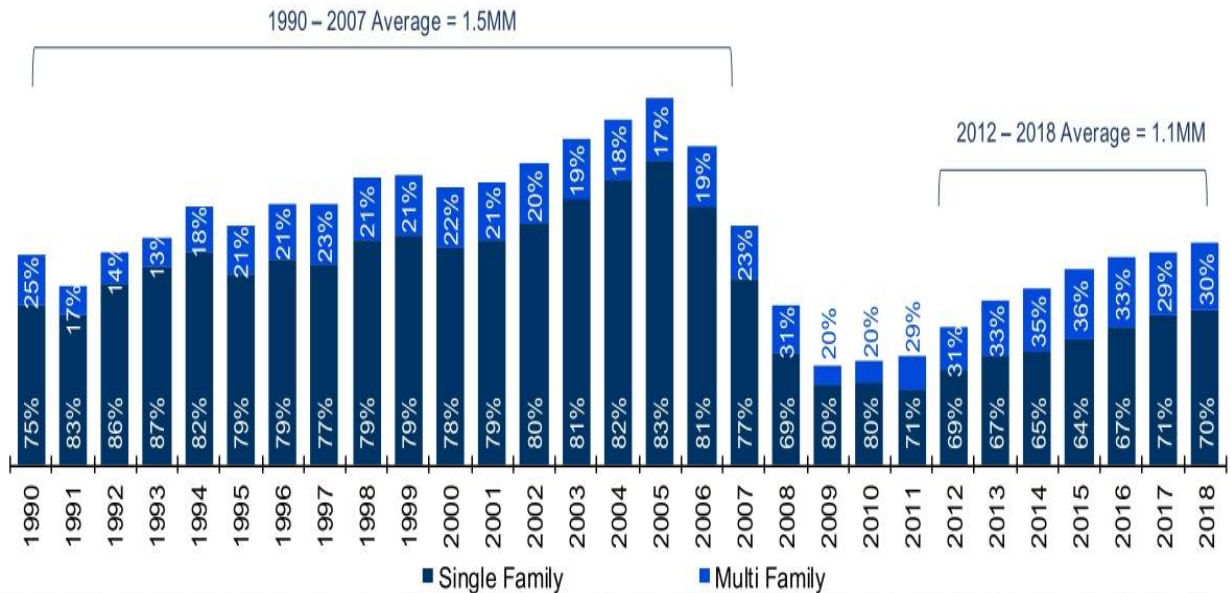


Growing Housing Demand

MH Market

Housing starts are a major driver for both Manufactured Homes and Industrial sales

Total New Housing Starts



MH Shipments % of New 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

Sources: U.S. Census, NAHB, MHI

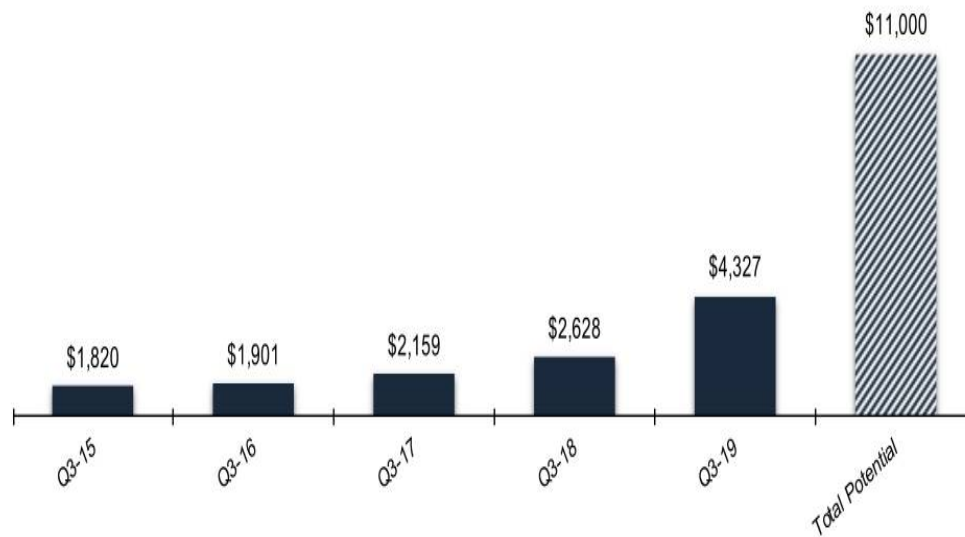
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MH Content per Unit

