
Section 1: 8-K (FORM 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 7, 2018

ARMSTRONG FLOORING, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-37589
(Commission
File No.)

47-4303305
(IRS Employer
Identification No.)

2500 Columbia Avenue P.O. Box 3025
Lancaster, Pennsylvania
(Address of principal executive offices)

17603
(Zip code)

Registrant's telephone number, including area code: (717) 672-9611

Not Applicable
(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 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.

Section 2 – Financial Information

Item 2.02 Results of Operations and Financial Condition.

On August 7, 2018, Armstrong Flooring, Inc. (the “Company”) issued a press release announcing its second quarter 2018 financial results. The full text of the press release is attached hereto as Exhibit 99.1.

The information in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, is being furnished herewith and shall not be deemed “filed” for the 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 into any filing under the Securities Act of 1933, as amended (the “Act”), or the Exchange Act, except as expressly set forth by specific reference in such filing.

Section 7 – Regulation FD

Item 7.01 Regulation FD Disclosure.

On August 7, 2018, the Company issued a press release announcing that it will report its second quarter 2018 financial results via a live webcast and conference call on August 7, 2018 at 11:00 a.m. Eastern Time. The live webcast and accompanying slide presentation will be available in the Investors section of the Company’s website at www.armstrongflooring.com. To participate in the call, please dial 877-407-0789 (domestic) or 201-689-8562 (international). A replay of the conference call will be available for 90 days, by dialing 844-512-2921 (domestic) or 412-317-6671 (international) and entering the passcode 13681530. The full text of the press release is attached hereto as Exhibit 99.1.

The information in Item 7.01 of this Current Report on Form 8-K is being furnished herewith and shall not be deemed “filed” for the purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing under the Act, or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of Armstrong Flooring, Inc. dated August 7, 2018

SIGNATURE

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.

ARMSTRONG FLOORING, INC.

By: /s/ Christopher S. Parisi
Christopher S. Parisi
Senior Vice President, General Counsel & Secretary

Date: August 7, 2018

[\(Back To Top\)](#)

Section 2: EX-99.1 (EX-99.1)

Exhibit 99.1



ARMSTRONG FLOORING REPORTS SECOND QUARTER 2018 RESULTS

Second Quarter 2018 Highlights Compared to Prior Year

- Net Sales Increased 2.9% to \$306.0 Million
- Net Income Improved 92.1% to \$10.5 Million; EPS Doubled to \$0.40
- Adjusted EBITDA Increased 16.0% to \$29.6 Million; Adjusted EPS Grew 74.7% to \$0.47
- Reaffirms Outlook for Full Year 2018

Lancaster, PA, August 7, 2018. Armstrong Flooring, Inc. (NYSE: AFI) (“Armstrong Flooring” or the “Company”), North America’s largest producer of resilient and wood flooring products, today reported financial results for the second quarter ended June 30, 2018.

Don Maier, Chief Executive Officer, commented, “I am very proud of the Armstrong Flooring team as we delivered both top and bottom line growth in the second quarter, building on our strong start in Q1. Net sales increased 2.9% driven by significant volume growth in Luxury Vinyl Tile (“LVT”) and higher selling prices across most product categories. Adjusted EBITDA growth reflected the combination of higher sales, productivity and cost saving actions that more than offset significant inflationary pressures. Into the second half of 2018, we have a range of initiatives in motion to further advance our strategic priorities and deliver on our reaffirmed full-year 2018 outlook.”

Second Quarter of 2018 Results Compared with Second Quarter of 2017 Results

Consolidated Results

(Dollars in millions except per share data)

	Three Months Ended June 30,		
	2018	2017	Change
Net sales	\$306.0	\$297.3	2.9%
Operating income	\$ 14.0	\$ 11.2	25.0%
Net income	\$ 10.5	\$ 5.4	92.1%
Diluted earnings per share	\$ 0.40	\$ 0.20	100.0%
Adjusted EBITDA	\$ 29.6	\$ 25.5	16.0%
Adjusted EBITDA margin	9.7%	8.6%	110 bps
Adjusted net income	\$ 12.2	\$ 7.5	62.5%
Adjusted diluted earnings per share	\$ 0.47	\$ 0.27	74.7%

In the second quarter of 2018, net sales increased 2.9% to \$306.0 million as compared to \$297.3 million in the second quarter of 2017, primarily due to higher Resilient segment net sales.

