

WORTHINGTON INDUSTRIES INC

Form 8-K

April 03, 2018

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

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**Form 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event Reported): March 28, 2018

**WORTHINGTON INDUSTRIES, INC.**  
(Exact Name of Registrant as Specified in Charter)

**Ohio**  
(State or Other Jurisdiction of  
Incorporation)

**1-8399**  
(Commission File Number)

**31-1189815**  
(I.R.S. Employer Identification  
Number)

**200 Old Wilson Bridge Road, Columbus, Ohio 43085**  
(Address of Principal Executive Offices) (Zip Code)

**(614) 438-3210**  
(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))

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Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). 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. [  ]

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**Item 2.02. Results of Operations and Financial Condition.**

Management of Worthington Industries, Inc. (the “Registrant”) conducted a conference call on March 29, 2018, beginning at approximately 2:30 p.m., Eastern Daylight Time, to discuss the Registrant’s unaudited financial results for the third quarter of fiscal 2018 (the fiscal quarter ended February 28, 2018). Additionally, the Registrant’s management addressed certain issues related to the outlook for the Registrant and its subsidiaries and their markets for the coming months. A copy of the transcript of the conference call is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The information contained in this Item 2.02 and Exhibit 99.1 furnished with this Current Report on Form 8-K, is being furnished pursuant to Item 2.02 and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, unless the Registrant specifically states that the information is to be considered “filed” under the Exchange Act or incorporates the information by reference into a filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act.

In the conference call, management referred to quarterly earnings per share, excluding restructuring and the impact of the new tax law (i.e., discrete tax items resulting from the enactment of the Tax Cuts and Jobs Act of 2017). This represents a non-GAAP financial measure and is used by management as a measure of operating performance. Earnings per share adjusted for restructuring and the impact of the new tax law is calculated by adding (subtracting) restructuring and other expense (income), net (in each case, after-tax) and the impact of discrete tax items resulting from the new tax law to (from) net earnings attributable to controlling interest, and dividing the result by the average diluted common shares for the period. The difference between the GAAP-based financial measure of diluted earnings per share attributable to controlling interest and the non-GAAP financial measure of diluted earnings per share adjusted for restructuring and the impact of the new tax law for the fiscal quarters ended February 28, 2018 and 2017, as mentioned in the conference call, is outlined below.

|   | Three Months Ended February 28, 2018 |                                    |                                    |  |                               |
|---|--------------------------------------|------------------------------------|------------------------------------|--|-------------------------------|
| (in thousands, except per share amounts)      | Operating<br>Income                  | Earnings<br>Before Income<br>Taxes | Income Tax<br>Expense<br>(Benefit) | Net Earnings<br>Attributable to<br>Controlling<br>Interest | Earnings per<br>Diluted Share |
| GAAP  | \$42,763                             | \$ 54,258                          | \$ (24,039 )                       | \$ 79,088  | \$ 1.27                       |
| Restructuring and other expense (income), net | (3 )                                 | (3 )                               | 39                                 | 36   | 0.00                          |
| Impact of the new tax law                     | -                                    | -                                  | 41,178                             | (41,178 )  | (0.66 )                       |
| Non-GAAP                                      | \$42,760                             | \$ 54,255                          | \$ 17,178                          | \$ 37,946  | \$ 0.61                       |

|  | Three Months Ended February 28, 2017 |                                    |                                    |  |                               |
|--|--------------------------------------|------------------------------------|------------------------------------|--|-------------------------------|
| (in thousands, except per share amounts) | Operating<br>Income                  | Earnings<br>Before Income<br>Taxes | Income Tax<br>Expense<br>(Benefit) | Net Earnings<br>Attributable to<br>Controlling<br>Interest | Earnings per<br>Diluted Share |

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|                                 |          |           |           |           |         |
|---------------------------------|----------|-----------|-----------|-----------|---------|
| GAAP                            | \$34,320 | \$ 50,092 | \$ 11,141 | \$ 35,889 | \$ 0.55 |
| Restructuring and other expense | 1,394    | 1,394     | (489 )    | 905       | 0.02    |
| Non-GAAP                        | \$35,714 | \$ 51,486 | \$ 10,652 | \$ 36,794 | \$ 0.57 |

In the conference call, management referred to operating income/operating loss excluding restructuring for the Company's Pressure Cylinders, Steel Processing and Engineered Cabs operating segments. Each represents a non-GAAP financial measure and is used by management as a measure of operating performance. Operating income/operating loss excluding restructuring is calculated by adding (subtracting) restructuring and other expense (income), net to (from) operating income/operating loss. The difference between the GAAP-based measure of operating income/operating loss and the non-GAAP financial measure of operating income/operating loss excluding restructuring for the fiscal quarters ended February 28, 2018 and 2017, as mentioned in the conference call, is outlined below for the Company's Pressure Cylinders, Steel Processing and Engineered Cabs operating segments.

