

**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 8, 2018**

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))

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.

Item 2.02 Results of Operations and Financial Condition

On May 8, 2018, the Company issued a press release to stockholders and other interested parties regarding financial results for the first quarter ended March 31, 2018. 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 8, 2018, reporting the financial results for the first quarter ended March 31, 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.

STURM, RUGER & COMPANY, INC.

By: /S/ THOMAS A. DINEEN

Name: Thomas A. Dineen

Title: Principal Financial Officer,
Principal Accounting Officer,
Senior Vice President, Treasurer and
Chief Financial Officer

Dated: May 8, 2018



STURM, RUGER & CO., INC.

1 LACEY PLACE, SOUTHPORT, CT 06890 U.S.A. • (203) 259-7843 • WWW.RUGER.COM • RGR

FOR IMMEDIATE RELEASE

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

SOUTHPORT, CONNECTICUT, May 8, 2018--Sturm, Ruger & Company, Inc. (NYSE-RGR) announced today that for the first quarter of 2018 the Company reported net sales of \$131.2 million and diluted earnings of 81¢ per share, compared with net sales of \$167.4 million and diluted earnings of \$1.21 per share in the first quarter of 2017.

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 22, 2018, payable on June 1, 2018. This dividend varies every quarter because the Company pays a percentage of earnings rather than a fixed amount per share. This dividend is approximately 40% of net income. The repurchase of 1.3 million shares of common stock in 2017 increased this dividend by 2¢ per share.

Chief Executive Officer Christopher J. Killoy made the following observations related to the Company's 2018 first quarter performance:

- In the first quarter of 2018, net sales decreased 22% and earnings per share decreased 33% from the first quarter of 2017. The decrease in earnings is attributable to the sales decline and the unfavorable de-leveraging of fixed manufacturing costs due to the decline in production volumes.
- Effective January 1, 2018, the Company adopted Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606), which modified the timing of revenue recognition related to certain sales promotion activities involving the shipment of no charge firearms. Consequently, net sales in the first quarter of 2018 were reduced by \$2.4 million. In addition, certain promotional expenses that had been classified as selling expenses in prior years were included in cost of products sold in 2018. As a result, the first quarter gross margin was reduced by approximately 3% and earnings per share was reduced by approximately 4¢.
- The reduced effective tax rate in 2018, resulting from the Tax Cuts and Job Act of 2017, increased the quarterly diluted earnings per share by 11¢.
- The repurchase of 1.3 million shares of common stock in 2017 increased the quarterly diluted earnings per share by 6¢.
- Sales of new products, including the Pistol Caliber Carbine, the Mark IV pistol, the LCP II pistol, the EC9s pistol, the Security-9 pistol, and the Precision Rimfire Rifle, represented \$37.2 million or 29% of firearm sales in the first quarter of 2018. New product sales include only major new products that were introduced in the past two years.
- The estimated unit sell-through of the Company's products from the independent distributors to retailers decreased 5% in the first quarter of 2018 from the comparable prior year period. For the same periods, the National Instant Criminal Background Check System background checks (as adjusted by the National Shooting Sports Foundation) increased 1%. The decrease in estimated sell-through of the Company's products from the independent distributors to retailers is attributable to decreased overall consumer demand in the early stages of the first quarter of 2018, partially offset by increased demand in the latter part of the quarter.
- Favorable distributor sell-through trends in the latter half of the quarter resulted in significant reductions of inventories at the Company and at the independent distributors. During the first quarter of 2018, the Company's finished goods inventory decreased by 51,900 units and distributor inventories of the Company's products decreased by 69,000 units.
- Cash generated from operations during the first quarter of 2018 was \$45 million. At March 31, 2018, our cash totaled \$103 million. Our current ratio is 3.0 to 1 and we have no debt.
- In the first quarter of 2018, capital expenditures totaled \$1 million. We expect our 2018 capital expenditures to total approximately \$15 million.
- In the first quarter of 2018, the Company returned \$4 million to its shareholders through the payment of dividends.
- At March 31, 2018, stockholders' equity was \$238 million, which equates to a book value of \$13.67 per share, of which \$5.89 per share is cash.

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 9, 2018, Sturm, Ruger will host a webcast of its Annual Meeting of Shareholders at 9:00 a.m. MST (12:00 p.m. EDT) and plans to discuss the first quarter operating results. Interested parties can access the webcast at Ruger.com/corporate or by dialing [855-871-7398](tel:855-871-7398), participant code 4566028.

The Quarterly Report on Form 10-Q is available on the SEC website at www.sec.gov and the Ruger website at 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 & Co., Inc.

Sturm, Ruger & Co., Inc. is one of the nation's leading manufacturers of rugged, reliable firearms for the commercial sporting market. As a full-line manufacturer of American-made firearms, Ruger offers consumers over 600 variations of more than 40 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 31, 2018 | December 31, 2017 |
|---|----------------|-------------------|
| Assets | | |
| Current Assets | | |
| Cash | \$102,667 | \$ 63,487 |
| Trade receivables, net | 61,129 | 60,082 |
| Gross inventories | 73,762 | 87,592 |
| Less LIFO reserve | (45,312) | (45,180) |
| Less excess and obsolescence reserve | (2,338) | (2,698) |
| Net inventories | 26,112 | 39,714 |
| Prepaid expenses and other current assets | 2,985 | 3,501 |
| Total Current Assets | 192,893 | 166,784 |
| Property, plant and equipment | 359,490 | 365,013 |
| Less allowances for depreciation | (262,381) | (261,218) |
| Net property, plant and equipment | 97,109 | 103,795 |
| Other assets | 13,273 | 13,739 |
| Total Assets | \$303,275 | \$284,318 |