MH Market

(Calculated on a TTM basis)



Addressable Market: ~\$1.05 billion

- 100% market share in our existing products would yield a total potential content/unit of \$11,000
- 65% growth in TTM content per unit – Q3'19 vs. Q3'18 TTM

Single-Section Homes

Multi-Section Homes



50% of 2017 market

Avg. Sales Price (2017): \$48,300



50% of 2017 market

Avg. Sales Price (2017): \$92,800

Source: MHI / IBTS

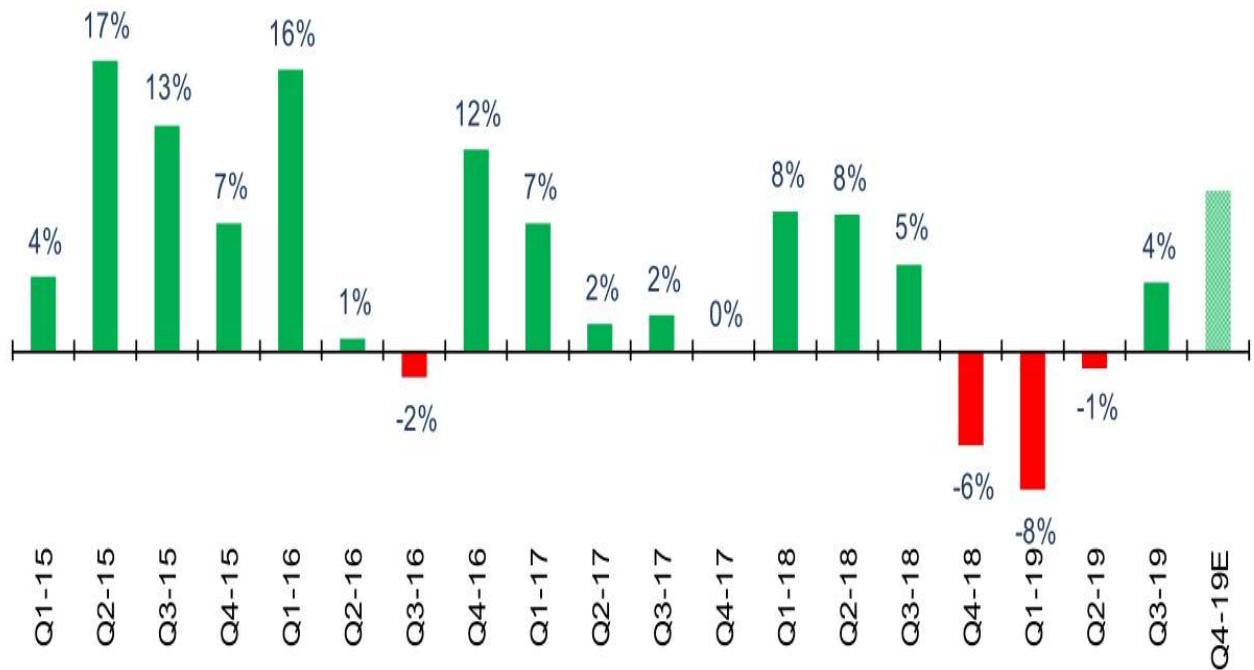
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Housing Market Trends

Lower interest rates, reduced commodities, and strength in the overall economy are driving new housing starts growth in Q4

