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**Section 1: 8-K (8-K)**

**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 10, 2018**

**BLUE BIRD CORPORATION**

(Exact name of registrant as specified in its charter)

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

**001-36267**  
(Commission File Number)

**46-3891989**  
(IRS Employer  
Identification No.)

**3920 Arkwright Road, 2<sup>nd</sup> Floor  
Macon, Georgia**  
(Address of Principal Executive Offices)

**31210**  
(Zip Code)

**Registrant's Telephone Number, Including Area Code: (478) 822-2801**

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

*In accordance with General Instruction B.2. to Form 8-K, the following information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.*

The information regarding the results of operations and financial condition of Blue Bird Corporation (the "Company") responsive to this Item 2.02, and contained in Exhibit 99.1 filed herewith, is incorporated into this Item 2.02 by reference.

## ITEM 7.01 REGULATION FD DISCLOSURE

*In accordance with General Instruction B.2. to Form 8-K, the following information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.*

The Company, which is the leading independent designer and manufacturer of school buses, announced it will present via live web cast its fiscal 2018 second quarter financial results on May 10, 2018. A live web cast is scheduled at approximately 4:30 p.m. Eastern Time. Speakers on the web cast will include: Phil Horlock, President and Chief Executive Officer; Phil Tighe, Chief Financial Officer and other company leaders.

The web cast can be accessed through a link on the investor relations page of Company's web site at <http://blue-bird.com>. Investors are advised to log on to the website at least 15 minutes prior to the start of the web cast to allow sufficient time for downloading any necessary software. The web cast will be available for replay at the same address approximately three hours following its conclusion, and will remain available for a period of at least 12 months.

## ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

Exhibit No.	Description
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99.1	Press release of the Company, dated May 10, 2018.
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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.

**Blue Bird Corporation**

Dated: May 10, 2018

/s/ Paul Yousif

Paul Yousif

Vice President

### Exhibit Index

Exhibit No.	Description
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99.1	<a href="#">Press release of the Company</a> , dated May 10, 2018.
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## Section 2: EX-99.1 (EXHIBIT 99.1)



**BLUE BIRD**

**SOLID BLUE BIRD FISCAL 2018  
SECOND QUARTER FINANCIAL PERFORMANCE  
SUPPORTS ACHIEVEMENT OF FULL YEAR GUIDANCE**

Unit Sales up 3% , GAAP net income of \$1.8 million,  
Adjusted EBITDA of \$10.0 million, Adjusted Diluted EPS of \$0.15  
and Adjusted Free Cash Flow of \$3.3 million

Macon, GA, May 10, 2018 – Blue Bird Corporation (“Blue Bird”) (Nasdaq: BLBD), the leading independent designer and manufacturer of school buses, announced today its fiscal 2018 second quarter results. Blue Bird Corporation delivered higher revenue, up 4% from prior year, positive net income of \$1.8 million and solid Adjusted EBITDA of \$10.0 million. Positive earnings were delivered despite higher commodity costs.

Highlights

*(in millions except EPS data)*

	<b>Three Months Ended March 31, 2018</b>	<b>B/(W) 2017</b>	<b>Six Months Ended March 31, 2018</b>	<b>B/(W) 2017</b>
<b>Unit Sales</b>	2,441	74	4,146	286
<b>GAAP Measures:</b>				
<b>Revenue</b>	\$ 216.6	\$ 8.0	\$ 379.2	\$ 33.9
<b>Net Income</b>	\$ 1.8	\$ (0.9)	\$ (6.0)	\$ (0.2)
<b>Diluted Earnings per Share</b>	\$ 0.04	\$ (0.03)	\$ (0.32)	\$ 0.02
<b>Non-GAAP Measures<sup>1</sup>:</b>				
<b>Adjusted EBITDA</b>	\$ 10.0	\$ 1.6	\$ 15.3	\$ 4.3
<b>Adjusted Net Income</b>	\$ 4.6	\$ 1.4	\$ 2.9	\$ 1.8
<b>Adjusted Diluted Earnings per Share</b>	\$ 0.15	\$ 0.06	\$ 0.06	\$ 0.10

