

IES Holdings, Inc.
Form 424B3
May 04, 2018

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Registration No. 333-215071
Registration No. 333-186786

PROSPECTUS SUPPLEMENT NO. 2

(to Prospectus dated March 14, 2018)

IES Holdings, Inc.

12,400,301 Shares of Common Stock

This prospectus supplement is being filed to update and supplement information contained in the prospectus dated March 24, 2018 (the prospectus), relating to the resale or other disposition of our common stock par value \$0.01 per share, including the associated preferred stock purchase rights that may be resold from time to time by the selling stockholders named in the prospectus, with information contained in our Quarterly Report on Form 10-Q, filed with the Securities and Exchange Commission on May 4, 2018.

This prospectus supplement updates and supplements the information in the prospectus and is not complete without, and may not be delivered or utilized except in combination with, the prospectus, including any amendments or supplements thereto. This prospectus supplement should be read in conjunction with the prospectus and if there is any inconsistency between the information in the prospectus and this prospectus supplement, you should rely on the information in this prospectus supplement.

Our common stock is traded on The NASDAQ Global Market System, or NASDAQ, under the symbol IESC. On May 3, 2018, the last reported sales price of our common stock was \$17.15 per share.

Investing in our common stock involves risks. Please read Risk Factors beginning on page 8 of the prospectus, including the risk factors incorporated by reference in the prospectus as described in that section, before investing in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to

the contrary is a criminal offense.

Prospectus Supplement dated May 4, 2018.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended March 31, 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 1-13783

IES Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware **76-0542208**
(State or other jurisdiction of **(I.R.S. Employer**
incorporation or organization) **Identification No.)**
5433 Westheimer Road, Suite 500, Houston, Texas 77056
(Address of principal executive offices and ZIP code)
Registrant's telephone number, including area code: (713) 860-1500

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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	(Do not check if a smaller reporting company)	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

On May 2, 2018, there were 21,209,916 shares of common stock outstanding.

IES HOLDINGS, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION

DEFINITIONS

In this Quarterly Report on Form 10-Q, the words "IES", "the Company", "the Registrant", "we", "our", "ours" and "us" refer to IES Holdings, Inc. and, except as otherwise specified herein, to our subsidiaries.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes certain statements that may be deemed forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, all of which are based upon various estimates and assumptions that the Company believes to be reasonable as of the date hereof. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "could", "should", "expect", "plan", "project", "intend", "anticipate", "believe", "potential", "pursue", "target", "continue", the negative of such terms or other comparable terminology. These statements involve risks and uncertainties that could cause the Company's actual future outcomes to differ materially from those set forth in such statements. Such risks and uncertainties include, but are not limited to:

the ability of our controlling shareholder to take action not aligned with other shareholders;

the sale or disposition of the shares of our common stock held by our controlling shareholder, which, under certain circumstances, would trigger change of control provisions in our severance plan or financing and surety arrangements, or any other substantial sale of our common stock, which could depress our stock price;

the possibility that certain tax benefits of our net operating losses may be restricted or reduced in a change in ownership or a further change in the federal tax rate;

the potential recognition of valuation allowances or further write-downs on deferred tax assets;

the inability to carry out plans and strategies as expected, including our inability to identify and complete acquisitions that meet our investment criteria in furtherance of our corporate strategy, or the subsequent underperformance of those acquisitions;

limitations on the availability of sufficient credit or cash flow to fund our working capital needs and capital expenditures and debt service;

difficulty in fulfilling the covenant terms of our revolving credit facility, including liquidity, EBITDA and other financial requirements, which could result in a default and acceleration of our indebtedness under our revolving credit facility;

the possibility that we issue additional shares of common stock or convertible securities that will dilute the percentage ownership interest of existing stockholders and may dilute the book value per share of our common stock;

the relatively low trading volume of our common stock, which could depress our stock price;

competition in the industries in which we operate, both from third parties and former employees, which could result in the loss of one or more customers or lead to lower margins on new projects;