New Housing Start Trends



*Q4-19E = Company Estimate

Growth Initiatives & Capital Allocation Strategy

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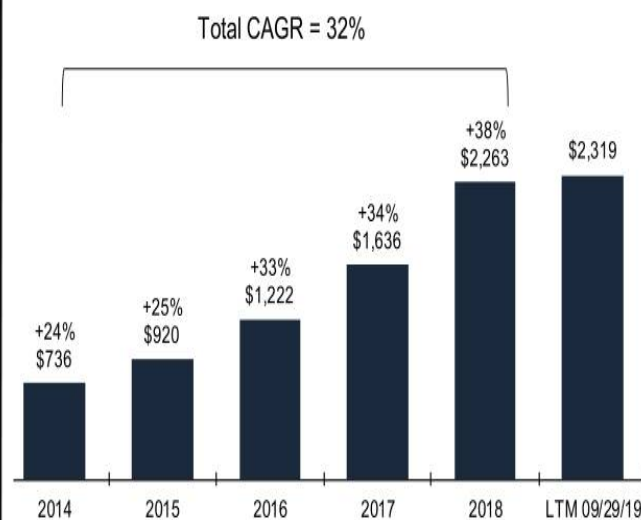
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Organic and Strategic Growth

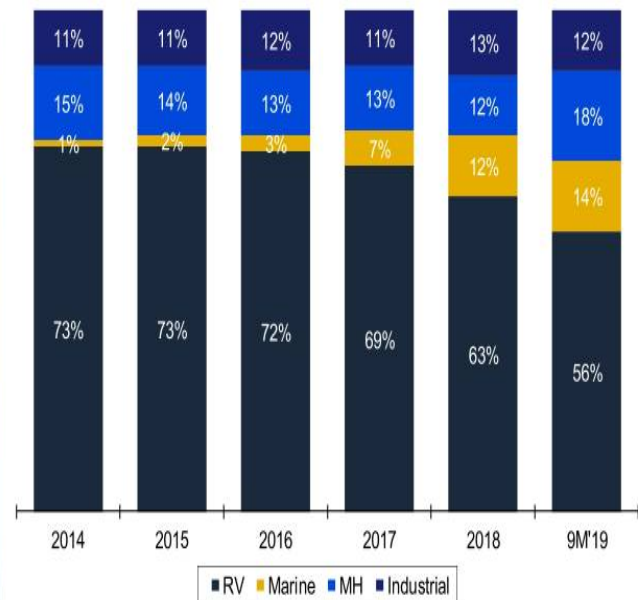
Strong sales growth continues to be evident and reflects organic and strategic impact leading to more balanced and diverse end-markets

Sales Growth Trends

(\$ in millions)



Sales Mix



Drivers of organic revenue growth:

- New products and product lines extensions
- Geographic expansions
- Large brands platform
- Cross pollination across all end markets
- Outperformance vs. industry

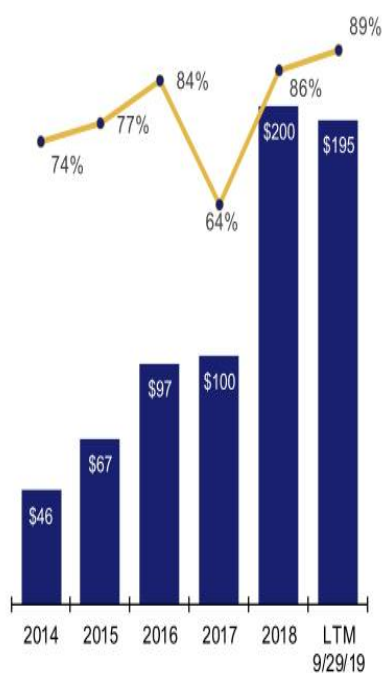
- With strategic acquisitions into diverse end-markets, our third quarter 2019 year to date sales composition was 56% RV and 44% non-RV vs. 73% and 27%, respectively, in 2014

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 Flow from Operating Activities*

