

JABIL INC  
Form 10-Q  
April 04, 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 February 28, 2019**

**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)**  
**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)**

**38-1886260**  
**(I.R.S. Employer**  
**Identification No.)**

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 March 28, 2019, there were 152,878,329 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)

	<b>February 28, 2019 (Unaudited)</b>	<b>August 31, 2018</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 749,057	\$ 1,257,949
Accounts receivable, net of allowance for doubtful accounts of \$14,456 as of February 28, 2019 and \$15,181 as of August 31, 2018	2,543,615	1,693,268
Contract assets	832,889	
Inventories, net	3,248,273	3,457,706
Prepaid expenses and other current assets	532,223	1,141,000
Total current assets	7,906,057	7,549,923
Property, plant and equipment, net of accumulated depreciation of \$3,860,332 as of February 28, 2019 and \$3,646,945 as of August 31, 2018	3,279,505	3,198,016
Goodwill	627,296	627,745
Intangible assets, net of accumulated amortization of \$321,965 as of February 28, 2019 and \$307,178 as of August 31, 2018	274,439	279,131
Deferred income taxes	194,015	218,252
Other assets	195,282	172,574
Total assets	\$ 12,476,594	\$ 12,045,641
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Current installments of notes payable and long-term debt	\$ 175,186	\$ 25,197
Accounts payable	4,900,070	4,942,932
Accrued expenses	2,676,604	2,262,744
Total current liabilities	7,751,860	7,230,873
Notes payable and long-term debt, less current installments	2,482,387	2,493,502
Other liabilities	132,882	94,617
Income tax liabilities	133,066	148,884
Deferred income taxes	117,547	114,385

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Total liabilities	10,617,742	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; 259,739,745 and 257,130,145 shares issued and 152,878,329 and 164,588,172 shares outstanding as of February 28, 2019 and August 31, 2018, respectively	260	257
Additional paid-in capital	2,264,966	2,218,673
Retained earnings	1,966,100	1,760,097
Accumulated other comprehensive loss	(13,253)	(19,399)
Treasury stock at cost, 106,861,416 and 92,541,973 shares as of February 28, 2019 and August 31, 2018, respectively	(2,370,898)	(2,009,371)
Total Jabil Inc. stockholders' equity	1,847,175	1,950,257
Noncontrolling interests	11,677	13,123
Total equity	1,858,852	1,963,380
Total liabilities and equity	\$ 12,476,594	\$ 12,045,641

See accompanying notes to Condensed Consolidated Financial Statements.

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

(in thousands, except for per share data)

(Unaudited)

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>February 28,</b>	<b>February 28,</b>	<b>February 28,</b>	<b>February 28,</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Net revenue	\$ 6,066,990	\$ 5,301,101	\$ 12,573,265	\$ 10,886,633
Cost of revenue	5,612,116	4,903,968	11,598,741	10,020,215
Gross profit	454,874	397,133	974,524	866,418
Operating expenses:				
Selling, general and administrative	282,142	243,940	560,268	536,995
Research and development	10,155	8,344	21,298	17,453
Amortization of intangibles	7,777	9,890	15,423	19,869
Restructuring and related charges	817	5,427	6,842	16,815
Operating income	153,983	129,532	370,693	275,286
Other expense	11,757	10,485	25,307	16,367
Interest income	(4,760)	(5,011)	(9,139)	(8,824)
Interest expense	46,160	37,796	88,812	74,042
Income before income tax	100,826	86,262	265,713	193,701
Income tax expense	33,219	48,734	74,032	92,254
Net income	67,607	37,528	191,681	101,447
Net income attributable to noncontrolling interests, net of tax	253	220	727	344
Net income attributable to Jabil Inc.	\$ 67,354	\$ 37,308	\$ 190,954	\$ 101,103
Earnings per share attributable to the stockholders of Jabil Inc.:				
Basic	\$ 0.44	\$ 0.21	\$ 1.21	\$ 0.58
Diluted	\$ 0.43	\$ 0.21	\$ 1.19	\$ 0.57
Weighted average shares outstanding:				
Basic	154,725	174,635	158,160	175,792
Diluted	156,737	176,953	160,413	178,578

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See accompanying notes to Condensed Consolidated Financial Statements.

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

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>February 28,</b>	<b>February 28,</b>	<b>February 28,</b>	<b>February 28,</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Net income	\$ 67,607	\$ 37,528	\$ 191,681	\$ 101,447
Other comprehensive income:				
Change in foreign currency translation	12,535	24,721	12,912	20,921
Change in derivative instruments:				
Change in fair value of derivatives	2,386	20,653	(16,083)	28,396
Adjustment for net (gains) losses realized and included in net income	3,501	(9,893)	17,686	(15,084)
Total change in derivative instruments	5,887	10,760	1,603	13,312
Unrealized gain (loss) on available for sale securities	273	(349)	(8,472)	(1,814)
Actuarial gain (loss)		(8)	103	(431)
Total other comprehensive income	18,695	35,124	6,146	31,988
Comprehensive income	\$ 86,302	\$ 72,652	\$ 197,827	\$ 133,435
Comprehensive income attributable to noncontrolling interests	253	220	727	344
Comprehensive income attributable to Jabil Inc.	\$ 86,049	\$ 72,432	\$ 197,100	\$ 133,091

See accompanying notes to Condensed Consolidated Financial Statements.

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

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>February 28,</b>	<b>February 28,</b>	<b>February 28,</b>	<b>February 28,</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Total stockholders equity, beginning balances	\$ 1,905,513	\$ 2,344,692	\$ 1,963,380	\$ 2,368,344
<b>Common stock:</b>				
Beginning balances	259	256	257	253
Shares issued under employee stock purchase plan	1	1	1	1
Vesting of restricted stock			2	3
Ending balances	260	257	260	257
<b>Additional paid-in capital:</b>				
Beginning balances	2,235,827	2,149,173	2,218,673	2,104,203
Shares issued under employee stock purchase plan	14,579	12,838	14,587	12,838
Vesting of restricted stock			(2)	(3)
Recognition of stock-based compensation	14,560	14,753	31,708	59,726
Ending balances	2,264,966	2,176,764	2,264,966	2,176,764
<b>Retained earnings:</b>				
Beginning balances				