Second quarter 2018 net income was \$10.5 million, or diluted earnings per share of \$0.40, as compared to net income of \$5.4 million, or diluted earnings per share of \$0.20, in the prior year quarter. Adjusted net income was \$12.2 million, or adjusted diluted earnings per share of \$0.47, as compared to an adjusted net income of \$7.5 million, or adjusted diluted earnings per share of \$0.27, in the prior year quarter.

Second quarter 2018 adjusted EBITDA was \$29.6 million, as compared to \$25.5 million in the prior year quarter. The increase in adjusted EBITDA was primarily due to higher net sales, stronger productivity and lower manufacturing costs, which more than offset the impact of significantly higher input costs.

Resilient Flooring Segment

(Dollars in millions)	Three Months Ended June 30,		
	2018	2017	Change
Net sales	\$ 199.9	\$ 187.8	6.4%
Operating income	\$ 9.4	\$ 13.5	(30.6%)
Adjusted EBITDA	\$ 21.5	\$ 24.0	(10.3%)
Adjusted EBITDA margin	10.8%	12.8%	(200) bps

Net sales were \$199.9 million as compared to \$187.8 million in the prior year period. The increase in net sales was primarily due to double-digit volume growth in LVT, along with higher selling prices and improved mix across most categories.

Operating income was \$9.4 million as compared to operating income of \$13.5 million in the prior year quarter. Adjusted EBITDA was \$21.5 million as compared to \$24.0 million in the prior year quarter, primarily attributable to the impact of higher input costs, which more than offset the benefit of improved productivity and higher net sales.

Wood Flooring Segment

(Dollars in millions)	Three Months Ended June 30,		
	2018	2017	Change
Net sales	\$106.1	\$ 109.5	(3.1%)
Operating income (loss)	\$ 4.6	(\$2.3)	NM
Adjusted EBITDA	\$ 8.1	\$ 1.5	425.1%
Adjusted EBITDA margin	7.6%	1.4%	620 bps

Net sales were \$106.1 million as compared to \$109.5 million in the prior year quarter, with the decline driven by lower volumes in engineered wood. Higher selling prices in both solid and engineered wood provided a partial offset to lower volumes.

Operating income was \$4.6 million, compared to an operating loss of \$2.3 million in the prior year quarter. Adjusted EBITDA was \$8.1 million as compared to \$1.5 million in the prior year quarter, driven by improved manufacturing costs and productivity, along with lower SG&A spending, which more than offset higher input costs.

Full Year 2018 Outlook

For the full year 2018, the Company continues to expect adjusted EBITDA to be in the range of \$70 million to \$80 million. The adjusted EBITDA outlook assumes sales growth in the low single-digits. The Company continues to expect capital expenditures to be in the range of \$40 million to \$45 million for the full year 2018 while delivering another year of free cash flow in line with recent years.

Conference Call and Webcast

The Company will host a live webcast and conference call to review second quarter results on Tuesday, August 7, 2018 at 11:00 a.m. ET. The live webcast and accompanying slide presentation will be available in the Investors section of the Company's website at www.armstrongflooring.com. To participate in the call, please dial 877-407-0789 (domestic) or 201-689-8562 (international). A replay of the conference call will be available for 90 days, by dialing 844-512-2921 (domestic) or 412-317-6671 (international) and entering the passcode 13681530.

About Armstrong Flooring

Armstrong Flooring, Inc. (NYSE: AFI) is a global leader in the design and manufacture of innovative flooring solutions that *inspire spaces where people live, work, learn, heal and play*SM. Headquartered in Lancaster, Pa., Armstrong Flooring is the #1 manufacturer of resilient and wood flooring products across North America. The Company safely and responsibly operates 15 manufacturing facilities in three countries and employs approximately 3,500 individuals, all working together to provide the highest levels of service, quality and innovation to ensure it remains as strong and vital as its 150-year heritage. Learn more at www.armstrongflooring.com.

Forward Looking Statements

Disclosures in this release and in our other public documents and comments contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Those statements provide our future expectations or forecasts and can be identified by our use of words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "outlook," "target," "predict," "may," "will," "would," "could," "should," "seek," and other words or phrases of similar meaning in connection with any discussion of future operating or financial performance. Forward-looking statements, by their nature, address matters that are uncertain and involve risks because they relate to events and depend on circumstances that may or may not occur in the future. As a result, our actual results may differ materially from our expected results and from those expressed in our forward looking statements. A more detailed discussion of the risks and uncertainties that could cause our actual results to differ materially from those projected, anticipated or implied is included in our reports filed with the U.S. Securities and Exchange Commission. Forward-looking statements speak only as of the date they are made. We undertake no obligation to update any forward-looking statements beyond what is required under applicable securities law.