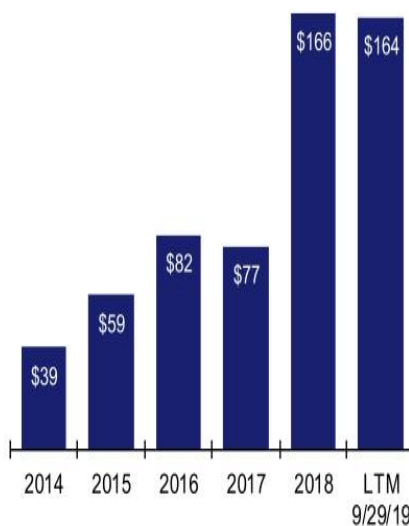


■ Cash Flow from Operating Activities

● % Conversion

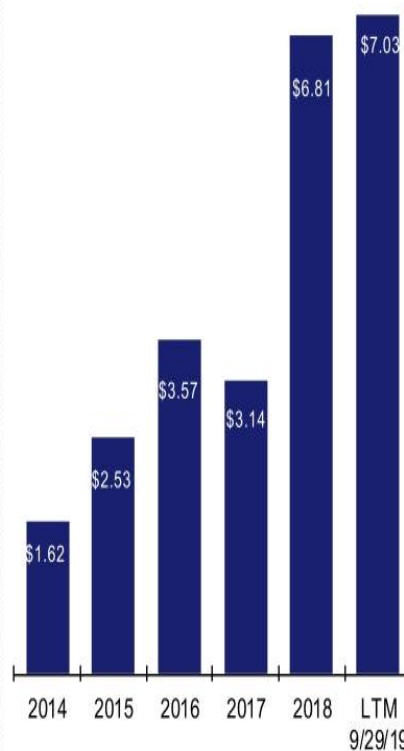
* Conversion is operating cash flow as a % of EBITDA*

Free Cash Flow*



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

Free Cash Flow per Share*

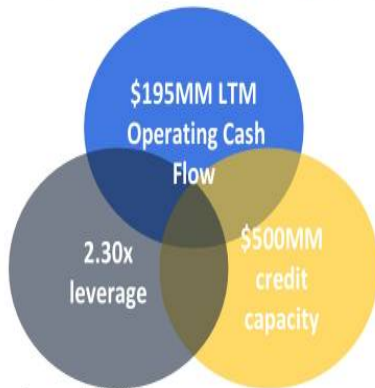
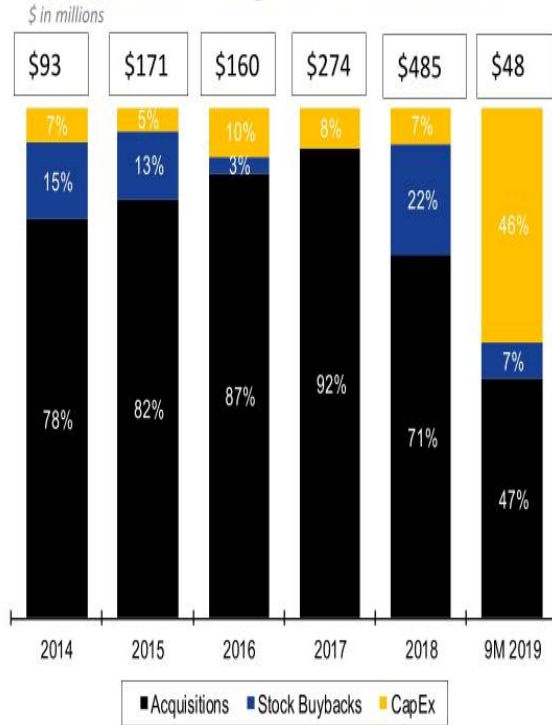