<sup>1</sup> Reconciliation to relevant GAAP metrics shown below

“We are pleased with our second quarter performance and are well positioned to deliver our full-year targets,” said Phil Horlock, President and Chief Executive Officer of Blue Bird Corporation. “We are excited about the Operational Transformation Initiatives we are implementing to improve quality, reduce cost, increase capacity and ensure that Blue Bird continues its tradition as the innovator in the School Bus industry. These key initiatives will drive higher profitability and margins and we are pleased with progress toward our target of an Adjusted EBITDA margin of more than 10% by FY2020. Continuing to invest in differentiated products that customers want and value is a core priority in Blue Bird, as evidenced by another quarter of strong growth and leadership in sales of our alternative-fuel powered school buses and by customer reaction to our all-new range of electric-powered buses. Blue Bird will begin delivery of electric buses to school districts before the end of this fiscal year.

“Despite investment in our initiatives in the second quarter, we continue to generate positive cash flow, with positive net cash provided by operating activities of \$0.8 million and Adjusted Free Cash Flow of \$3.3 million for the quarter. With our peak sales months ahead, we are maintaining our full year guidance of \$40 - \$45 million for Adjusted Free Cash Flow for the fiscal year.

"Also, despite the substantial jump in commodity prices (especially steel), we are pleased to announce that we are able to re-affirm our full year guidance for both net revenue of \$1,010 million - \$1,040 million and Adjusted EBITDA guidance of \$80 - \$85 million."

## Second Quarter 2018 Results

### *Net Sales*

Net sales were \$216.6 million for the second quarter of fiscal 2018, an increase of \$8.0 million, or 3.8%, from prior year period. Bus unit sales were 2,441 units for the quarter compared with 2,367 units for the same period last year.

### *Gross Profit*

Second quarter gross profit of \$21.7 million represents a decrease of \$3.0 million from the second quarter of last year.

### *Net Income*

Net income was \$1.8 million for the second quarter of fiscal 2018, a decrease of \$0.9 million compared with the same period last year.

### *Adjusted Net Income*

Adjusted Net Income was \$4.6 million, representing an increase of \$1.4 million compared with the same period last year.

### *Adjusted EBITDA*

Adjusted EBITDA was \$10.0 million, or 4.6% of net sales, representing an increase of \$1.6 million compared with the second quarter of the prior year.

## Year-to-Date 2018 Results

### *Net Sales*

Net sales were \$379.2 million for the six months ended March 31, 2018, an increase of \$33.9 million, or 9.8%, compared with the prior year. This was primarily driven by higher bus unit sales, which were 286 units above the same period last year.

### *Gross Profit*

Full year gross profit was \$42.3 million, a decrease of \$0.5 million from the prior year.

### *Net Income*

Net income was \$6.0 million for the six months ended March 31, 2018, which was \$0.2 million below the same period in the prior year. The decrease was primarily driven by a decrease of \$7.2 million in selling, general and administrative expenses, which was partially offset by a decrease of \$0.5 million in gross profit.

### *Adjusted Net Income*

Adjusted Net Income was \$2.9 million, representing an increase of \$1.8 million compared with the prior year.

### *Adjusted EBITDA*

Adjusted EBITDA was \$15.3 million, or 4.0% of net sales, for the six months ended March 31, 2018, an increase of \$4.3 million from the prior year. The increase in adjusted EBITDA was primarily the of lower adjusted selling, general and administrative expenses.

## Conference Call Details

Blue Bird will discuss its second quarter 2018 results and other related matters in a conference call at 4:30 PM ET today. Participants may listen to the audio portion of the conference call either through a live audio webcast on the Company's website or by telephone. The slide presentation and webcast can be accessed via the Investor Relations portion of Blue Bird's website at [www.blue-bird.com](http://www.blue-bird.com).

- Webcast participants should log on and register at least 15 minutes prior to the start time on the Investor Relations homepage of Blue Bird's website at <http://investors.blue-bird.com>. Click the link in the events box on the Investor Relations landing page.
- Participants desiring audio only should dial 1-800-263-0877 or 1-646-828-8143.

A replay of the webcast will be available approximately two hours after the call concludes via the same link on Blue Bird's website.

