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): August 31, 2018

Systemax Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**1-13792**	**11-3262067**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

11 Harbor Park Drive, Port Washington, New York	**11050**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: **(516) 608-7000**

N.A.

(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 obligations 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 240.14-12)

☐ 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 CRF 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 2.01 Completion of Acquisition or Disposition of Assets.

On August 31, 2018, Systemax Inc. (the “Company”) closed the previously announced sale of its France-based IT business (the “France Business”) to Bechtle AG. The sale was denominated on a cash-free, debt-free basis and included normalized working capital adjustments. Total cash provided from the sale, before tax and transaction expenses but inclusive of cash on hand in France, was approximately $270 million at current exchange rates.

With the completion of the sale, the Company currently operates its Industrial Products Group ("IPG") business in North America, which is focused on industrial supplies and MRO (maintenance, repair, and operations).

Item 8.01 Other Events

On September 4, 2018, the Company issued a press release announcing the sale of the France Business. A copy of this press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(b) Pro forma financial information

The following Unaudited Pro Forma Condensed Consolidated Financial Information related to the sale of the France Business is attached as Exhibit 99.2 to this Form 8-K and incorporated by reference into this Form 8-K:

(i) Unaudited Pro Forma Condensed Consolidated Balance Sheet as of June 30, 2018;

(ii) Unaudited Pro Forma Condensed Consolidated Statements of Operations for the Six Months Ended June 30, 2018;

(iii) Unaudited Pro Forma Condensed Consolidated Statements of Operations for Year Ended December 31, 2017;

(iv) Unaudited Pro Forma Condensed Consolidated Statements of Operations for Year Ended December 31, 2016; and

(v) Unaudited Pro Forma Condensed Consolidated Statements of Operations for Year Ended December 31, 2015.

Exhibit Index

99.1	Press Release of Systemax Inc., dated September 4, 2018
99.2	Unaudited Pro Forma Condensed Consolidated Financial Statements

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.

SYSTEMAX INC.

Date: September 7, 2018

By: /s/ Eric Lerner
Name: Eric Lerner
Title: Senior Vice President

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Section 2: EX-99.1 (EXHIBIT 99.1)

EXHIBIT 99.1

SYSTEMAX CLOSES SALE OF FRANCE OPERATIONS

-Completes Transition to Pure Play Industrial Supplies and MRO Company-

PORT WASHINGTON, NY, September 4, 2018 — Systemax Inc. (NYSE:SYX) today announced it has closed the previously announced sale of its France-based IT business to Bechtle AG. The sale was denominated on a cash-free, debt-free basis and included normalized working capital adjustments. Total cash provided from the sale, before tax and transaction expenses but inclusive of cash on hand in France, was approximately $270 million at current exchange rates.

With the completion of the sale, Systemax currently operates its Industrial Products Group ("IPG") business in North America, which is focused on industrial supplies and MRO (maintenance, repair, and operations), markets the Company has served since 1949. IPG sells private-label and brand-name industrial equipment and supplies to businesses throughout North America, primarily under the names Global Industrial in the U.S and Global Industrial CA / Avenue in Canada. IPG offers over 1 million products that are primarily sold through its websites and corporate sales force. It is a highly successful and rapidly growing business that generated approximately $800 million in revenue in 2017 and grew its revenue at a CAGR of 13.7% from 2012 through 2017.

About Systemax Inc.
Systemax Inc. (www.systemax.com), through its operating subsidiaries, is a provider of industrial products in North America, going to market through a system of branded e-Commerce websites and relationship marketers. The Company's primary brand is Global Industrial (www.globalindustrial.com).

Forward-Looking Statements
This press release contains forward looking statements within the meaning of that term in the Private Securities Litigation Reform Act of 1995 (Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934). Additional written or oral forward looking statements may be made by the Company from time to time in filings with the Securities and Exchange Commission or otherwise. Statements contained in this press release that are not historical facts are forward looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, and are based on management's estimates, assumptions and projections and are not guarantees of future performance. The Company assumes no obligation to update these statements. Forward looking statements may include, but are not limited to, projections or estimates of revenue, income or loss, exit costs, cash flow needs and capital expenditures, statements regarding future operations, expansion or restructuring plans, including our exit from and winding down of our sold NATG operations, financing needs, compliance with financial covenants in loan agreements, plans relating to products or services of the Company, assessments of materiality, predictions of future events and the effects of pending and possible litigation, as well as assumptions relating to the foregoing. In addition, when used in this release, the words "anticipates," "believes," "estimates," "expects," "intends," and "plans" and variations thereof and similar expressions are intended to identify forward looking statements.