Free cash flow divided by weighted average diluted shares outstanding

Capital Allocation Strategy

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

Historical Capital Allocation



Acquisitions



Stock Repurchases



Geographic Expansions



Capital Expenditures



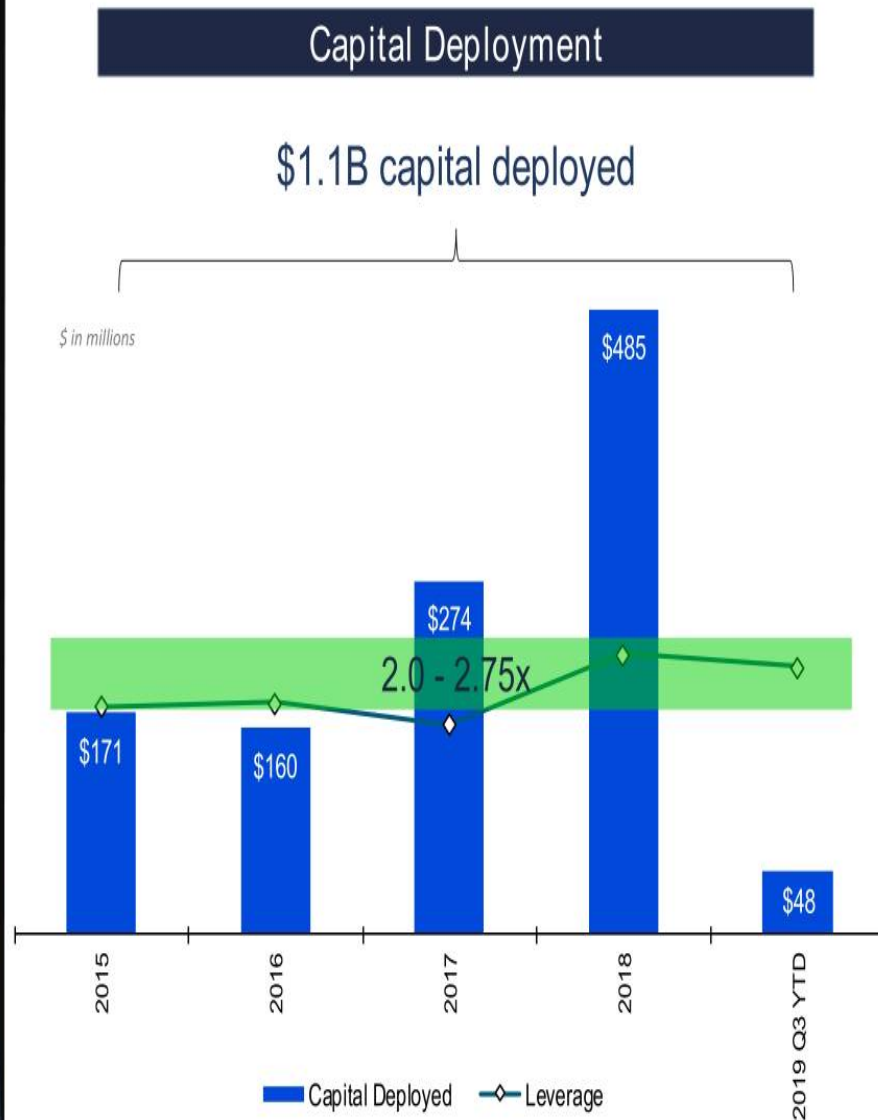
Dividends

Note 1: Financial metrics as of 9/29/19

Note 2: Adopted dividend policy in December 2019 and paid first quarterly dividend for Q4'19 on 12/30/19

Capital Deployment

Strategically and opportunistically deployed approximately \$1.1B of capital over the last 5 years, while maintaining a disciplined leverage profile



Highlights

- Strong cash flow generation
- Flexible balance sheet and efficient capital structure
- Comfortable leverage profile of 2.3x as of 9/29/19
- Tremendous liquidity with over \$500MM of capacity under current credit facility as of 9/29/19