### About Blue Bird Corporation

Blue Bird is the leading independent designer and manufacturer of school buses, with more than 550,000 buses sold since its formation in 1927 and approximately 180,000 buses in operation today. Blue Bird's longevity and reputation in the school bus industry have made it an iconic American brand. Blue Bird distinguishes itself from its principal competitors by its singular focus on the design, engineering, manufacture and sale of school buses and related parts. As the only manufacturer of chassis and body production specifically designed for school bus applications, Blue Bird is recognized as an industry leader for school bus innovation, safety, product quality/reliability/durability, operating costs and drivability. In addition, Blue Bird is the market leader in alternative fuel applications with its propane-powered and compressed natural gas-powered school buses. Blue Bird manufactures school buses at two facilities in Fort Valley, Georgia. Its Micro Bird joint venture operates a manufacturing facility in Drummondville, Quebec, Canada. Service and after-market parts are distributed from Blue Bird's parts distribution center located in Delaware, Ohio.

### Key Non-GAAP Financial Measures We Use to Evaluate Our Performance

This press release includes the following non-GAAP financial measures "Adjusted EBITDA," "Adjusted EBITDA Margin," "Adjusted Net Income (Loss)," "Adjusted Diluted Earnings per Share," "Free Cash Flow" and "Adjusted Free Cash Flow" because management views these metrics as a useful way to look at the performance of our operations between periods and to exclude decisions on capital investment and financing that might otherwise impact the review of profitability of the business based on present market conditions.

Adjusted EBITDA is defined as net income prior to discontinued operations income or loss, interest income, interest expense, income taxes, and depreciation, amortization, and disposals, as adjusted to add back certain charges that we may record each year, such as stock-compensation expense and transaction costs, as these expenses are not considered an indicator of ongoing company performance. We define Adjusted EBITDA margin as Adjusted EBITDA as a percentage of net sales. Adjusted Net Income (Loss) is net income as adjusted to add back certain transaction costs not considered an indicator of ongoing company performance. Adjusted diluted earnings per share represents Adjusted Net Income (Loss) by diluted weighted average common shares outstanding (as if we had GAAP net income during the respective period). Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income (Loss), and Adjusted Diluted Earnings per Share are not measures of performance defined in accordance with GAAP. The measures are used as a supplement to GAAP results in evaluating certain aspects of our business, as described below.

We believe that Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income (Loss), and Adjusted Diluted Earnings per Share are useful to investors in evaluating our performance because the measures consider the performance of our operations, excluding decisions made with respect to capital investment, financing, and other expenses. We believe that the non-GAAP metrics offer additional financial metrics that, when coupled with the GAAP results and the reconciliation to GAAP results, provide a more complete understanding of our results of operations and the factors and trends affecting our business.

Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income (Loss) and Adjusted Diluted Earnings per Share should not be considered as alternatives to net income or GAAP earnings per share as an indicator of our performance or as alternatives to any other measure prescribed by GAAP as there are limitations to using such non-GAAP measures. Although we believe the non-GAAP measures may enhance the evaluation of our operating performance based on recent revenue generation and product/overhead cost control because they exclude the impact of prior decisions made about capital investment, financing, and other expenses, (i) other companies in Blue Bird's industry may define Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income (Loss), and Adjusted Diluted Earnings per Share differently than we do and, as a result, they may not be comparable to similarly titled measures used by other companies in Blue Bird's industry, and (ii) Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income (Loss), and Adjusted Diluted Earnings per Share exclude certain financial information that some may consider important in evaluating our performance.

We compensate for these limitations by providing disclosure of the differences between Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income (Loss), and Adjusted Diluted Earnings per Share and GAAP results, including providing a reconciliation to GAAP results, to enable investors to perform their own analysis of our operating results.

Our measures of "Free Cash Flow" and "Adjusted Free Cash Flow" are used in addition to and in conjunction with results presented in accordance with GAAP and free cash flow and adjusted free cash flow should not be relied upon to the exclusion of GAAP financial measures. Free cash flow and adjusted free cash flow reflect an additional way of viewing our liquidity that, when viewed with our GAAP results, provides a more complete understanding of factors and trends affecting our cash flows. We strongly encourage investors to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure.

We define free cash flow as net cash provided by/used in operations minus cash paid for fixed assets. We define adjusted free cash flow as free cash flow minus cash paid for special compensation and other business combination expenses. We use free cash flow and adjusted free cash flow, and ratios based on both, to conduct and evaluate our business because, although it is similar to cash flow from operations, we believe it is a more conservative measure of cash flow since purchases of fixed assets and intangible assets are a necessary component of ongoing operations. In limited circumstances in which proceeds from sales of fixed or intangible assets exceed purchases, free cash flow would exceed cash flow from operations. However, since we do not anticipate being a net seller of fixed or intangible assets, we expect free cash flow to be less than operating cash flows.

