

**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)  
May 4, 2015**

**STURM, RUGER & COMPANY, INC.**  
(Exact Name of Registrant as Specified in its Charter)

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

**001-10435**  
(Commission File Number)

**06-0633559**  
(IRS Employer Identification  
Number)

**ONE LACEY PLACE, SOUTHPORT, CONNECTICUT 06890**  
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code **(203) 259-7843**

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 (*see* General Instruction A.2. below):

- 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))

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

On May 4, 2015, the Company issued a press release to stockholders and other interested parties regarding financial results for the first quarter ended March 28, 2015. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference.

The information in this Current Report on Form 8-K and the Exhibit attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

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

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|--------------------|
|--------------------|--------------------|

|      |   |
|------|---|
| 99.1 | Press release of Sturm, Ruger & Company, Inc., dated May 4, 2015, reporting the financial results for the first quarter ended March 28, 2015. |
|------|---|

### **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.

STURM, RUGER & COMPANY, INC.

By: /S/ THOMAS A. DINEEN  
Name: Thomas A. Dineen  
Title: Principal Financial Officer,  
Principal Accounting Officer,  
Vice President, Treasurer and  
Chief Financial Officer

Dated: May 4, 2015



# STURM, RUGER & CO., INC.

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FOR IMMEDIATE RELEASE

STURM, RUGER & COMPANY, INC. REPORTS FIRST QUARTER  
FULLY DILUTED EARNINGS OF 81¢ PER SHARE  
AND DECLARES DIVIDEND OF 32¢ PER SHARE

SOUTHPORT, CONNECTICUT, May 4, 2015--Sturm, Ruger & Company, Inc. (NYSE-RGR) announced today that for the first quarter of 2015 the Company reported net sales of \$137.0 million and fully diluted earnings of 81¢ per share, compared with net sales of \$169.9 million and fully diluted earnings of \$1.22 per share in the first quarter of 2014.

The Company also announced today that its Board of Directors declared a dividend of 32¢ per share for the first quarter for stockholders of record as of May 15, 2015, payable on May 29, 2015. This dividend varies every quarter because the Company pays a percent of earnings rather than a fixed amount per share. This dividend is approximately 40% of net income.

Chief Executive Officer Michael O. Fifer made the following observations related to the Company's 2015 first quarter performance:

- Demand for the Company's firearms in the first quarter of 2015 increased from the fourth quarter of 2014 due to the successful annual sales promotions in effect during the first quarter of 2015, coupled with a reduction in the aggressive price discounting by many of our competitors that was prevalent in the latter half of 2014.

- In the first quarter of 2015, net sales and the estimated sell-through of the Company's products from the independent distributors to retailers increased 12% and 15%, respectively, from the fourth quarter of 2014. The National Instant Criminal Background Check System background checks (as adjusted by the National Shooting Sports Foundation) decreased 15% during the same period.
- Inventory of the Company's products at the independent distributors decreased by 64,700 units during the first quarter of 2015 and the Company's finished goods inventory decreased by 53,100 units during the same period.
- Earnings in the first quarter of 2015 increased 53% from the fourth quarter of 2014, excluding the expense related to the termination and settlement of the defined benefit pension plans in 2014.
- New products, including the AR-556 modern sporting rifle and the LC9s pistol, represented \$22.8 million or 17% of firearm sales in the first quarter of 2015. New product sales include only major new products that were introduced in the past two years.
- Cash generated from operations during the first quarter of 2015 was \$32.8 million. At March 28, 2015, our cash totaled \$30.8 million. Our current ratio is 2.1 to 1 and we have no debt.
- In the first quarter of 2015, capital expenditures totaled \$4.3 million. We expect our 2015 capital expenditures to total approximately \$30 million.
- In the first quarter of 2015, the Company returned \$6.0 million to its shareholders through:
  - the payment of \$3.2 million of dividends, and
  - the repurchase of 82,100 shares of our common stock in the open market at an average price of \$34.57 per share, for a total of \$2.8 million.
- At March 28, 2015, stockholders' equity was \$195.4 million, which equates to a book value of \$10.46 per share.

Today, the Company filed its Quarterly Report on Form 10-Q. The financial statements included in this Quarterly Report on Form 10-Q are attached to this press release.

Tomorrow, May 5, 2015, Sturm, Ruger will host a webcast of its Annual Meeting of Stockholders at 9:00 a.m. ET. Interested parties can access the webcast at [www.ruger.com/corporate](http://www.ruger.com/corporate) or by dialing [855-871-7398](tel:855-871-7398), participant code [32494149](http://www.ruger.com/corporate).

The Quarterly Report on Form 10-Q is available on the SEC website at [www.sec.gov](http://www.sec.gov) and the Ruger website at [www.ruger.com/corporate](http://www.ruger.com/corporate). Investors are urged to read the complete Quarterly Report on Form 10-Q to ensure that they have adequate information to make informed investment judgments.