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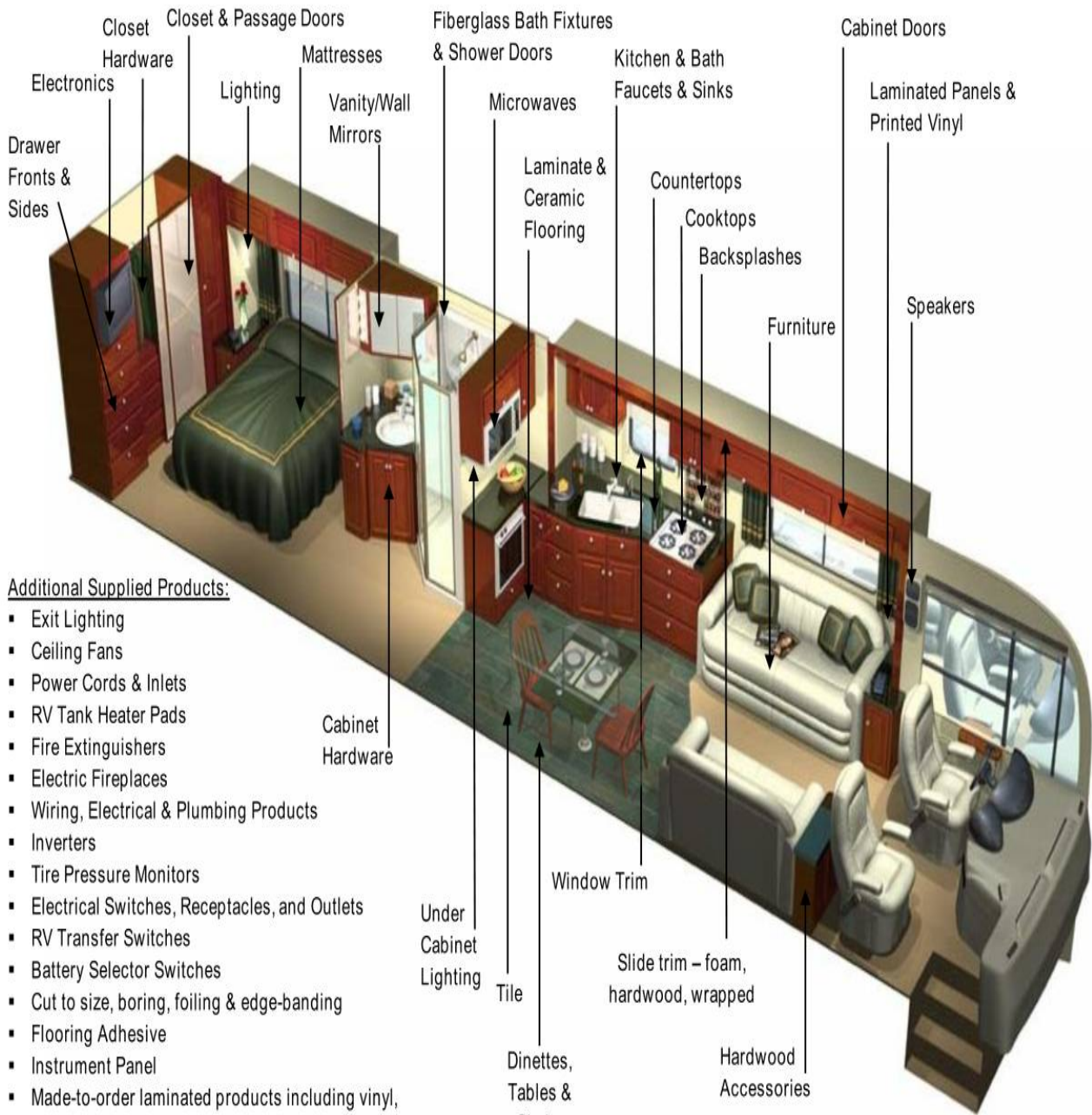


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RV Products Overview – Interior



Additional Supplied Products:

- Exit Lighting
- Ceiling Fans
- Power Cords & Inlets
- RV Tank Heater Pads
- Fire Extinguishers
- Electric Fireplaces
- Wiring, Electrical & Plumbing Products
- Inverters
- Tire Pressure Monitors
- Electrical Switches, Receptacles, and Outlets
- RV Transfer Switches
- Battery Selector Switches
- Cut to size, boring, foiling & edge-banding
- Flooring Adhesive
- Instrument Panel
- Made-to-order laminated products including vinyl, paper, veneers and high pressure laminates (HPL)
- Trim Products

