

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): April 30, 2019

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 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.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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Common Stock

SYX

New York Stock Exchange

Item 2.02 Results of Operations and Financial Condition

On April 30, 2019, Systemax Inc. (the "Company") issued a press release announcing its financial results for the first quarter ended March 31, 2019 (the "Press Release") . The press release is attached as Exhibit 99.1 to this Current Report on Form 8-K.

On April 30, 2019 at 5:00 p.m. Eastern time, management will provide pre-recorded remarks on the Company's financial results for the first quarter ended March 31, 2019.

Item 8.01 Other Events

The Press Release also announced the declaration of a cash dividend of \$0.12 per share payable to common stock shareholders of record at the close of business on May 13, 2019, payable on May 20, 2019.

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, as amended (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, as amended, or the Exchange Act, regardless of any general incorporation language in such filing.

Item 9.01. Financial Statements and Exhibits.

The following exhibit relating to Items 2.02 and 8.01 shall be deemed to be furnished, and not filed:

Exhibit Number	Description
99.1	Press Release of Systemax Inc., dated April 30, 2019.

Exhibit Index

[99.1](#)

Press Release of Systemax Inc., dated April 30, 2019.

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: April 30, 2019

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 REPORTS FIRST QUARTER 2019 FINANCIAL RESULTS

-Sales Increase 9.4% Over Prior Year to \$232.2 Million-
-Operating Income Grows 19% to \$13.2 Million; Adjusted Operating Income Grows 27% to \$14.9 Million-
- Board Declares \$0.12 Dividend -

PORT WASHINGTON, NY, April 30, 2019 – Systemax Inc. (NYSE: SYX) today announced financial results for the first quarter ended March 31, 2019.

Performance Summary* (U.S. dollars in millions, except per share data)		
Highlights	Quarter Ended March 31,	
	2019	2018
GAAP Results**		
Net sales	\$ 232.2	\$ 212.2
Gross profit	\$ 80.3	\$ 72.5
Gross margin	34.6%	34.2%
Operating income	\$ 13.2	\$ 11.1
Operating margin	5.7%	5.2%
Net income from continuing operations	\$ 10.0	\$ 8.7
Net income per diluted share from continuing operations	\$ 0.26	\$ 0.23
Net income (loss) from discontinued operations	\$ (0.3)	\$ 5.9
Net income (loss) per diluted share from discontinued operations	\$ (0.01)	\$ 0.15
Non-GAAP Results**		
Operating income	\$ 14.9	\$ 11.7

Operating margin	6.4%	5.5%
Net income from continuing operations	\$ 11.0	\$ 8.6
Net income per diluted share from continuing operations	\$ 0.29	\$ 0.23

First Quarter 2019 Financial Summary:

- Consolidated sales increased 9.4% to \$232.2 million in U.S. dollars. On a constant currency basis, average daily sales increased 9.6%.
- Consolidated operating income grew 18.9% to \$13.2 million compared to \$11.1 million last year on a GAAP basis. On a Non-GAAP basis, consolidated operating income grew 27.4% to \$14.9 million.
- Net income per diluted share from continuing operations grew 13.0% to \$0.26. Non-GAAP net income per diluted share from continuing operations grew 26.1% to \$0.29.

Barry Litwin, Chief Executive Officer, said, "We delivered strong financial performance in the first quarter as revenue reached \$232 million, with average daily sales increasing 9.6%. Operating leverage from current operations was excellent, with the expansion of gross and operating margins driving a 19% improvement in operating income, and an impressive 27% improvement in non-GAAP operating income. This in turn provided strong cash flow generation in the quarter."

"With a robust platform and ability to deliver a personalized digital end-to-end and high-touch sales and customer experience, we have launched a number of continuous improvement initiatives that will allow us to accelerate our customer experience and champion a customer centric culture across every facet of the company. These actions are specifically designed to enhance service levels, and build a greater competitive advantage. We remain focused on delivering higher customer satisfaction, which will help drive revenue performance and overall profitability."

At March 31, 2019, the Company had total working capital of \$114.6 million, cash and cash equivalents of \$70.0 million and excess availability under its credit facility of approximately \$72.1 million. Operating cash flow from continuing operations in the quarter was \$23.8 million. The Company's board of directors has declared a cash dividend of \$0.12 per share to common stock shareholders of record at the close of business on May 13, 2019, payable on May 20, 2019. The Company anticipates continuing a regular quarterly dividend in the future.