### About Sturm, Ruger

Sturm, Ruger & Co., Inc. is one of the nation's leading manufacturers of rugged, reliable firearms for the commercial sporting market. The only full-line manufacturer of American-made firearms, Ruger offers consumers over 400 variations of more than 30 product lines. For more than 60 years, Ruger has been a model of corporate and community responsibility. Our motto, "Arms Makers for Responsible Citizens," echoes the importance of these principles as we work hard to deliver quality and innovative firearms.

*The Company may, from time to time, make forward-looking statements and projections concerning future expectations. Such statements are based on current expectations and are subject to certain qualifying risks and uncertainties, such as market demand, sales levels of firearms, anticipated castings sales and earnings, the need for external financing for operations or capital expenditures, the results of pending litigation against the Company, the impact of future firearms control and environmental legislation, and accounting estimates, any one or more of which could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date made. The Company undertakes no obligation to publish revised forward-looking statements to reflect events or circumstances after the date such forward-looking statements are made or to reflect the occurrence of subsequent unanticipated events.*

STURM, RUGER & COMPANY, INC.

Condensed Consolidated Balance Sheets  
*(Dollars in thousands)*

|   | March 28, 2015 | December 31, 2014 |
|---|----------------|-------------------|
| <b>Assets</b>                             |                |                   |
| Current Assets                            |                |                   |
| Cash                                      | \$ 30,800      | \$ 8,901          |
| Trade receivables, net                    | 63,031         | 49,735            |
| Gross inventories                         | 73,261         | 89,017            |
| Less LIFO reserve                         | (41,041)       | (40,578)          |
| Less excess and obsolescence reserve      | (2,928)        | (3,750)           |
| Net inventories                           | 29,292         | 44,689            |
| Deferred income taxes                     | 7,975          | 7,246             |
| Prepaid expenses and other current assets | 2,518          | 7,603             |
| Total Current Assets                      | 133,616        | 118,174           |
| Property, plant and equipment             | 292,321        | 288,236           |
| Less allowances for depreciation          | (186,181)      | (177,575)         |
| Net property, plant and equipment         | 106,140        | 110,661           |
| Other assets                              | 27,887         | 25,547            |
| Total Assets                              | \$267,643      | \$254,382         |

STURM, RUGER & COMPANY, INC.

Condensed Consolidated Balance Sheets (Continued)  
*(Dollars in thousands, except share data)*

|  | March 28, 2015   | December 31, 2014 |
|--|------------------|-------------------|
| <b>Liabilities and Stockholders' Equity</b>  |                  |                   |
| Current Liabilities  |                  |                   |
| Trade accounts payable and accrued expenses  | \$ 33,071        | \$ 36,150         |
| Product liability  | 370              | 641               |
| Employee compensation and benefits   | 20,805           | 18,302            |
| Workers' compensation  | 5,522            | 5,133             |
| Income taxes payable   | 3,237            | 156               |
| <b>Total Current Liabilities</b>   | <b>63,005</b>    | <b>60,382</b>     |
| Product liability  | 125              | 204               |
| Deferred income taxes  | 9,066            | 8,334             |
| Contingent liabilities   | --               | --                |
| Stockholders' Equity   |                  |                   |
| Common Stock, non-voting, par value \$1:<br>Authorized shares 50,000; none issued  | --               | --                |
| Common Stock, par value \$1:<br>Authorized shares – 40,000,000<br>2015 – 23,755,081 issued,<br>18,692,734 outstanding<br>2014 – 23,717,321 issued,<br>18,737,074 outstanding | 23,755           | 23,717            |
| Additional paid-in capital   | 25,962           | 25,472            |
| Retained earnings  | 210,457          | 198,159           |
| Less: Treasury stock – at cost<br>2015 – 5,062,347 shares<br>2014 – 4,980,247 shares   | (64,727)         | (61,886)          |
| <b>Total Stockholders' Equity</b>  | <b>195,447</b>   | <b>185,462</b>    |
| <b>Total Liabilities and Stockholders' Equity</b>  | <b>\$267,643</b> | <b>\$254,382</b>  |

STURM, RUGER & COMPANY, INC.