future capital expenditures and refurbishment, repair and upgrade costs; and delays in and costs of refurbishment, repair and upgrade projects;

a general reduction in the demand for our services;

our ability to enter into, and the terms of, future contracts;

success in transferring, renewing and obtaining electrical and other licenses;

challenges integrating new businesses into the Company or new types of work, products or processes into our segments;

credit and capital market conditions, including changes in interest rates that affect the cost of construction financing and mortgages, and the inability for some of our customers to retain sufficient financing, which could lead to project delays or cancellations;

backlog that may not be realized or may not result in profits;

the possibility of errors when estimating revenue and progress to date on percentage-of-completion contracts;

uncertainties inherent in estimating future operating results, including revenues, operating income or cash flow;

complications associated with the incorporation of new accounting, control and operating procedures;

closures or sales of facilities resulting in significant future charges, including potential warranty losses or other unexpected liabilities, or a significant disruption of our operations;

an increased cost of surety bonds affecting margins on work and the potential for our surety providers to refuse bonding or require additional collateral at their discretion;

fluctuations in operating activity due to downturns in levels of construction, seasonality and differing regional economic conditions;

our ability to successfully manage projects;

inaccurate estimates used when entering into fixed-priced contracts;

the cost and availability of qualified labor and the ability to maintain positive labor relations;

our ability to pass along increases in the cost of commodities used in our business, in particular, copper, aluminum, steel, fuel and certain plastics;

a change in the mix of our customers, contracts or business;

increases in bad debt expense and days sales outstanding due to liquidity problems faced by our customers;

the recognition of potential goodwill, long-lived assets and other investment impairments;

potential supply chain disruptions due to credit or liquidity problems faced by our suppliers;

accidents resulting from the physical hazards associated with our work and the potential for accidents;

the possibility that our current insurance coverage may not be adequate or that we may not be able to obtain a policy at acceptable rates;

the possibility that our internal controls over financial reporting and our disclosure controls and procedures may not prevent all possible errors that could occur;

disagreements with taxing authorities with regard to tax positions we have adopted;

the recognition of tax benefits related to uncertain tax positions;

the effect of litigation, claims and contingencies, including warranty losses, damages or other latent defect claims in excess of our existing reserves and accruals;

growth in latent defect litigation in states where we provide residential electrical work for home builders not otherwise covered by insurance;

interruptions to our information systems and cyber security or data breaches;

liabilities under laws and regulations protecting the environment; and

loss of key personnel and effective transition of new management.

You should understand that the foregoing, as well as other risk factors discussed in this document and in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended September 30, 2017, could cause future outcomes to differ materially from those experienced previously or those expressed in such forward-looking statements. We undertake no obligation to publicly update or revise any information, including information concerning our controlling shareholder, net operating losses, borrowing availability or cash position, or any forward-looking statements to reflect events or circumstances that may arise after the date of this report. Forward-looking statements are provided in this Quarterly Report on Form 10-Q pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of the estimates, assumptions, uncertainties and risks described herein.

Item 1. Financial Statements**IES HOLDINGS, INC. AND SUBSIDIARIES****Condensed Consolidated Balance Sheets****(In Thousands, Except Share Information)**

	March 31, 2018 (Unaudited)	September 30, 2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 35,713	\$ 28,290
Accounts receivable:		
Trade, net of allowance of \$608 and \$650, respectively	127,905	142,946
Retainage	20,567	21,360
Inventories	17,590	16,923
Costs and estimated earnings in excess of billings	15,358	13,438
Prepaid expenses and other current assets	9,492	8,795
Total current assets	226,625	231,752
Property and equipment, net	25,055	24,643
Goodwill	46,738	46,693
Intangible assets, net	29,515	31,413
Deferred tax assets	50,948	86,211
Other non-current assets	6,106	3,782
Total assets	\$ 384,987	\$ 424,494
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	111,608	120,710
Billings in excess of costs and estimated earnings	27,820	29,918
Total current liabilities	139,428	150,628
Long-term debt	29,570	29,434
Other non-current liabilities	4,639	4,457
Total liabilities	173,637	184,519
Noncontrolling interest	3,280	3,271
STOCKHOLDERS EQUITY:		
Preferred stock, \$0.01 par value, 10,000,000 shares authorized, none issued and outstanding	220	220

