

**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): December 6, 2018

CONSTRUCTION PARTNERS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-38479
(Commission
File Number)

26-0758017
(I.R.S. Employer
Identification Number)

290 Healthwest Drive, Suite 2
Dothan, Alabama 36303
(Address of principal executive offices, including zip code)

(334) 673-9763
(Registrant's telephone number, including area code)

Not Applicable
(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:

- 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.

Item 2.02. Results of Operations and Financial Condition.

On December 10, 2018, Construction Partners, Inc. (the “Company”) issued a press release announcing its financial results for the quarter and fiscal year ended September 30, 2018 and its outlook for fiscal year 2019. A copy of the press release is furnished as Exhibit 99.1 hereto, and the information contained in Exhibit 99.1 is incorporated herein by reference.

The information furnished pursuant to this Item 2.02, including Exhibit 99.1, shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and will not be incorporated by reference into any registration statement filed under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On December 6, 2018, the Company’s Board of Directors (the “Board”) appointed Todd K. Andrews as the Company’s Chief Accounting Officer and designated Mr. Andrews as the Company’s “principal accounting officer” for purposes of the Company’s reporting to the Securities and Exchange Commission (the “SEC”). R. Alan Palmer, the Company’s Executive Vice President and Chief Financial Officer, will continue to serve as the Company’s principal financial officer for SEC reporting purposes.

Prior to his appointment, Mr. Andrews served as the Company’s Controller, a role that he held since 2008. Prior to that, he served for more than nine years as Chief Financial Officer of Graceba Total Communications, Inc., a provider of cable television and broadband internet services, and in accounting roles at two banking institutions. Mr. Andrews is a Certified Public Accountant and holds Bachelor of Science degrees in Accounting and Computer Science from Troy University.

There are no arrangements or understandings between Mr. Andrews and any other persons pursuant to which he was designated as principal accounting officer of the Company. There are also no family relationships between Mr. Andrews and any director or executive officer of the Company, and he has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

In connection with his appointment as Chief Accounting Officer, Mr. Andrews entered into an indemnification agreement with the Company, effective as of December 6, 2018, the form of which has been previously approved by the Company’s board of directors and entered into by each of the Company’s current directors and executive officers (the “Indemnification Agreement”). The Indemnification Agreement requires the Company to indemnify Mr. Andrews to the fullest extent permitted by Delaware law and is in addition to protections provided in the Company’s governing documents. Under the Indemnification Agreement, Mr. Andrews will be indemnified for certain liabilities and will be advanced certain expenses that have been incurred as a result of actions brought, or threatened to be brought, against him in connection with his duties. The Indemnification Agreement also contains various covenants by the Company as to the maintenance of directors’ and officers’ liability insurance.

Item 5.08. Shareholder Director Nominations.

Annual Meeting of Stockholders

On December 6, 2018, the Board set the date and location of the Company’s 2019 annual meeting of stockholders (the “Annual Meeting”) as Friday, March 8, 2019, at 9:00 a.m. Central Time at the Hilton Garden Inn, located at 171 Hospitality Lane, Dothan, Alabama 36303. The Board established the record date for the determination of stockholders entitled to receive notice of, and vote at, the Annual Meeting as the close of business on Monday, January 7, 2019. Because the Company did not hold an annual meeting of stockholders during 2018, the Company is providing the information in this Item 5.08 in accordance with Rule 14a-5(f) under the Exchange Act.

Deadline for Stockholder Proposals and Director Nominations

The Board has established the close of business on Monday, December 17, 2018 as the deadline for the receipt of any stockholder proposals submitted pursuant to Rule 14a-8 under the Exchange Act (“Rule 14a-8”) for inclusion in the Company’s proxy materials for the Annual Meeting, which the Board has determined to be a reasonable period of time before the Company expects to begin printing and distributing its proxy materials for the Annual Meeting. Any such proposals (i) must be received by the Company’s Secretary at the headquarters of the Company, located at 290 Healthwest Drive, Suite 2, Dothan, Alabama

36303, at or before the deadline, (ii) must comply with the rules of the SEC regarding the inclusion of stockholder proposals in the Company's proxy materials, and (iii) may be omitted if not in compliance with applicable requirements.

Pursuant to the Company's Amended and Restated By-Laws (the "By-Laws"), the deadline for director nominations and stockholder proposals submitted outside of the process provided by Rule 14a-8 is the later of (i) the ninetieth (90th) day prior to the Annual Meeting and (ii) the tenth (10th) day following the date on which notice of the date of the Annual Meeting is given. Accordingly, to be considered timely, advance notice of such stockholder proposals and nominations submitted pursuant to the By-Laws must be received by the Company's Secretary no later than the close of business on Thursday, December 20, 2018. All such proposals must comply with applicable Delaware law, the rules and regulations promulgated by the SEC, and the requirements set forth in the advance notice provisions contained in the By-Laws.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	Form of Indemnification Agreement, by and between Construction Partners, Inc. and each of its directors and executive officers (incorporated by reference to Exhibit 10.1 to Amendment No. 1 to the Company's Registration Statement on Form S-1 (File No. 333-224174), filed on April 23, 2018)
99.1	Press Release dated December 10, 2018

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.