Condensed Consolidated Statements of Income and Comprehensive Income (Unaudited)

(Dollars in thousands, except per share data)

|                                     | Three Months Ended |                |
|-------------------------------------|--------------------|----------------|
|                                     | March 28, 2015     | March 29, 2014 |
| Net firearms sales                  | \$135,579          | \$169,162      |
| Net castings sales                  | 1,375              | 722            |
| Total net sales                     | 136,954            | 169,884        |
| Cost of products sold               | 95,557             | 108,761        |
| Gross profit                        | 41,397             | 61,123         |
| Operating expenses:                 |                    |                |
| Selling                             | 10,226             | 14,421         |
| General and administrative          | 7,377              | 8,733          |
| Total operating expenses            | 17,603             | 23,154         |
| Operating income                    | 23,794             | 37,969         |
| Other income:                       |                    |                |
| Interest expense, net               | (40)               | (36)           |
| Other income, net                   | 469                | 365            |
| Total other income, net             | 429                | 329            |
| Income before income taxes          | 24,223             | 38,298         |
| Income taxes                        | 8,720              | 13,979         |
| Net income and comprehensive income | \$ 15,503          | \$ 24,319      |
| Basic earnings per share            | \$0.83             | \$ 1.26        |
| Fully diluted earnings per share    | \$0.81             | \$ 1.22        |
| Cash dividends per share            | \$0.17             | \$0.54         |



STURM, RUGER & COMPANY, INC.

Condensed Consolidated Statements of Cash Flows (Unaudited)  
*(Dollars in thousands)*

|   | Three Months Ended |                   |
|---|--------------------|-------------------|
|   | March 28,<br>2015  | March 29,<br>2014 |
| Operating Activities  |                    |                   |
| Net income  | \$ 15,503          | \$ 24,319         |
| Adjustments to reconcile net income to cash provided by operating activities:   |                    |                   |
| Depreciation and amortization   | 8,957              | 8,940             |
| Slow moving inventory valuation adjustment                                      | (748)              | 157               |
| Stock-based compensation  | 1,151              | 1,214             |
| Gain on sale of assets  | (60)               | -                 |
| Deferred income taxes   | 3                  | (1,680)           |
| Impairment of assets  | 12                 | -                 |
| Changes in operating assets and liabilities:                                    |                    |                   |
| Trade receivables   | (13,296)           | (2,516)           |
| Inventories   | 16,145             | (6,033)           |
| Trade accounts payable and accrued expenses                                     | (2,690)            | (1,256)           |
| Employee compensation and benefits  | 2,476              | (14,046)          |
| Product liability   | (350)              | 15                |
| Prepaid expenses, other assets and other liabilities                            | 2,599              | (6,618)           |
| Income taxes payable  | 3,081              | 13,214            |
| Cash provided by operating activities   | 32,783             | 15,710            |
| Investing Activities  |                    |                   |
| Property, plant and equipment additions   | (4,302)            | (9,579)           |
| Proceeds from sale of assets  | 60                 | -                 |
| Cash used for investing activities  | (4,242)            | (9,579)           |
| Financing Activities  |                    |                   |
| Tax benefit from exercise of stock options and vesting of RSU's                 | 280                | 1,344             |
| Remittance of taxes withheld from employees related to share-based compensation | (1,000)            | (2,317)           |
| Proceeds from exercise of stock options   | 97                 | 23                |
| Repurchase of common stock  | (2,841)            | -                 |
| Dividends paid  | (3,178)            | (10,475)          |
| Cash used for financing activities  | (6,642)            | (11,425)          |
| Increase (decrease) in cash and cash equivalents                                | 21,899             | (5,294)           |
| Cash and cash equivalents at beginning of period                                | 8,901              | 55,064            |
| Cash and cash equivalents at end of period                                      | \$ 30,800          | \$ 49,770         |

## Non-GAAP Financial Measure

In an effort to provide investors with additional information regarding its financial results, the Company refers to various United States generally accepted accounting principles (“GAAP”) financial measures and EBITDA, a non-GAAP financial measure which management believes provides useful information to investors. This non-GAAP financial measure may not be comparable to similarly titled financial measures being disclosed by other companies. In addition, the Company believes that the non-GAAP financial measure should be considered in addition to, and not in lieu of, GAAP financial measures. The Company believes that this non-GAAP financial measure is useful to understanding its operating results and the ongoing performance of its underlying business, as EBITDA provides information on the Company’s ability to meet its capital expenditure and working capital requirements, and is also an indicator of profitability. The Company uses both GAAP and non-GAAP financial measures to evaluate the Company’s financial performance.

EBITDA is defined as earnings before interest, taxes, and depreciation and amortization. The Company calculates its EBITDA by adding the amount of interest expense, income tax expense, and depreciation and amortization expenses that have been deducted from net income back into net income, and subtracting the amount of interest income that was included in net income from net income.

### Non-GAAP Reconciliation – EBITDA

#### EBITDA

*(Unaudited, dollars in thousands)*

|                                       | Three Months Ended |                |
|---------------------------------------|--------------------|----------------|
|                                       | March 28, 2015     | March 29, 2014 |
| Net income                            | \$15,503           | \$24,319       |
| Income tax expense                    | 8,720              | 13,979         |
| Depreciation and amortization expense | 8,957              | 8,940          |
| Interest expense, net                 | 40                 | 38             |
| Interest income                       | -                  | (2)            |
| EBITDA                                | \$33,220           | \$47,274       |