### Forward Looking Statements

This press release includes forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to expectations for future financial performance, business strategies or expectations for our business. Specifically, forward-looking statements include statements in this press release regarding guidance, seasonality, product mix and gross profits and may include statements relating to:

- Inherent limitations of internal controls impacting financial statements
- Growth opportunities
- Future profitability
- Ability to expand market share
- Customer demand for certain products
- Economic conditions that could affect fuel costs, commodity costs, industry size and financial conditions of our dealers and suppliers
- Labor or other constraints on the Company's ability to maintain a competitive cost structure
- Volatility in the tax base and other funding sources that support the purchase of buses by our end customers
- Lower or higher than anticipated market acceptance for our products
- Other statements preceded by, followed by or that include the words "estimate," "plan," "project," "forecast," "intend," "expect," "anticipate," "believe," "seek," "target" or similar expressions

These forward-looking statements are based on information available as of the date of this press release, and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. The factors described above, as well as risk factors described in reports filed with the SEC by us (available at [www.sec.gov](http://www.sec.gov)), could cause our actual results to differ materially from estimates or expectations reflected in such forward-looking statements.

#### Contact:

Mark Benfield  
Investor Relations & Government Affairs  
(478) 822-2315  
[Mark.Benfield@blue-bird.com](mailto:Mark.Benfield@blue-bird.com)

**BLUE BIRD CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

(in thousands except for share data)

	March 31, 2018	September 30, 2017
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 10,349	\$ 62,616
Accounts receivable, net	12,190	10,148
Inventories	105,387	76,155
Other current assets	12,883	11,528
Total current assets	\$ 140,809	\$ 160,447
Property, plant and equipment, net	38,126	34,708
Goodwill	18,825	18,825
Intangible assets, net	56,476	57,481
Equity investment in affiliate	11,859	11,625
Deferred tax asset	10,129	11,755
Other assets	991	975
Total assets	\$ 277,215	\$ 295,816
<b>Liabilities and Stockholders' Deficit</b>		
Current liabilities		
Accounts payable	\$ 96,125	\$ 87,331
Warranty	7,906	8,573
Accrued expenses	12,283	18,229
Deferred warranty income	7,204	6,776
Other current liabilities	6,716	9,847
Current portion of long-term debt	8,000	8,000
Total current liabilities	\$ 138,234	\$ 138,756
Long-term liabilities		
Long-term debt	\$ 139,608	\$ 143,224
Warranty	11,377	12,337
Deferred warranty income	13,257	12,519
Other liabilities	15,618	15,064
Pension	29,073	32,426
Total long-term liabilities	\$ 208,933	\$ 215,570
Stockholders' deficit		
Preferred stock, \$0.0001 par value, 10,000,000 shares authorized, 400,000 issued with liquidation preference of \$40,000 at March 31, 2018 and September 30, 2017	\$ 40,000	\$ 40,000
Common stock, \$0.0001 par value, 100,000,000 shares authorized, 23,912,188 and 23,739,344 issued and outstanding at March 31, 2018 and September 30, 2017, respectively.	2	2
Additional paid-in capital	38,747	45,418
Accumulated deficit	(106,058)	(100,055)
Accumulated other comprehensive loss	(42,643)	(43,875)
Total stockholders' deficit	\$ (69,952)	\$ (58,510)
Total liabilities and stockholders' deficit	\$ 277,215	\$ 295,816