CONSTRUCTION PARTNERS, INC.

Date: December 10, 2018

By: /s/ Charles E. Owens

Charles E. Owens

President and Chief Executive Officer



NEWS RELEASE

**Construction Partners, Inc. Announces
Fourth Quarter and Fiscal Year End 2018 Results**
*Reports Record Fiscal Year Revenue, Net Income and Adjusted EBITDA
Provides FY 2019 Outlook*

DOTHAN, AL, December 10, 2018 - Construction Partners, Inc. (NASDAQ: ROAD) (the "Company"), a vertically integrated civil infrastructure company specializing in the construction and maintenance of roadways across five southeastern states, today reported financial and operating results for its fourth quarter and fiscal year ended September 30, 2018.

Fiscal Year 2018 Highlights Compared to Fiscal Year 2017

- Revenue was \$680.1 million, up 20%
- Gross profit was \$99.5 million, up 9%
- Net income was \$50.8 million, up 95%
- Earnings per share was \$1.11, up 76%
- Adjusted EBITDA ⁽¹⁾ was \$75.5 million, up 9%
- Backlog was \$594 million at September 30, 2018

Charles E. Owens, the Company's President and Chief Executive Officer, stated, "We are extremely pleased to have met our outlook expectations for the fiscal year and achieved record annual revenue, net income and adjusted EBITDA results. During fiscal year 2018, we added approximately \$51 million in revenue attributable to acquisitions and greenfield expansions that, combined with organic growth, led to 20% revenue growth on a consolidated basis in fiscal year 2018.

"In 2019, we will continue to execute on our proven strategy of delivering controlled, profitable growth. This strategy starts with our company culture, driven by great people," continued Owens. "We believe that our leadership team and workforce are the best in the business and enable us to drive growth. The rapidly growing southeastern states in which we operate have been proactively raising their funding for road projects, increasing demand for our services. In addition, we continue to evaluate potential opportunities for acquisitions in our highly fragmented market areas."

Fiscal Year 2019 Outlook

The Company also announced its outlook for fiscal year 2019 with regard to revenue, net income and Adjusted EBITDA, as follows:

- Revenue of \$760.0 million to \$810.0 million, compared to \$680.1 million actual in FY 2018
- Net income of \$38.0 million to \$43.0 million, compared to \$50.8 million actual in FY 2018 (which actual FY 2018 net income includes the positive after-tax impact of \$10.6 million from a third-party settlement recorded in the second quarter)
- Adjusted EBITDA ⁽¹⁾ of \$85.0 million to \$91.5 million, compared to \$75.5 million actual in FY 2018

The fiscal year 2019 outlook does not take into account any future acquisitions or greenfield expansions that may occur during the year. The outlook also does not include the potential impact of any new federal or state infrastructure or highway-related legislation that could be passed in 2019.

⁽¹⁾ Adjusted EBITDA is a financial measure not presented in accordance with generally accepted accounting principles ("GAAP"). Please see "Reconciliation of Non-GAAP Financial Measures" at the end of this news release.

Ned N. Fleming, III, the Company's Executive Chairman, stated, "Our outlook for fiscal year 2019 reflects our confidence in our proven strategy to generate annual revenue growth in single to low double digits, while maintaining double-digit adjusted EBITDA margins. We believe that the Company represents a compelling investment based on our strong track record of results and vertically integrated operations."

Conference Call

The Company will conduct a conference call on Tuesday, December 11, 2018 at 10:00 a.m. Central Time to discuss financial and operating results for the quarter and fiscal year ended September 30, 2018. To access the call live by phone, dial (412) 902-0003 and ask for the Construction Partners call at least 10 minutes prior to the start time. A telephonic replay will be available through December 18, 2018 by calling (201) 612-7415 and using passcode 13683866#. A webcast of the call will also be available live and for later replay on the Company's Investor Relations website at <http://ir.constructionpartners.net>.

About Construction Partners, Inc.

Construction Partners, Inc. is a vertically integrated civil infrastructure company operating across five southeastern states, with 30 hot mix asphalt plants and nine aggregate facilities. Publicly funded projects make up the majority of its business and include local and state roadways, interstate highways, airport runways and bridges. The majority of the Company's public projects are maintenance-related. Private sector projects include paving and sitework for residential subdivisions, office and industrial parks, shopping centers and local businesses. To learn more, visit www.constructionpartners.net.