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Common stock, \$0.01 par value, 100,000,000 shares authorized; 22,049,529 issued and 21,259,178 and 21,336,975 outstanding, respectively		
Treasury stock, at cost, 790,351 and 712,554 shares, respectively	(8,108)	(6,898)
Additional paid-in capital	196,835	196,955
Retained earnings	19,123	46,427
Total stockholders' equity	208,070	236,704
Total liabilities and stockholders' equity	\$ 384,987	\$ 424,494

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

IES HOLDINGS, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive Income**(In Thousands, Except Share Information)****(Unaudited)**

	Three Months Ended March 31,	
	2018	2017
Revenues	\$ 205,677	\$ 203,662
Cost of services	171,837	171,848
Gross profit	33,840	31,814
Selling, general and administrative expenses	29,647	30,120
Contingent consideration	71	83
Gain on sale of assets	(20)	(6)
Operating income	4,142	1,617
Interest and other (income) expense:		
Interest expense	473	428
Other income, net	(43)	(44)
Income from operations before income taxes	3,712	1,233
Provision for income taxes	1,425	682
Net income	2,287	551
Net income attributable to noncontrolling interest	(66)	(15)
Comprehensive income attributable to IES Holdings, Inc.	\$ 2,221	\$ 536
Earnings per share attributable to IES Holdings, Inc.:		
Basic	\$ 0.11	\$ 0.02
Diluted	\$ 0.11	\$ 0.02
Shares used in the computation of earnings per share:		
Basic	21,182,268	21,299,098
Diluted	21,440,570	21,574,155

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

IES HOLDINGS, INC. AND SUBSIDIARIES**Condensed Consolidated Statements of Comprehensive Income****(In Thousands, Except Share Information)****(Unaudited)**

	Six Months Ended March 31,	
	2018	2017
Revenues	\$ 403,977	\$ 395,840
Cost of services	337,073	328,844
Gross profit	66,904	66,996
Selling, general and administrative expenses	59,736	58,314
Contingent consideration expense	71	83
Gain on sale of assets	(34)	(13)
Operating income	7,131	8,612
Interest and other (income) expense:		
Interest expense	914	874
Other income, net	(141)	(48)
Income from continuing operations before income taxes	6,358	7,786
Provision for income taxes	33,584	3,311
Net income (loss)	(27,226)	4,475
Net income attributable to noncontrolling interest	(122)	(67)
Comprehensive income (loss) attributable to IES Holdings, Inc.	\$ (27,348)	\$ 4,408
Earnings (loss) per share attributable to IES Holdings, Inc.:		
Basic	\$ (1.29)	\$ 0.21
Diluted	\$ (1.29)	\$ 0.20
Shares used in the computation of earnings per share:		
Basic	21,189,641	21,292,523
Diluted	21,189,641	21,560,678

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

IES HOLDINGS, INC. AND SUBSIDIARIES**Condensed Consolidated Statements of Cash Flows****(In Thousands)****(Unaudited)**

	Six Months Ended	
	March 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (27,226)	\$ 4,475
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Bad debt expense	96	(15)
Deferred financing cost amortization	142	172
Depreciation and amortization	4,269	4,378
Gain on sale of assets	(34)	(13)
Deferred income taxes	33,584	2,675
Non-cash compensation	(111)	926
Changes in operating assets and liabilities, net of effects of acquisitions and divestitures:		
Accounts receivable	14,945	(435)
Inventories	(665)	(3,252)
Costs and estimated earnings in excess of billings	(1,921)	(3,491)
Prepaid expenses and other current assets	97	(5,642)
Other non-current assets	(52)	594
Accounts payable and accrued expenses	(10,081)	213
Billings in excess of costs and estimated earnings	(2,098)	