**BLUE BIRD CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)

	Three Months Ended		Six Months Ended	
	March 31, 2018	April 1, 2017	March 31, 2018	April 1, 2017
<i>(in thousands except for share data)</i>				
<b>Net sales</b>	\$ 216,628	\$ 208,651	\$ 379,177	\$ 345,311
Cost of goods sold	194,960	184,002	336,861	302,464
Gross profit	\$ 21,668	\$ 24,649	\$ 42,316	\$ 42,847
<b>Operating expenses</b>				
Selling, general and administrative expenses	18,741	19,259	44,659	37,451
Operating profit (loss)	\$ 2,927	\$ 5,390	\$ (2,343)	\$ 5,396
Interest expense	(1,826)	(1,715)	(3,278)	(4,403)
Interest income	2	6	17	13
Other income (expense), net	1,020	(37)	1,190	(164)
Loss on debt extinguishment	—	—	—	(10,142)
Income (loss) before income taxes	\$ 2,123	\$ 3,644	\$ (4,414)	\$ (9,300)
Income tax (expense) benefit	(471)	(1,108)	(1,823)	2,564
Equity in net income of non-consolidated affiliate	184	212	234	961
<b>Net income (loss)</b>	<b>\$ 1,836</b>	<b>\$ 2,748</b>	<b>\$ (6,003)</b>	<b>\$ (5,775)</b>
<b>Earnings per share:</b>				
Net income (loss) (from above)	\$ 1,836	\$ 2,748	\$ (6,003)	\$ (5,775)
Less: preferred stock dividends	763	1,017	1,533	1,970
Net income (loss) available to common stockholders	\$ 1,073	\$ 1,731	\$ (7,536)	\$ (7,745)
Basic weighted average shares outstanding	23,899,772	23,048,517	23,911,909	22,822,416
Diluted weighted average shares outstanding	25,127,082	24,590,905	23,911,909	22,822,416
Basic earnings (loss) per share	\$ 0.04	\$ 0.08	\$ (0.32)	\$ (0.34)
Diluted earnings (loss) per share	\$ 0.04	\$ 0.07	\$ (0.32)	\$ (0.34)

**BLUE BIRD CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

(in thousands of dollars)	Six Months Ended	
	March 31, 2018	April 1, 2017
<b>Cash flows from operating activities</b>		
Net loss	\$ (6,003)	\$ (5,775)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,173	4,101
Amortization of debt costs	384	713
Share-based compensation	1,510	410
Equity in net income of affiliate	(234)	(961)
Loss (gain) on disposal of fixed assets	78	(46)
Deferred taxes	1,098	(2,964)
Amortization of deferred actuarial pension losses	1,760	3,145
Loss on debt extinguishment	—	10,142
Unrealized gains on foreign currency hedges	(1,036)	—
Changes in assets and liabilities:		
Accounts receivable	(2,042)	13,444
Inventories	(29,232)	(56,618)
Other assets	(335)	(1,112)
Accounts payable	9,151	30,961
Accrued expenses, pension and other liabilities	(12,329)	(4,765)
<b>Total adjustments</b>	<b>\$ (27,054)</b>	<b>\$ (3,550)</b>
<b>Total cash used in operating activities</b>	<b>\$ (33,057)</b>	<b>\$ (9,325)</b>
<b>Cash flows from investing activities</b>		
Cash paid for fixed assets	(7,021)	(5,159)
Proceeds from sale of fixed assets	—	46
<b>Total cash used in investing activities</b>	<b>\$ (7,021)</b>	<b>\$ (5,113)</b>
<b>Cash flows from financing activities</b>		
Repayments under the former senior term loan	\$ —	\$ (161,500)
Borrowings under new term loan	—	156,887
Repayments under the new term loan	(4,000)	(2,000)
Cash paid for capital leases	(77)	(79)
Cash paid for debt issuance costs	—	(271)
Cash paid to extinguish debt	—	(507)
Payment of dividends on preferred stock	(1,533)	(1,970)
Cash paid for employee taxes on vested restricted shares and stock option exercises	(571)	(981)
Proceeds from exercises of warrants	9,504	10,982
Common stock repurchases under the share repurchase program	(15,512)	—
<b>Total cash (used in) provided by financing activities</b>	<b>\$ (12,189)</b>	<b>\$ 561</b>
<b>Change in cash and cash equivalents</b>	<b>(52,267)</b>	<b>(13,877)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>62,616</b>	<b>52,309</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 10,349</b>	<b>\$ 38,432</b>
<b>Supplemental disclosures of cash flow information</b>		
<b>Cash paid during the period for:</b>		
Interest paid, net of interest received	\$ 2,950	\$ 3,294
Income tax paid, net of tax refunds	3,596	1,233
<b>Non-cash investing and financing activities</b>		
Change in accounts payable for capital additions to property, plant and equipment	\$ (357)	\$ (2,178)
Cashless exercise of stock options	897	4,124