RV Products Overview – Exterior



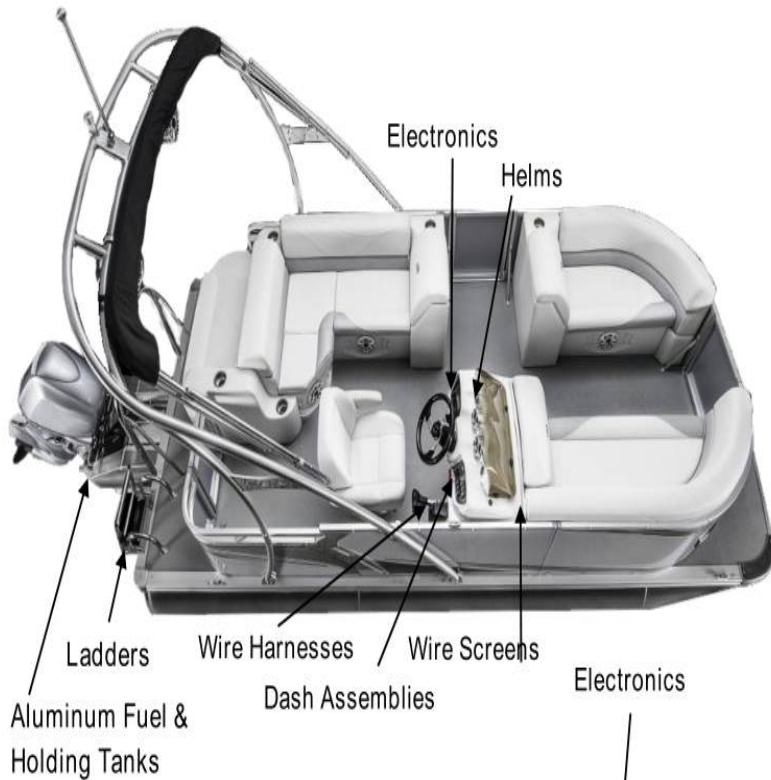
Additional Product Lines:

- Softwoods
- Full Body Paint
- Aluminum Gauges
- Steel Gauges
- Mill Finish & Pre- Painted Aluminum and Steel
- Slit & Embossed Steel
- FRP Coil & Sheet
- Trim Panels
- Fuel Systems