| (in thousands)                                | Three Months Ended February 28, 2018 |                    |                 |           |              |
|---|--------------------------------------|--------------------|-----------------|-----------|--------------|
|   | Steel Processing                     | Pressure Cylinders | Engineered Cabs | Other     | Consolidated |
| GAAP  | \$31,125                             | \$ 17,530          | \$ (4,083 )     | \$(1,809) | \$ 42,763    |
| Restructuring and other expense (income), net | (3 )                                 | -                  | -               | -         | (3 )         |
| Non-GAAP                                      | \$31,122                             | \$ 17,530          | \$ (4,083 )     | \$(1,809) | \$ 42,760    |

| (in thousands)                  | Three Months Ended February 28, 2017 |                    |                 |       |              |
|---------------------------------|--------------------------------------|--------------------|-----------------|-------|--------------|
|                                 | Steel Processing                     | Pressure Cylinders | Engineered Cabs | Other | Consolidated |
| GAAP                            | \$26,026                             | \$ 10,071          | \$ (2,001 )     | \$224 | \$ 34,320    |
| Restructuring and other expense | 212                                  | 1,056              | 169             | (43 ) | 1,394        |
| Non-GAAP                        | \$26,238                             | \$ 11,127          | \$ (1,832 )     | \$181 | \$ 35,714    |

In the conference call, management referred to earnings before interest, taxes, depreciation and amortization ("EBITDA") and trailing twelve months adjusted EBITDA. These represent non-GAAP financial measures and are used by management as measures of operating performance. EBITDA is calculated by adding interest expense, income tax expense and depreciation and amortization to net earnings attributable to controlling interest and adjusted EBITDA is calculated by adding impairment of goodwill and long-lived assets and adding (subtracting) restructuring and other expense (income), net to (from) EBITDA. The difference between the GAAP-based measure of net earnings attributable to controlling interest and the non-GAAP financial measure of adjusted EBITDA for the trailing twelve months ended February 28, 2018, as mentioned in the conference call, is outlined below.

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| (In thousands)   | Third<br>Quarter<br>2018 | Second<br>Quarter<br>2018 | First<br>Quarter<br>2018 | Fourth<br>Quarter<br>2017 |
|--|--------------------------|---------------------------|--------------------------|---------------------------|
| Net earnings attributable to controlling interest  | \$79,088                 | \$39,403                  | \$45,534                 | \$56,494                  |
| Impairment of goodwill and long-lived assets ( <i>pre-tax</i> )  | -                        | 8,289                     | -                        | -                         |
| Restructuring and other expense (income), net ( <i>pre-tax</i> )   | (3 )                     | (9,694 )                  | 2,304                    | 417                       |
| Interest expense   | 9,775                    | 10,038                    | 8,807                    | 6,594                     |
| Income tax expense (benefit)   | (24,039 )                | 18,165                    | 12,998                   | 30,635                    |
| Adjusted earnings before interest and taxes ( <i>Adjusted EBIT</i> ) <sup>1</sup>                                  | \$62,990                 | \$66,201                  | \$69,643                 | \$94,140                  |
| Depreciation and amortization  | 25,338                   | 26,283                    | 25,365                   | 21,640                    |
| Adjusted earnings before interest, taxes, depreciation and amortization<br>( <i>Adjusted EBITDA</i> ) <sup>1</sup> | \$88,328                 | \$92,484                  | \$95,008                 | \$115,780                 |
| Trailing Twelve Months Adjusted EBITDA <sup>1</sup>  | \$391,600                |                           |                          |                           |

<sup>1</sup> Excludes the impact of the noncontrolling interest.

**Item 8.01. Other Events.**

On March 28, 2018, the Registrant issued a news release reporting that the Board of Directors of the Registrant had declared a quarterly cash dividend of \$0.21 per share. The dividend will be payable on June 29, 2018 to shareholders of records on June 15, 2018. The March 28, 2018 news release is included with this Current Report on Form 8-K as Exhibit 99.2.

**Item 9.01. Financial Statements and Exhibits.**

(a) through (c): Not applicable.

(d) Exhibits:

| <u>Exhibit<br/>No.</u> | <u>Description</u>   |
|------------------------|--|
| <u>99.1</u>            | Transcript of Worthington Industries, Inc. Earnings Conference Call for Third Quarter of Fiscal 2018 (Fiscal Quarter ended February 28, 2018), held on March 29, 2018. |
| <u>99.2</u>            | News Release issued by Worthington Industries, Inc. on March 28, 2018 reporting declaration of quarterly cash dividend   |

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**SIGNATURE**

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.

**WORTHINGTON INDUSTRIES, INC.**

Date: April 3, 2018

By: /s/ Dale T. Brinkman  
Dale T. Brinkman  
Vice President-Administration, General Counsel &  
Secretary