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Armstrong Flooring, Inc. and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)
(Dollars in millions except per share data)

	Three months ended June 30,	
	2018	2017
Net sales	\$ 306.0	\$ 297.3
Cost of goods sold	243.2	239.4
Gross profit	62.8	57.9
Selling, general, and administrative expense	48.8	46.7
Operating income	14.0	11.2
Interest expense	1.0	0.7
Other expense	0.7	1.5
Earnings before income taxes	12.3	9.0
Income tax expense	1.8	3.6
Net income	\$ 10.5	\$ 5.4
Weighted average number of common shares outstanding - Basic	25.9	27.7
Basic earnings per share of common stock	\$ 0.41	\$ 0.20
Weighted average number of common shares outstanding - Diluted	26.0	28.0
Diluted earnings per share of common stock	\$ 0.40	\$ 0.20

Condensed Consolidated Balance Sheet
(Dollars in millions)

	June 30, 2018 (unaudited)	December 31, 2017
Assets		
Current Assets:		
Cash	\$ 28.5	\$ 39.0
Accounts and notes receivable, net	98.9	79.7
Inventories, net	246.1	236.0
Other current assets	25.8	35.6
Total current assets	399.3	390.3
Property, plant, and equipment, net	406.3	418.1
Other non-current assets	68.2	71.1
Total assets	\$ 873.8	\$ 879.5
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 163.8	\$ 150.2
Other current liabilities	0.8	0.8
Total current liabilities	164.6	151.0
Long-term debt	69.7	86.0
Postretirement benefit liabilities	70.2	72.7
Pension benefit liabilities	3.5	5.7
Other long-term liabilities	14.0	14.1
Total liabilities	322.0	329.5
Total stockholders' equity	551.8	550.0
Total liabilities and stockholders' equity	\$ 873.8	\$ 879.5

Supplemental Reconciliations of GAAP to non-GAAP Results (unaudited)

To supplement its consolidated financial statements presented in accordance with accounting principles generally accepted in the United States (GAAP), the Company provides additional measures of performance adjusted to exclude the impact of restructuring charges and related costs, impairments, the non-cash impact of the U.S. pension plan, and certain other gains and losses. Free cash flow is defined as net cash from operating activities less purchases of property, plant and equipment plus proceeds from the sale of property, plant and equipment. The Company uses these adjusted performance measures in managing the business, including in communications with its Board of Directors and employees, and believes that they can provide users of this financial information with meaningful comparisons of operating performance between current and prior periods. The Company believes that these non-GAAP financial measures are appropriate to enhance understanding of its past performance, as well as its prospects for future performance. A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures is included in this release and on the Company's website. These non-GAAP measures should not be considered in isolation or as a substitute for the most comparable GAAP measures. Non-GAAP financial measures utilized by the Company may not be comparable to non-GAAP financial measures used by other companies. The Company does not provide financial guidance for forecasted net income since certain items that impact net income are outside of our control and cannot be reasonably predicted. Therefore, the Company is unable to provide a reconciliation of its Adjusted EBITDA guidance to net income, the most comparable financial measure calculated in accordance with GAAP.

(Dollars in millions except per share data)

	Three Months Ended June 30,					
	2018			2017		
	Total	Resilient	Wood	Total	Resilient	Wood
Net income	\$10.5			\$ 5.4		
Interest Expense	1.0			0.7		
Other Expense	0.7			1.5		
Taxes	1.8			3.6		
Operating Income	14.0	9.4	4.6	11.2	13.5	(2.3)
Depreciation and amortization	14.1	11.3	2.9	12.5	8.8	3.8
Expense related to plant closures, multi-layer wood flooring duties, acquisitions, and cost reduction initiatives	0.5	0.1	0.4	0.3	0.5	(0.2)
U.S. pension expense	0.9	0.8	0.1	1.4	1.2	0.2
Adjusted EBITDA	\$29.6	\$ 21.5	\$ 8.1	\$25.5	\$ 24.0	\$ 1.5

	Three Months Ended June 30,			
	2018		2017	
	\$ million	Per diluted share	\$ million	Per diluted share
Net income	\$ 10.5	\$ 0.40	\$ 5.4	\$ 0.20
Expenses related to plant closures, multi-layer wood flooring duties, acquisitions, and cost reduction initiatives	0.5		0.3	
U.S. pension expense	0.9		1.4	
Other Expense	0.7		1.5	
Tax impact of adjustments at statutory rate	(0.5)		(1.2)	
Adjusted Net Income	\$ 12.2	\$ 0.47	\$ 7.5	\$ 0.27

Rows and columns may not foot due to rounding.