**Reconciliation of Net Income (Loss) to Adjusted EBITDA  
(Unaudited)**

(in thousands of dollars)	Three Months Ended		Six Months Ended	
	March 31, 2018	April 1, 2017	March 31, 2018	April 1, 2017
Net income (loss)	\$ 1,836	\$ 2,748	\$ (6,003)	\$ (5,775)
Adjustments:				
Discontinued operations loss (income)	6	61	(81)	188
Interest expense, net	1,824	1,709	3,261	4,390
Income tax expense	471	1,108	1,823	(2,564)
Depreciation, amortization, and disposals	2,169	2,047	4,280	4,084
Loss on debt extinguishment	—	—	—	10,142
Operational transformation initiatives	3,427	—	10,385	—
Business combination expenses	—	—	—	(174)
Unrealized gains on foreign currency hedges	(1,036)	—	(1,036)	—
Share-based compensation	886	410	1,510	410
Product redesign initiatives	399	282	1,139	282
Adjusted EBITDA	\$ 9,982	\$ 8,365	\$ 15,278	\$ 10,983
Adjusted EBITDA margin (percentage of net sales)	4.6%	4.0%	4.0%	3.2%

**Reconciliation of Free Cash Flow to Adjusted Free Cash Flow  
(Unaudited)**

(in thousands of dollars)	Three Months Ended		Six Months Ended	
	March 31, 2018	April 1, 2017	March 31, 2018	April 1, 2017
Net cash used in operating activities	\$ 751	\$ 22,881	\$ (33,057)	\$ (9,325)
Cash paid for fixed assets	(3,572)	(2,203)	(7,021)	(5,159)
Free cash flow	\$ (2,821)	\$ 20,678	\$ (40,078)	\$ (14,484)
Cash paid for operational transformation initiatives	(5,711)	—	(10,385)	—
Cash paid for product redesign initiatives	(399)	(282)	(1,139)	(282)
Cash paid for business combination expenses	—	(3,000)	—	(3,313)
Adjusted free cash flow	3,289	23,960	(28,554)	(10,889)

**Reconciliation of Net Income (Loss) to Adjusted Net Income  
(Unaudited)**

(in thousands of dollars)	Three Months Ended		Six Months Ended	
	March 31, 2018	April 1, 2017	March 31, 2018	April 1, 2017
Net income (loss)	\$ 1,836	\$ 2,748	\$ (6,003)	\$ (5,775)
Adjustments, net of tax benefit or expense (1)				
Operational transformation initiatives	2,570	—	7,789	—
Loss on debt extinguishment	—	—	—	6,491
Business combination expenses	—	—	—	(111)
Unrealized gains on foreign currency hedges	(777)	—	(777)	—
Share-based compensation	665	262	1,133	262
Product redesign initiatives	299	180	854	180
Discontinued operations loss (income)	5	39	(61)	120
Adjusted net income, non-GAAP	\$ 4,598	\$ 3,230	2,935	1,168
Less: preferred stock dividends	763	1,017	1,533	1,970
Adjusted net income (loss) available to common stockholders, non-GAAP	\$ 3,835	\$ 2,213	1,402	(802)

(1) Amounts are net of estimated statutory tax rates of 25% for the three and six months ended March 31, 2018 and 36% for the three and six months ended April 1, 2017.

**Reconciliation of Diluted EPS to Adjusted Diluted EPS  
(Unaudited)**

	Three Months Ended		Six Months Ended	
	March 31, 2018	April 1, 2017	March 31, 2018	April 1, 2017
Diluted earnings (loss) per share	\$ 0.04	\$ 0.07	\$ (0.32)	\$ (0.34)
One-time charge adjustments, net of tax benefit or expense	0.11	0.02	0.38	0.30
Adjusted diluted earnings (loss) per share, non-GAAP (1)	\$ 0.15	\$ 0.09	\$ 0.06	\$ (0.04)
Weighted average dilutive shares outstanding (2)	25,127,082	24,590,905	25,161,770	22,822,416

(1) Numerator is adjusted net income available to common stockholders, non-GAAP.

(2) The diluted loss per share calculations for the six months ended March 31, 2018 excluded 1,249,861 shares as their effect would be anti-dilutive, but were included in the adjusted diluted earnings (loss) per share, non-GAAP calculation as their effect was dilutive.