Earnings Conference Call Details

Systemax Inc. will provide pre-recorded remarks on its first quarter 2019 results today, April 30, 2019 at 5:00 p.m. Eastern Time. A live webcast of the remarks will be available on the Company's website at www.systemax.com in the investor relations section. The webcast will also be archived on www.systemax.com for approximately 90 days.

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 primary brand is Global Industrial.

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. Any such statements 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. Forward-looking statements may include, but are not limited to statements regarding: i) projections or estimates of revenue, income or loss, exit costs, cash flow needs and capital expenditures; ii) fluctuations in general economic conditions; iii) future operations, such as, plans relating to new distribution facilities, plans for utilizing alternative sources of supply in response to government tariffs and trade actions, and plans for new products or services; iv) plans for acquisition or sale of businesses, including expansion or restructuring plans, such as our exit from and winding down of our North American Technology Group ("NATG") and European operations; v) financing needs, and compliance with financial covenants in loan agreements; vi) assessments of materiality; vii) predictions of future events and the effects of pending and possible litigation; and viii) 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: general economic conditions, such as customer inventory levels, interest rates, borrowing ability and economic conditions in the manufacturing industry generally, will continue to impact our business; the imposition of tariffs and other trade barriers, as well as retaliatory trade measures, have caused us to raise the prices on certain of our products and seek alternate sources of supply, which could negatively impact our sales or disrupt our operations in the future; increases in freight and shipping costs have from time to time impacted our margins to the extent the increases could not be passed along to customers in a timely manner and may impact our margins again in the future, and factors affecting the shipping and distribution of products imported to the United States by us or our domestic vendors, such as global availability of shipping containers and fuel costs; our reliance on common carrier delivery services for shipping inventoried merchandise to customers; our reliance on drop ship deliveries directly to customers by our product vendors for products we do not hold in

inventory; delays in the timely availability of products from our suppliers could delay receipt of needed product and result in lost sales; our ability to maintain available capacity in our distribution operations for stocked inventory and to enable on time shipment and deliveries, such as by timely implementing additional temporary or permanent distribution resources, whether in the form of additional facilities we operate or by outsourcing certain functions to third party distribution and logistics partners; we compete with other companies for recruiting, training, integrating and retaining talented and experienced employees, particularly in markets where we and they have central distribution facilities; this aspect of competition is aggravated by the current tight labor market in the U.S.; 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; our 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 could have a material adverse effect on us; a data security breach due to our e-commerce, data storage or other information systems being hacked by those seeking to steal Company, vendor, employee or customer information, or due to employee error, resulting in disruption to our operations, litigation and/or loss of reputation or business; managing various inventory risks, such as being unable to profitably resell excess or obsolete inventory and/or the loss of product return rights from our vendors; meeting credit card industry compliance standards in order to maintain our ability to accept credit cards; rising interest rates, increased borrowing costs or limited credit availability, including our own ability to maintain satisfactory credit agreements and to renew credit facilities, could impact both our and our customers' ability to fund purchases and conduct operations in the ordinary course; pending or threatened litigation and investigations, as well as anti-dumping and other government trade and customs proceedings, could adversely affect our business and results of operations; sales tax laws or government enforcement priorities may be changed which could result in e-commerce and direct mail retailers having to collect sales taxes in states where the current laws and/or prior interpretations do not require us to do so; and extreme weather conditions could disrupt our product supply chain and our ability to ship or receive products, which would adversely impact sales.

Investor/Media Contacts:

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** Systemax manages its business and reports using a 52-53 week fiscal year that ends at midnight on the Saturday closest to December 31. For clarity of presentation, fiscal years and quarters are described as if they ended on the last day of the respective calendar month. The actual fiscal quarters ended on March 30, 2019 and March 31, 2018. The first quarter of both 2019 and 2018 included 13 weeks.*

***On August 31, 2018, the Company closed on the sale of its France operations. Results of this divested business have been classified as discontinued operations for all periods presented.*

Condensed Consolidated Statements of Operations – GAAP - Unaudited
(In millions, except per share amounts)

