

WORTHINGTON INDUSTRIES INC

Form 8-K

December 21, 2017

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 19, 2017

**WORTHINGTON INDUSTRIES, INC.**

(Exact name of registrant as specified in its charter)

|   |                          |                                      |
|---|--------------------------|--------------------------------------|
| Ohio  | 1-8399                   | 31-1189815                           |
| (State or other jurisdiction<br>of incorporation) | (Commission File Number) | (IRS Employer<br>Identification No.) |

|  |            |
|--|------------|
| 200 Old Wilson Bridge Road, Columbus, Ohio | 43085      |
| (Address of principal executive offices)   | (Zip Code) |

Registrant's telephone number, including area code: (614) 438-3210

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.

Management of Worthington Industries, Inc. (the “Registrant”) conducted a conference call on December 19, 2017, beginning at approximately 2:30 p.m., Eastern Standard Time, to discuss the Registrant’s unaudited financial results for the second quarter of fiscal 2018 (the fiscal quarter ended November 30, 2017). 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 adjusted for restructuring. This represents a non-GAAP financial measure and is used by management as a measure of operating performance. Earnings per share adjusted for restructuring is calculated by adding impairment of goodwill and long-lived assets and adding (subtracting) restructuring and other expense (income), net (in each case, after-tax) to 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 for the fiscal quarters ended November 30, 2017 and 2016, as mentioned in the conference call, is outlined below.

|   | Three Months Ended November 30, 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 |
| GAAP  | \$52,059                             | \$ 59,787                          | \$ 18,165                          | \$ 39,403  | \$ 0.62                       |
| Impairment of goodwill and long-lived assets  | 8,289                                | 8,289                              | (3,025 )                           | 5,264  | 0.08                          |
| Restructuring and other expense (income), net | (9,694 )                             | (9,694 )                           | 3,486                              | (6,208 )   | (0.09 )                       |
| Non-GAAP                                      | \$50,654                             | \$ 58,382                          | \$ 18,626                          | \$ 38,459  | \$ 0.61                       |

|  | Three Months Ended November 30, 2016 |                                    |                                 |  |                               |
|--|--------------------------------------|------------------------------------|---------------------------------|--|-------------------------------|
| (in thousands, except per share amounts) | Operating<br>Income                  | Earnings<br>Before Income<br>Taxes | Income Tax<br>Expense (Benefit) | Net Earnings<br>Attributable to<br>Controlling | Earnings per<br>Diluted Share |

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|                                 |          |           |           | Interest  |         |
|---------------------------------|----------|-----------|-----------|-----------|---------|
| GAAP                            | \$43,044 | \$ 63,382 | \$ 13,515 | \$ 46,565 | \$ 0.72 |
| Restructuring and other expense | 3,272    | 3,272     | (1,085    | ) 2,187   | 0.03    |
| Non-GAAP                        | \$46,316 | \$ 66,654 | \$ 12,430 | \$ 48,752 | \$ 0.75 |

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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 impairment of goodwill and long-lived assets and adding (subtracting) restructuring and other expense (income), net to 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 November 30, 2017 and 2016, 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 November 30, 2017 |                    |                 |            |              |
|---|--------------------------------------|--------------------|-----------------|------------|--------------|
|   | Steel Processing                     | Pressure Cylinders | Engineered Cabs | Other      | Consolidated |
| GAAP  | \$41,130                             | \$24,675           | \$(1,587)       | \$(12,159) | \$52,059     |
| Impairment of goodwill and long-lived assets  | -                                    | 964                | -               | 7,325      | 8,289        |
| Restructuring and other expense (income), net | (10,335)                             | 488                | (82)            | 235        | (9,694)      |
| Non-GAAP                                      | \$30,795                             | \$26,127           | \$(1,669)       | \$(4,599)  | \$50,654     |

| (in thousands)                  | Three Months Ended November 30, 2016 |                    |                 |         |              |
|---------------------------------|--------------------------------------|--------------------|-----------------|---------|--------------|
|                                 | Steel Processing                     | Pressure Cylinders | Engineered Cabs | Other   | Consolidated |
| GAAP                            | \$35,448                             | \$11,304           | \$(3,381)       | \$(327) | \$43,044     |
| Restructuring and other expense | 318                                  | 1,963              | 1,004           | (13)    | 3,272        |
| Non-GAAP                        | \$35,766                             | \$13,267           | \$(2,377)       | \$(340) | \$46,316     |

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 a measure 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 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 November 30, 2017, as mentioned in the conference call, is outlined below.

| (In thousands)   | Second Quarter 2018 | First Quarter 2018 | Fourth Quarter 2017 | Third Quarter 2017 |
|--|---------------------|--------------------|---------------------|--------------------|
| Net earnings attributable to controlling interest                | \$39,403            | \$45,534           | \$56,494            | \$35,889           |
| Impairment of goodwill and long-lived assets ( <i>pre-tax</i> )  | 8,289               | -                  | -                   | -                  |
| Restructuring and other expense (income), net ( <i>pre-tax</i> ) | (9,694)             | 2,304              | 417                 | 1,394              |

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|   |           |          |           |          |
|---|-----------|----------|-----------|----------|
| Interest expense  | 10,038    | 8,807    | 6,594     | 7,674    |
| Income tax expense  | 18,165    | 12,998   | 30,635    | 11,141   |
| Adjusted earnings before interest and taxes ( <i>Adjusted EBIT</i> ) <sup>1</sup>                               | \$66,201  | \$69,643 | \$94,140  | \$56,098 |
| Depreciation and amortization   | 26,283    | 25,365   | 21,640    | 21,677   |
| Adjusted earnings before interest, taxes, depreciation and amortization ( <i>Adjusted EBITDA</i> ) <sup>1</sup> | \$92,484  | \$95,008 | \$115,780 | \$77,775 |
| Trailing Twelve Months Adjusted EBITDA <sup>1</sup>   | \$381,047 |          |           |          |

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

Item 8.01. Other Events.

On December 19, 2017, 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 March 29, 2018 to shareholders of records on March 15, 2018. The December 19, 2017 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 No.</u> | Description   |
|--------------------|---|
| <u>99.1</u>        | Transcript of Worthington Industries, Inc. Earnings Conference Call for Second Quarter of Fiscal 2018 (Fiscal Quarter ended November 30, 2017), held on December 19, 2017 |
| <u>99.2</u>        | News Release issued by Worthington Industries, Inc. on December 19, 2017 reporting declaration of quarterly cash dividend   |

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: December 21, 2017 By: /s/ Dale T. Brinkman

Dale T. Brinkman, Vice President –Administration, General Counsel and Secretary