Contacts:

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Cautionary Note Regarding Forward-Looking Statements

Certain statements contained herein that are not statements of historical or current fact constitute "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. These statements may be identified by the use of words such as "may," "will," "expect," "should," "anticipate," "intend," "projects," "outlook," "believe" and "plan." The forward-looking statements contained in this press release include, without limitation, statements related to financial projections, future events, business strategy, future performance, future operations, backlog, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management. These and other forward-looking statements are based on management's current views and assumptions and involve risks and uncertainties that could significantly affect expected results. Important factors could cause actual results to differ materially from those expressed in the forward-looking statements, including, among others: our ability to successfully manage and integrate acquisitions; failure to realize the expected economic benefits of acquisitions, including future levels of revenues being lower than expected and costs being higher than expected; failure or inability to implement growth strategies in a timely manner; declines in public infrastructure construction and reductions in government funding, including the funding by transportation authorities and other state and local agencies; risks related to our operating strategy; competition for projects in our local markets; risks associated with our capital-intensive business; government requirements and initiatives, including those related to funding for public or infrastructure construction, land usage and environmental, health and safety matters; unfavorable economic conditions and restrictive financing markets; our ability to successfully identify, manage and integrate acquisitions; our ability to obtain sufficient bonding capacity to undertake certain projects; our ability to accurately estimate the overall risks, requirements or costs when we bid on or negotiate contracts that are ultimately awarded to us; the cancellation of a significant number of contracts or our disqualification from bidding for new contracts; risks related to adverse weather conditions; our substantial indebtedness and the restrictions imposed on us by the terms thereof; our ability to maintain favorable relationships with third parties that supply us with equipment and essential supplies; our ability to retain key personnel and maintain satisfactory labor relations; property damage, results of litigation and other claims and insurance coverage issues; risks related to our information technology systems and infrastructure; our ability to remediate material weaknesses in internal control over financial reporting identified in preparing our financial statements and to subsequently maintain effective internal control over financial reporting; and the risks, uncertainties and factors set forth under "Risk Factors" in the Company's Registration Statement on Form S-1. Forward-looking statements speak only as of the date they are made. The Company assumes no obligation to update forward-looking statements to reflect actual results, subsequent events, or circumstances or other changes affecting such statements except to the extent required by applicable law.

- Financial Statements Follow -

Construction Partners, Inc.
Consolidated Statements of Income
(unaudited, in thousands, except share and per share data)

	For the three months ended September 30,		For the fiscal year ended September 30,	
	2018	2017	2018	2017
Revenues	\$ 215,701	\$ 187,627	\$ 680,096	\$ 568,212
Cost of revenues	182,181	153,728	580,560	477,241
Gross profit	33,520	33,899	99,536	90,971
General and administrative expenses	(14,731)	(13,862)	(55,303)	(47,867)
Settlement income	—	—	14,803	—
Gain on sale of equipment, net	1,275	806	2,392	3,481
Operating income	20,064	20,843	61,428	46,585
Interest expense, net	(314)	(1,158)	(1,270)	(3,960)
Loss on extinguishment of debt	—	—	—	(1,638)
Other income (expense)	(56)	(71)	(101)	(205)
Income before provision for income taxes and earnings from investment in joint venture	19,694	19,614	60,057	40,782
Provision for income taxes	5,143	7,347	10,525	14,742
Earnings from investment in joint venture	593	—	1,259	—
Net income	<u>\$ 15,144</u>	<u>\$ 12,267</u>	<u>\$ 50,791</u>	<u>\$ 26,040</u>

Net income per share attributable to common stockholders:

Basic	\$ 0.29	\$ 0.29	\$ 1.11	\$ 0.63
Diluted	\$ 0.29	\$ 0.29	\$ 1.11	\$ 0.63

Weighted average number of common shares outstanding:

Basic	51,414,619	41,656,042	45,605,845	41,550,293
Diluted	51,414,619	41,670,005	45,919,648	41,550,293

Construction Partners, Inc.
Consolidated Balance Sheets
(unaudited, in thousands, except share data)

	September 30,	
	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 99,137	\$ 27,547
Contracts receivable including retainage, net	120,291	120,984
Costs and estimated earnings in excess of billings on uncompleted contracts	9,334	4,592
Inventories	24,556	17,487
Prepaid expenses and other current assets	14,137	4,520
Total current assets	267,455	175,130
Property, plant and equipment, net	178,692	115,911
Goodwill	32,919	30,600
Intangible assets, net	3,735	2,550
Investment in joint venture	1,659	—
Other assets	10,270	2,483
Deferred income taxes, net	1,580	1,876
Total assets	\$ 496,310	\$ 328,550
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 63,510	\$ 52,402
Billings in excess of costs and estimated earnings on uncompleted contracts	38,738	32,108
Current maturities of debt	14,773	10,000
Accrued expenses and other current liabilities	17,520	20,036
Total current liabilities	134,541	114,546
Long-term liabilities:		
Long-term debt, net of current maturities	48,115	47,136
Deferred income taxes, net	8,890	9,667
Other long-term liabilities	5,295	5,020
Total long-term liabilities	62,300	61,823
Total liabilities	196,841	176,369
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value \$0.001; 10,000,000 shares authorized at September 30, 2018 and 1,000,000 shares authorized at September 30, 2017 and no shares issued and outstanding	—	—
Class A common stock, par value \$0.001; 400,000,000 shares authorized, 11,950,000 issued and outstanding at September 30, 2018, and no shares authorized, issued and outstanding at September 30, 2017	12	—