RV Grills & Accessories



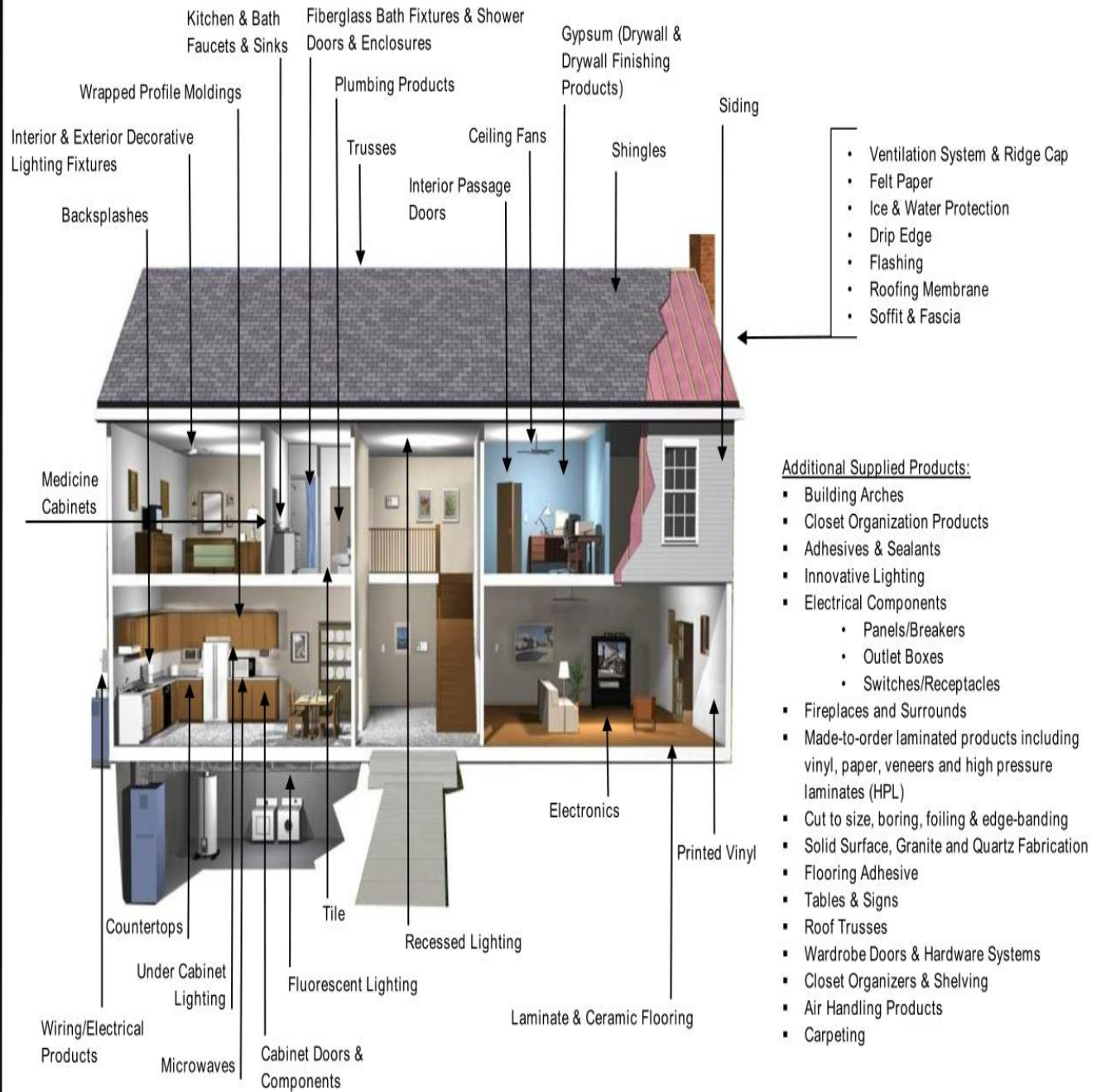
Marine Products Overview



Boat covers, tops, towers & frames



MH Products Overview



Non-GAAP Reconciliations

Reconciliation of Cash Flow from Operations to Free Cash Flow

(\$ in millions)	2014	2015	2016	2017	2018	LTM9/29/19
Cash Flow from Operations	\$ 46	\$ 67	\$ 97	\$ 100	\$ 200	\$ 195
Less: Capital Expenditures	(7)	(8)	(15)	(22)	(34)	(31)
Free Cash Flow	\$ 39	\$ 59	\$ 82	\$ 77	\$ 166	\$ 164

Reconciliation of Net Income to EBITDA

(\$ in millions)	2014	2015	2016	2017	2018	LTM9/29/19
Net income	\$ 31	\$ 42	\$ 56	\$ 86	\$ 120	\$ 97
Add:						
Depreciation & amortization	10	17	24	33	55	61
Interest expense, net	2	4	7	9	26	35
Income taxes	19	24	28	27	32	26
EBITDA	\$ 62	\$ 87	\$ 115	\$ 155	\$ 233	\$ 219

Reconciliation of % Conversion (Cash Flow as % of EBITDA)

(\$ in millions)	2014	2015	2016	2017	2018	LTM9/29/19
Cash Flow from Operations	\$ 46	\$ 67	\$ 97	\$ 100	\$ 200	\$ 195
EBITDA	\$ 62	\$ 87	\$ 115	\$ 155	\$ 233	\$ 219
% Conversion	74%	77%	84%	64%	86%	89%

Reconciliation of Free Cash Flow Per Share

(\$ / # shares in millions except per share data)	2014	2015	2016	2017	2018	LTM9/29/19
Free Cash Flow	\$ 39	\$ 59	\$ 82	\$ 77	\$ 166	\$ 164
Divided by: Weighted Average Diluted Shares Outstanding	24.1	23.3	22.9	24.6	24.3	23.3
Free Cash Flow Per Share	\$ 1.62	\$ 2.53	\$ 3.57	\$ 3.14	\$ 6.81	\$ 7.03

Use of Non-GAAP Financial Information

Free Cash Flow, Earnings before interest, taxes, depreciation and amortization ("EBITDA"), % Conversion, and Free Cash Flow Per Share are non-GAAP financial measures. In addition to reporting financial results in accordance with accounting principles generally accepted in the United States, we provide non-GAAP operating results adjusted for certain items and other one-time items. We adjust for the items listed above in all periods presented, unless the impact is clearly immaterial to our financial statements.

We utilize the adjusted results to review our ongoing operations without the effect of these adjustments and for comparison to budgeted operating results. We believe the adjusted results are useful to investors because they help them compare our results to previous periods and provide important insights into underlying trends in the business and how management oversees our business operations on a day-to-day basis.