STURM, RUGER & COMPANY, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)

(Dollars in thousands, except per share data)

| | March 31, 2018 | December 31, 2017 |
|---|------------------|-------------------|
| Liabilities and Stockholders' Equity | | |
| Current Liabilities | | |
| Trade accounts payable and accrued expenses | \$ 28,161 | \$ 32,422 |
| Contract liability to customers (Note 3) | 9,308 | - |
| Product liability | 667 | 729 |
| Employee compensation and benefits | 15,755 | 14,315 |
| Workers' compensation | 5,498 | 5,211 |
| Income taxes payable | 4,625 | - |
| Total Current Liabilities | 64,014 | 52,677 |
| Product liability | 82 | 90 |
| Deferred income taxes | 658 | 1,402 |
| Contingent liabilities | - | - |
| Stockholders' Equity | | |
| Common Stock, non-voting, par value \$1: | | |
| Authorized shares 50,000; none issued | - | - |
| Common Stock, par value \$1: | | |
| Authorized shares – 40,000,000 | | |
| 2018 – 24,110,299 issued, | | |
| 17,444,901 outstanding | | |
| 2017 – 24,092,488 issued, | | |
| 17,427,090 outstanding | 24,110 | 24,092 |
| Additional paid-in capital | 28,737 | 28,329 |
| Retained earnings | 329,269 | 321,323 |
| Less: Treasury stock – at cost | | |
| 2018 – 6,665,398 shares | | |
| 2017 – 6,665,398 shares | (143,595) | (143,595) |
| Total Stockholders' Equity | 238,521 | 230,149 |
| Total Liabilities and Stockholders' Equity | \$303,275 | \$284,318 |

STURM, RUGER & COMPANY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(UNAUDITED)

(Dollars in thousands, except per share data)

| | Three Months Ended | |
|-------------------------------------|--------------------|---------------|
| | March 31, 2018 | April 1, 2017 |
| Net firearms sales | \$129,883 | \$166,365 |
| Net castings sales | 1,276 | 990 |
| Total net sales | 131,159 | 167,355 |
| Cost of products sold | 95,339 | 111,602 |
| Gross profit | 35,820 | 55,753 |
| Operating expenses: | | |
| Selling | 8,337 | 13,539 |
| General and administrative | 8,887 | 8,343 |
| Total operating expenses | 17,224 | 21,882 |
| Operating income | 18,596 | 33,871 |
| Other income: | | |
| Interest expense, net | (27) | (34) |
| Other income, net | 332 | 354 |
| Total other income, net | 305 | 320 |
| Income before income taxes | 18,901 | 34,191 |
| Income taxes | 4,637 | 11,967 |
| Net income and comprehensive income | \$ 14,264 | \$ 22,224 |
| Basic earnings per share | \$0.82 | \$1.22 |
| Diluted earnings per share | \$0.81 | \$1.21 |
| Cash dividends per share | \$0.23 | \$0.44 |

STURM, RUGER & COMPANY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(Dollars in thousands)

| | Three Months Ended | |
|---|--------------------|---------------|
| | March 31, 2018 | April 1, 2017 |
| Operating Activities | | |
| Net income | \$ 14,264 | \$ 22,224 |
| Adjustments to reconcile net income to cash provided by operating activities: | | |
| Depreciation and amortization | 8,172 | 9,326 |
| Slow moving inventory valuation adjustment | 360 | 615 |
| Stock-based compensation | 1,144 | 686 |
| Loss on sale of assets | - | 31 |
| Deferred income taxes | (744) | 933 |
| Changes in operating assets and liabilities: | | |
| Trade receivables | (1,047) | (8,151) |
| Inventories | 13,242 | (1,038) |
| Trade accounts payable and accrued expenses | (3,974) | (2,693) |
| Contract liability to customers | 7,081 | - |
| Employee compensation and benefits | 1,361 | (9,873) |
| Product liability | (70) | (453) |
| Prepaid expenses, other assets and other liabilities | 898 | (3,165) |
| Income taxes payable and prepaid income taxes | 4,625 | 10,495 |
| Cash provided by operating activities | 45,312 | 18,937 |
| Investing Activities | | |
| Property, plant and equipment additions | (1,402) | (7,232) |
| Cash used for investing activities | (1,402) | (7,232) |
| Financing Activities | | |
| Remittance of taxes withheld from employees related to share-based compensation | (718) | (2,492) |
| Repurchase of common stock | - | (53,469) |
| Dividends paid | (4,012) | (7,772) |
| Cash used for financing activities | (4,730) | (63,733) |
| Increase (decrease) in cash and cash equivalents | 39,180 | (52,028) |
| Cash and cash equivalents at beginning of period | 63,487 | 87,126 |
| Cash and cash equivalents at end of period | \$ 102,667 | \$ 35,098 |

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 one non-GAAP financial measure, EBITDA, 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 EBITDA 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 believes that this reporting provides better transparency and comparability to its operating results. 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 31, 2018 | April 1, 2017 |
| Net income | \$14,264 | \$22,224 |
| Income tax expense | 4,637 | 11,967 |
| Depreciation and amortization expense | 8,172 | 9,326 |
| Interest expense, net | 27 | 34 |
| EBITDA | \$27,100 | \$43,551 |