Other factors that may affect our future results of operations and financial condition include, but are not limited to, unanticipated developments in any one or more of the following areas, as well as other factors which may be detailed from time to time in our Securities and Exchange Commission filings: risks involved with e-commerce, including possible loss of business and customer dissatisfaction if outages or other computer-related problems should preclude customer access to our products and services; the Company's management information systems and other technology platforms supporting our sales, procurement and other operations are critical to our operations and disruptions or delays have occurred and could occur in the future, and if not timely addressed would have a material adverse effect on us; we could suffer a data security breach due to our e-commerce and data storage systems being hacked by those seeking to steal Company information, vendor, employee or customer personal information, or due to employee error, *resulting in disruption to our operations, loss of information and privacy, legal claims and adverse material impact on our reputation and business; meeting credit card industry compliance standards in order to maintain our ability to accept credit cards; technological change has had and can continue to have a material effect on our product mix and results of operations; general economic conditions will continue to impact our business; extreme weather conditions could disrupt our product supply chain and our ability to ship or receive products, which would adversely impact sales; our international operations are subject to risks such as fluctuations in currency rates and foreign regulatory requirements, and our operations are subject to the impact of newly enacted US and foreign tariffs, and political uncertainty; and managing various inventory risks, such as being unable to profitably resell excess or obsolete inventory and/or the loss of product return rights and price protection from our vendors.*

Investor/Media Contacts:
Mike Smargiassi
The Plunkett Group
212-739-6729
mike@theplunkettgroup.com

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Section 3: EX-99.2 (EXHIBIT 99.2)

Exhibit 99.2

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

On August 31, 2018 Systemax Inc. (the "Company") closed on the sale of its France based IT value added reseller business (the "France Business") to Bechtle AG ("Bechtle") for an enterprise value of $244 million before taking into account cash balances, debt items and working capital adjustments.

The sale of the France Business was denominated on a cash-free, debt-free basis, and included normalized working capital adjustments. The Company anticipates recognizing a pretax book gain of between $182 and $188 million on the sale, and after funding transaction expenses, the total cash available to U.S. shareholders on a tax-effected basis resulting from this transaction will be $241 million. The Company incurred exit costs related to the transaction of $1.5 million for the acceleration of the vesting of restricted stock awards and option grants.

The parties to the Purchase Agreement made customary representations, warranties and covenants, and agreed to indemnification obligations appropriate for the nature of the transaction. The Purchase Agreement contains representations, warranties and covenants made to, and solely for the benefit of, the parties thereto. The statements embodied in the representations and warranties are subject to qualifications and limitations agreed by the parties in connection with negotiating the terms of the agreement. In addition, certain representations and warranties were made as of a specified date, may be subject to a contractual standard of materiality different from those generally applicable to investors, or may have been used for the purpose of allocating risk between the parties rather than establishing matters as facts. Investors are not third-party beneficiaries under the Purchase Agreement and should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of the Company, the France Business or Bechtle.

The foregoing description does not purport to be complete and is qualified in its entirety by reference to the Purchase Agreement, a copy of which was filed as an exhibit to a Form 8-K filed on August 3, 2018 and incorporated herein by reference.

Upon completion of the sale, the Company's operations are its Industrial Products Group business in North America, which is focused on industrial supplies and MRO (maintenance, repair, and operations), markets the Company has served since 1949.

The following unaudited pro forma condensed consolidated financial information is presented to show how the Company's results may have appeared if the sale had occurred on June 30, 2018 (in the case of the condensed consolidated balance sheet) and on January 1, 2015 (in the case of the condensed consolidated statements of operations).

The pro forma condensed consolidated financial statements do not necessarily reflect what the Company's financial condition or results of operations would have been had the disposition occurred on the dates indicated. They also may not be useful in predicting the future financial condition and results of operations of the Company.