Class B common stock, par value \$0.001; 100,000,000 shares authorized, 42,387,571 issued and 39,464,619 outstanding at September 30, 2018, and no shares authorized, issued and outstanding at September 30, 2017	42	—
Common stock, \$.001 par value, no shares authorized, issued and outstanding at September 30, 2018, and 126,000,000 shares authorized, 44,987,575 issued and 41,691,541 outstanding at September 30, 2017	—	45
Additional paid-in capital	242,493	142,385
Treasury stock, at cost	(15,603)	(11,983)
Retained earnings	72,525	21,734
Total stockholders' equity	<u>299,469</u>	<u>152,181</u>
Total liabilities and stockholders' equity	<u>\$ 496,310</u>	<u>\$ 328,550</u>

Reconciliation of Non-GAAP Financial Measures

Adjusted EBITDA represents net income before (i) interest expense, net, (ii) provision for income taxes, (iii) depreciation, depletion and amortization, (iv) equity-based compensation expense, (v) loss on extinguishment of debt and (vi) certain management fees and expenses, and excludes income recognized in connection with a legal settlement between certain of the Company's subsidiaries and a third party that did not directly relate to the Company's business and that has not, and is not expected to, recur. Adjusted EBITDA Margin represents Adjusted EBITDA as a percentage of revenues for each period. These metrics are supplemental measures of our operating performance that are neither required by, nor presented in accordance with, GAAP. These measures should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP as an indicator of our operating performance. Management uses Adjusted EBITDA and Adjusted EBITDA Margin as key performance indicators, and we believe they are measures frequently used by securities analysts, investors and other parties to evaluate companies in our industry. These measures have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of our results as reported under GAAP.

Our calculation of Adjusted EBITDA and Adjusted EBITDA Margin may not be comparable to similarly named measures reported by other companies. Potential differences may include differences in capital structures, tax positions and the age and book depreciation of intangible and tangible assets.

The following tables present a reconciliation of net income, the most directly comparable measure calculated in accordance with GAAP, to Adjusted EBITDA, and the calculation of Adjusted EBITDA Margin for each of the periods presented :

Construction Partners, Inc.
Net Income to Adjusted EBITDA Reconciliation
Quarter and Fiscal Year Ended September 30, 2018 and 2017
(unaudited, in thousands, except percentages)

	For the three months ended September 30,		For the fiscal year ended September 30,	
	2018	2017	2018	2017
Net income	\$ 15,144	\$ 12,267	\$ 50,791	\$ 26,040
Interest expense, net	314	1,158	1,270	3,960
Provision for income taxes	5,143	7,347	10,525	14,742
Depreciation, depletion and amortization	7,392	5,363	25,321	21,072
Equity-based compensation expense	—	—	975	513
Loss on extinguishment of debt	—	—	—	1,638
Settlement income (pre-tax)	—	—	(14,803)	—
Management fees and expenses ⁽¹⁾	338	310	1,457	1,309
Adjusted EBITDA	<u>\$ 28,331</u>	<u>\$ 26,445</u>	<u>\$ 75,536</u>	<u>\$ 69,274</u>
Revenues	\$ 215,701	\$ 187,627	\$ 680,096	\$ 568,212
Adjusted EBITDA Margin	13.1 %	14.1 %	11.1 %	12.2 %

⁽¹⁾ Reflects fees and reimbursement of certain out-of-pocket expenses under a management services agreement with an affiliate of SunTx Capital Partners, the Company's controlling stockholder.

Construction Partners, Inc.
Net Income to Adjusted EBITDA Reconciliation
Fiscal Year 2019 Outlook
(unaudited, in thousands)

	For the fiscal year ending	
	September 30, 2019	
	Low	High
Net income	\$ 38,000	\$ 43,000
Interest expense, net	1,400	1,400
Provision for income taxes	12,800	14,300
Depreciation, depletion and amortization	31,400	31,400
Management fees and expenses ⁽¹⁾	1,400	1,400
Adjusted EBITDA	\$ 85,000	\$ 91,500

⁽¹⁾ Reflects fees and reimbursement of certain out-of-pocket expenses under a management services agreement with an affiliate of SunTx Capital Partners, the Company's controlling stockholder.