	Quarter Ended March 31,	
	2019	2018
Net sales	\$ 232.2	\$ 212.2
Cost of sales	151.9	139.7
Gross profit	80.3	72.5
<i>Gross margin</i>	34.6 %	34.2 %
Selling, distribution and administrative expenses	67.1	61.4
Operating income from continuing operations	13.2	11.1
<i>Operating margin</i>	5.7 %	5.2 %
Interest and other (income) expense, net	0.0	0.1
Income from continuing operations before income taxes	13.2	11.0
Provision for income taxes	3.2	2.3
Net income from continuing operations	10.0	8.7
Net income (loss) from discontinued operations	(0.3)	5.9
Net income	\$ 9.7	\$ 14.6
Net income per common share from continuing operations:		
Basic	\$ 0.27	\$ 0.23
Diluted	\$ 0.26	\$ 0.23
Net income (loss) per common share from discontinued operations:		
Basic	\$ (0.01)	\$ 0.16
Diluted	\$ (0.01)	\$ 0.15
Net income per common share:		
Basic	\$ 0.26	\$ 0.39
Diluted	\$ 0.25	\$ 0.38
Weighted average common and common equivalent shares:		
Basic	37.4	37.2
Diluted	37.9	37.9

SYSTEMAX INC.
Condensed Consolidated Balance Sheets – GAAP - Unaudited
(In millions)

	March 31,	December 31,
	2019	2018
Current assets:		
Cash and cash equivalents	\$ 70.0	\$ 295.4
Accounts receivable, net	91.7	84.1
Inventories	105.9	107.3
Prepaid expenses and other current assets	6.8	10.6
Total current assets	274.4	497.4
Property, plant and equipment, net	14.9	14.9
Right of use assets	51.3	0.0
Goodwill, intangibles and other assets	17.6	17.7
Total assets	\$ 358.2	\$ 530.0
Current liabilities:		
Accounts payable and accrued expenses	\$ 149.2	\$ 136.1
Dividend payable	0.0	243.5
Operating lease liabilities	10.6	0.0
Total current liabilities	159.8	379.6
Deferred tax liability	0.1	0.1
Other liabilities	3.0	12.6
Operating lease liabilities	51.3	0.0
Shareholders' equity	144.0	137.7
Total liabilities and shareholders' equity	\$ 358.2	\$ 530.0

SYSTEMAX INC.

Reconciliation of Consolidated GAAP Operating Income from Continuing Operations to Consolidated Non-GAAP Operating Income from Continuing Operations – Unaudited

(In millions)

GAAP:	2019	2018	2019 vs. 2018
Net sales	\$ 232.2	\$ 212.2	9.4%
Average daily sales*	3.6	3.3	9.6%
Operating income	13.2	11.1	18.9%
Operating margin%	5.7%	5.2%	
Non-GAAP adjustments:			
Executive separation & transition costs	0.6	0.0	
Stock based compensation	1.1	0.3	
Intangible amortization	0.0	0.3	
Total Non-GAAP Adjustments:	1.7	0.6	
Non-GAAP operating income	\$ 14.9	\$ 11.7	27.4%
Non-GAAP operating margin %	6.4%	5.5%	

* Average daily sales is calculated based upon the number of selling days in each period, converted to US Dollars on a constant currency basis.

SYSTEMAX INC.
**Reconciliation of GAAP Net Income from Continuing Operations to Non-GAAP
Net Income from Continuing Operations – Unaudited**
(In millions)

	Quarter Ended March 31,	
	2019	2018
GAAP		
Net income from continuing operations	\$ 10.0	\$ 8.7
Provision for income taxes from continuing operations	3.2	2.3
Income from continuing operations before income taxes	13.2	11.0
Interest and other (income) expense from continuing operations, net	0.0	0.1
Operating income from continuing operations	13.2	11.1
Non-GAAP adjustments:		
Recurring adjustments	1.7	0.6
Adjusted operating income	14.9	11.7
Interest and other expense (income), net	0.0	0.1
Income before income taxes	14.9	11.6
Normalized provision for income taxes	3.9	3.0
Normalized effective tax rate ⁽¹⁾	26.0 %	26.0 %
Non-GAAP net income from continuing operations	\$ 11.0	\$ 8.6
GAAP net income per diluted share from continuing operations	\$ 0.26	\$ 0.23
Non-GAAP net income per diluted share from continuing operations	\$ 0.29	\$ 0.23

⁽¹⁾ Effective tax rate of 26% used in the first quarter of 2019 and 2018.

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