Systemax Inc.
Pro Forma Condensed Consolidated Balance Sheets (Unaudited)
(In millions)

	As reported June 30, 2018	Pro Forma adjustments (a)	Pro Forma adjustments		Pro Forma June 30, 2018 (Unaudited)
ASSETS:					
Current assets:					
Cash	$ 96.9	$ 0.0	$ 241.4	(b)	$ 338.3
Accounts receivable, net	189.5	(106.9)			82.6
Inventories	126.4	(37.0)			89.4
Prepaid expenses and other current assets	5.7	(0.8)			4.9
Total current assets	418.5	(144.7)	241.4		515.2
Property, plant and equipment, net	14.6	(1.2)			13.4
Deferred income taxes	25.8	(5.9)			19.9
Goodwill and intangibles	14.0	(3.8)			10.2
Other assets	1.5	(0.3)			1.2
Total assets	$ 474.4	$ (155.9)	$ 241.4		$ 559.9
LIABILITIES AND SHAREHOLDERS' EQUITY:					
Current liabilities:					
Accounts payable	$ 187.7	$ (76.6)	$		$ 111.1
Accrued expenses and other current liabilities	67.6	(24.3)	(0.7)	(c)	42.6
Total current liabilities	255.3	(100.9)	(0.7)		153.7
Deferred income tax liability	0.1				0.1
Other liabilities	21.7	(3.8)			17.9
Total liabilities	277.1	(104.7)	(0.7)		171.7
Commitments and contingencies					
Shareholders' equity:					
Preferred stock	0.0				0.0
Common stock	0.4				0.4
Additional paid-in capital	185.7		1.5	(d)	187.2
Treasury stock	(20.6)				(20.6)
Retained earnings	32.2	(51.2)	237.0	(e)	218.0
Accumulated other comprehensive loss	(0.4)		3.6	(f)	3.2
Total shareholders' equity	197.3	(51.2)	242.1		388.2
Total liabilities and shareholders' equity	$ 474.4	$ (155.9)	$ 241.4		$ 559.9

See Notes to Unaudited Pro Forma Condensed Consolidated Financial Information.

Systemax Inc.
Pro Forma Condensed Consolidated Statements of Operations (Unaudited)
(In millions, except per share amounts)

	As reported Six Months Ended June 30, 2018	Pro Forma adjustments (a)		Pro Forma Six Months Ended June 30, 2018
				(Unaudited)
Net sales	$ 718.3	$ (274.9)		$ 443.4
Cost of sales	520.5	(229.6)		290.9
Gross profit	197.8	(45.3)		152.5
Selling, distribution & administrative expenses	152.4	(29.2)	(b)	123.2
Operating income from continuing operations	45.4	(16.1)	(b)	29.3
Interest and other (income) expense, net	0.1	0.0		0.1
Income from continuing operations before income taxes	45.3	(16.1)	(b)	29.2
Provision for income taxes	13.3	(6.1)	(c)	7.2
Net income (loss) from continuing operations	32.0	(10.0)		22.0
Net income per common share from continuing operations:				
Basic	$ 0.86			$ 0.59
Diluted	$ 0.84			$ 0.58
Weighted average common and common equivalent shares:				
Basic	37.2			37.2
Diluted	37.9			37.9

See Notes to Unaudited Pro Forma Condensed Consolidated Financial Information.

Systemax Inc.
Pro Forma Condensed Consolidated Statements of Operations
(In millions, except per share amounts)

	As reported Year Ended December 31, 2017	Pro Forma adjustments (a)		Pro Forma Year Ended December 31, 2017 (Unaudited)
Net sales	$ 1,265.4	$ (473.6)		$ 791.8
Cost of sales	914.0	(395.4)		518.6
Gross profit	351.4	(78.2)		273.2
Selling, distribution & administrative expenses	279.8	(52.7)	(b)	227.1
Special charges	0.3	0.0		0.3
Operating income from continuing operations	71.3	(25.5)	(b)	45.8
Interest and other (income) expense, net	0.5	(0.3)		0.2
Income from continuing operations before income taxes	70.8	(25.2)	(b)	45.6
Provision for (benefit from) income taxes	(5.3)	(8.7)	(c)	(14.0)
Net income from continuing operations	$ 76.1	$ (16.5)		$ 59.6
Net income per common share from continuing operations:				
Basic	$ 2.06			$ 1.61
Diluted	$ 2.02			$ 1.59
Weighted average common and common equivalent shares:				
Basic	37.0			37.0
Diluted	37.6			37.6

See Notes to Unaudited Pro Forma Condensed Consolidated Financial Information.

