

JABIL INC
Form 10-Q
January 09, 2019
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the quarterly period ended November 30, 2018

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-14063

JABIL INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
38-1886260
(I.R.S. Employer
Identification No.)
10560 Dr. Martin Luther King, Jr. Street North, St. Petersburg, Florida 33716
(Address of principal executive offices) (Zip Code)
(727) 577-9749
(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 (§232.405 of this chapter) 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

As of January 3, 2019, there were 154,715,128 shares of the registrant's Common Stock outstanding.

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****JABIL INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands, except for share data)

	November 30, 2018 (Unaudited)	August 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 804,409	\$ 1,257,949
Accounts receivable, net of allowance for doubtful accounts of \$14,401 as of November 30, 2018 and \$15,181 as of August 31, 2018	2,777,601	1,693,268
Contract assets	761,405	
Inventories, net	3,214,513	3,457,706
Prepaid expenses and other current assets	662,811	1,141,000
Total current assets	8,220,739	7,549,923
Property, plant and equipment, net of accumulated depreciation of \$3,761,554 as of November 30, 2018 and \$3,646,945 as of August 31, 2018	3,271,559	3,198,016
Goodwill	625,431	627,745
Intangible assets, net of accumulated amortization of \$314,219 as of November 30, 2018 and \$307,178 as of August 31, 2018	270,684	279,131
Deferred income taxes	216,209	218,252
Other assets	173,715	172,574
Total assets	\$ 12,778,337	\$ 12,045,641
LIABILITIES AND EQUITY		
Current liabilities:		
Current installments of notes payable and long-term debt	\$ 25,193	\$ 25,197
Accounts payable	5,458,398	4,942,932
Accrued expenses	2,551,720	2,262,744
Total current liabilities	8,035,311	7,230,873
Notes payable and long-term debt, less current installments	2,487,912	2,493,502
Other liabilities	96,317	94,617
Income tax liabilities	136,480	148,884
Deferred income taxes	116,804	114,385

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Total liabilities	10,872,824	10,082,261
Commitments and contingencies		
Equity:		
Jabil Inc. stockholders' equity:		
Preferred stock, \$0.001 par value, authorized 10,000,000 shares; no shares issued and no shares outstanding		
Common stock, \$0.001 par value, authorized 500,000,000 shares; 258,816,662 and 257,130,145 shares issued and 157,986,896 and 164,588,172 shares outstanding as of November 30, 2018 and August 31, 2018, respectively	259	257
Additional paid-in capital	2,235,827	2,218,673
Retained earnings	1,911,451	1,760,097
Accumulated other comprehensive loss	(31,948)	(19,399)
Treasury stock at cost, 100,829,766 and 92,541,973 shares as of November 30, 2018 and August 31, 2018, respectively	(2,223,673)	(2,009,371)
Total Jabil Inc. stockholders' equity	1,891,916	1,950,257
Noncontrolling interests	13,597	13,123
Total equity	1,905,513	1,963,380
Total liabilities and equity	\$ 12,778,337	\$ 12,045,641

See accompanying notes to Condensed Consolidated Financial Statements.

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JABIL INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except for per share data)

(Unaudited)

	Three months ended	
	November 30, 2018	November 30, 2017
Net revenue	\$ 6,506,275	\$ 5,585,532
Cost of revenue	5,986,625	5,116,247
Gross profit	519,650	469,285
Operating expenses:		
Selling, general and administrative	278,126	293,055
Research and development	11,143	9,109
Amortization of intangibles	7,646	9,979
Restructuring and related charges	6,025	11,388
Operating income	216,710	145,754
Other expense	13,550	5,882
Interest income	(4,379)	(3,813)
Interest expense	42,652	36,246
Income before income tax	164,887	107,439
Income tax expense	40,813	43,520
Net income	124,074	63,919
Net income attributable to noncontrolling interests, net of tax	474	124
Net income attributable to Jabil Inc.	\$ 123,600	\$ 63,795
Earnings per share attributable to the stockholders of Jabil Inc.:		
Basic	\$ 0.77	\$ 0.36
Diluted	\$ 0.76	\$ 0.35
Weighted average shares outstanding:		
Basic	161,557	176,936
Diluted	163,670	180,203

See accompanying notes to Condensed Consolidated Financial Statements.

Table of Contents**JABIL INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(in thousands)****(Unaudited)**

	Three months ended	
	November 30, 2018	November 30, 2017
Net income	\$ 124,074	\$ 63,919
Other comprehensive income (loss):		
Foreign currency translation adjustment	377	(3,801)
Derivative instruments	(4,284)	2,553
Available for sale securities	(8,745)	(1,465)
Actuarial gain (loss)	103	(423)
Total other comprehensive loss	(12,549)	(3,136)
Comprehensive income	\$ 111,525	\$ 60,783
Comprehensive income attributable to noncontrolling interests	474	124
Comprehensive income attributable to Jabil Inc.	\$ 111,051	\$ 60,659

See accompanying notes to Condensed Consolidated Financial Statements.

Table of Contents**JABIL INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY**

(in thousands, except for share data)

(Unaudited)

	Common Stock			Jabil Inc. Stockholders Equity			Noncontrolling Interests	Total Equity
	Shares Outstanding	Par Value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock		
Balance as of August 31, 2018	164,588,172	\$ 257	\$ 2,218,673	\$ 1,760,097	\$ (19,399)	\$ (2,009,371)	\$ 13,123	\$ 1,963,380
Shares issued under employee stock purchase plan	354		8					8
Vesting of restricted stock awards	1,686,163	2	(2)					
Purchases of treasury stock under employee stock plans	(407,447)					(9,715)		(9,715)
Treasury shares purchased	(7,880,346)					(204,587)		(204,587)
Recognition of stock-based compensation			17,148					17,148
Declared dividends				(13,101)				(13,101)
Cumulative effect adjustment for adoption of new accounting standards				40,855				40,855
Comprehensive income				123,600	(12,549)		474	111,525

Balance as of November 30, 2018	157,986,896	\$ 259	\$ 2,235,827	\$ 1,911,451	\$ (31,948)	\$ (2,223,673)	\$ 13,597	\$ 1,905,513
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	Jabil Inc. Stockholders Equity								
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income		Treasury Stock	Noncontrolling Interests	Total Equity
	Shares Outstanding	Par Value							
Balance as of August 31, 2017	177,727,653	\$ 253	\$ 2,104,203	\$ 1,730,893	\$ 54,620	\$ (1,536,455)	\$ 14,830	\$ 2,368,344	
Shares issued upon exercise of stock options	29,534								
Vesting of restricted stock awards	2,474,125	3	(3)						
Purchases of treasury stock under employee stock plans	(724,323)					(20,745)		(20,745)	
Treasury shares purchased	(3,201,329)					(93,309)		(93,309)	
Recognition of stock-based compensation			44,973					44,973	
Declared dividends				(15,353)					