Systemax Inc.
Pro Forma Condensed Consolidated Statements of Operations
(In millions, except per share amounts)

	As reported Year Ended December 31, 2016	Pro Forma adjustments (a)		Pro Forma Year Ended December 31, 2016 (Unaudited)
Net sales	$ 1,170.3	$ (417.2)		$ 753.1
Cost of sales	862.4	(347.5)		514.9
Gross profit	307.9	(69.7)		238.2
Selling, distribution & administrative expenses	276.3	(49.9)	(b)	226.4
Special charges	3.9	0.0		3.9
Operating income from continuing operations	27.7	(19.8)	(b)	7.9
Foreign currency exchange loss	1.3	(0.1)		1.2
Interest and other (income) expense, net	0.3	(0.1)		0.2
Income from continuing operations before income taxes	26.1	(19.6)	(b)	6.5
Provision for (benefit from) income taxes	9.2	(6.2)	(c)	3.0
Net income (loss) from continuing operations	$ 16.9	$ (13.4)		$ 3.5
Net income per common share from continuing operations:				
Basic	$ 0.45			$ 0.09
Diluted	$ 0.45			$ 0.09
Weighted average common and common equivalent shares:				
Basic	37.2			37.2
Diluted	37.2			37.2

See Notes to Unaudited Pro Forma Condensed Consolidated Financial Information.

Systemax Inc.
Pro Forma Condensed Consolidated Statements of Operations
(In millions, except per share amounts)

	As reported Year Ended December 31, 2015	Pro Forma adjustments (a)		Pro Forma Year Ended December 31, 2015 (Unaudited)
Net sales	$ 1,243.5	$ (382.6)		$ 860.9
Cost of sales	933.0	(320.2)		612.8
Gross profit	310.5	(62.4)		248.1
Selling, distribution & administrative expenses	287.1	(45.9)	(b)	241.2
Special charges	26.9	0.0		26.9
Operating income (loss) from continuing operations	(3.5)	(16.5)	(b)	(20.0)
Foreign currency exchange loss	7.5	0.0		7.5
Interest and other (income) expense, net	0.7	(0.2)		0.5
Income (loss) from continuing operations before income taxes	(11.7)	(16.3)	(b)	(28.0)
Provision for (benefit from) income taxes	12.3	(7.5)	(c)	4.8
Net income (loss) from continuing operations	$ (24.0)	$ (8.8)		$ (32.8)
Net income per common share from continuing operations:				
Basic	$ (0.65)			$ (0.88)
Diluted	$ (0.65)			$ (0.88)
Weighted average common and common equivalent shares:				
Basic	37.1			37.1
Diluted	37.1			37.1

See Notes to Unaudited Pro Forma Condensed Consolidated Financial Information.

Pro Forma adjustments to the Unaudited Condensed Consolidated Balance Sheet as of June 30, 2018

(a) Reverse the June 30, 2018 balance sheet of the Company's France business, excluding cash the Company retains.
(b) Record the proceeds from sale ($267.3 million) less deal transaction costs ($4.9 million) and estimated tax on sale ($21.0 million).
(c) Record payment of deal related accrued professional fees.
(d) Record charge related to the acceleration of certain restricted stock awards ("RSU's") and option awards granted to sold entities employees.
(e) Record retained earnings impact from net sale proceeds ($267.3 million), accelerated amortization expense of RSU's and stock options ($1.5 million), cumulative translation adjustments ($3.6 million), deal transaction costs ($4.2 million) and estimated tax on sale ($21.0 million).
(f) Record write off of cumulative translation adjustments.

Pro Forma adjustments to the Unaudited Condensed Consolidated Statements of Operations for the six months ended June 30, 2018

(a) To eliminate the revenues and directly attributable expenses of our sold France business.
(b) Excluded from this SD&A expense reversal for the six months ended June 30, 2018 is $0.3 million of corporate overhead charged to our France business that will now be incurred in the U.S. operations. Deal related costs of $0.7 million are reclassified to discontinued operations.
(c) Included within the provision for income taxes for the six months ended June 30, 2018 is $0.1 million of estimated tax benefits for the above corporate overhead charges.

Pro Forma adjustments to the Unaudited Condensed Consolidated Statements of Operations for the years ended December 31, 2017, 2016 and 2015

(a) To eliminate the revenues and directly attributable expenses of our sold France business.
(b) Excluded from the SD&A expense reversals for the years ended December 31, 2017, 2016 and 2015 is $0.7 million, $0.5 million and $0.5 million, respectively, of corporate overhead charged to our France business that will now be incurred in U.S. operations.
(c) Included within the provision for income taxes for each of the years ended December 31, 2017, 2016 and 2015 is $0.3 million of estimated tax benefits for the above corporate overhead charges.