

PAPA MURPHY'S HOLDINGS, INC.

FORM 8-K (Current report filing)

Filed 02/15/17 for the Period Ending 02/15/17

Address	8000 NE PARKWAY DRIVE SUITE 350 VANCOUVER, WA 98662
Telephone	360 260-7272
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Sector	Consumer Cyclical
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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: February 15, 2017

(Date of earliest event reported)



Papa Murphy's Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

001-36432
(Commission
File Number)

27-2349094
(IRS Employer
Identification No.)

8000 NE Parkway Drive, Suite 350
Vancouver, WA
(Address of principal executive offices)

98662
(Zip Code)

(360) 260-7272

(Registrant's telephone number, including area code)

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))
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Item 2.05 Costs Associated with Exit or Disposal Activities

On February 15, 2017, Papa Murphy's Holdings, Inc. (the "Company") announced a strategic realignment resulting in the elimination of eleven positions at the Company, effective as of February 15, 2017. This action is pursuant to the Company's commitment to operate with an efficient cost structure and align resources to drive franchise growth and profitability.

As a result of this action, the Company currently estimates that it will recognize pre-tax charges to its GAAP financial results in an amount of up to \$1.0 million consisting of severance and other one-time termination benefits, and other associated costs. All of these charges are expected to be cash-based. The Company expects the majority of these charges will be recognized during the first quarter of fiscal 2017.

The Company's press release announcing the Company's strategic realignment is attached hereto as Exhibit 99.1.

The foregoing contains forward-looking statements, which are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include the expected amount, timing and relative cash-component of the charges relating to the realignment. Statements regarding future events are based on the Company's current expectations and are necessarily subject to associated risks related to the completion of the restructuring in the manner anticipated by the Company. Although the Company believes any forward-looking statements are based on reasonable assumptions, the reader should be aware that many factors could affect the Company's actual financial results and cause them to differ materially from those anticipated in any forward-looking statements. Please refer to the risk factors discussed in the Company's annual report on Form 10-K for the fiscal year ended December 28, 2015 and quarterly reports on Forms 10-Q for the fiscal quarters ended March 28, 2016 and September 26, 2016 (each of which can be found at the SEC's website www.sec.gov); each such risk factors are specifically incorporated into this current report on form 8-K.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

In connection with the aforementioned strategic realignment resulting in the elimination of eleven positions at the Company, Jayson Tipp, the Company's Chief Development Officer, and Brandon Solano, the Company's Chief Marketing Officer, are departing from the Company, effective as of February 15, 2017.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits. The following exhibit is filed with this report:

EXHIBIT NUMBER	DESCRIPTION OF EXHIBIT
99.1	Press Release dated February 15, 2017.

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.

PAPA MURPHY'S HOLDINGS, INC.

By: /s/ Mark Hutchens

Name: Mark Hutchens

Title: Chief Financial Officer

Date: February 15, 2017



Papa Murphy's Announces Strategic Realignment of Resources to Drive Franchise Growth and Profitability

Company Expects To Achieve Annual Cost Savings of \$1.5 Million

Vancouver, Wash. — (February 15, 2017) — Papa Murphy's Holdings, Inc. (NASDAQ: FRSB) today announced a strategic realignment of resources aimed at better supporting franchise-owners and field staff while reducing overall selling, general & administrative (SG&A) expenses.

The realignment, which includes the elimination of certain management positions and other corporate personnel, is expected to generate annual SG&A savings of approximately \$1.5 million, including SG&A savings of approximately \$0.3 million at the national ad-fund. In 2017, the Company expects the realignment will reduce SG&A expenses by nearly \$1.2 million, exclusive of a pre-tax charge of approximately \$1.0 million related to severance.

"While it's always a difficult decision to affect people, this realignment is necessary to ensure the business is as efficient as possible while we remain laser-focused on the support of our franchise owners and field staff as we all execute on our key strategies," said Papa Murphy's interim Chief Executive Officer, Jean Birch. "Operating with an efficient cost structure is critical to the health of the Company and is in the best interest of all of our stakeholders including our franchise-owners, employees, and shareholders."

The Company is focused on driving franchisee growth and profitability through several key initiatives including the refranchising of Company-owned stores. In this next phase of its strategic development plan, the Company is seeking to partner with high-quality well-capitalized franchisees who can buy Company-owned stores and further build out select markets. Additionally, in January, Papa Murphy's launched its first-ever national advertising campaign which consists of at least six weeks of mostly incremental national television advertising in the first half of the year. Lastly, the Company continues to focus on driving sales growth through product innovation and the addition of more customer convenience through its recently launched e-commerce platform and the delivery test. These measures, along with the above mentioned cost savings, are expected to drive ongoing top and bottom line growth.

Birch continued, "As we re-size SG&A expenses, focus on our asset-light franchise business model, and continue to execute against our strategic plan, we see significant long term opportunity for profitable growth at Papa Murphy's. We are confident that we now have the right structure, team and strategies in place to enable us to drive our brand forward and create long term value for all shareholders."

FORWARD-LOOKING STATEMENTS

This news release, as well as other information provided from time to time by Papa Murphy's Holdings, Inc. or its employees, may contain forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those anticipated in the forward-looking statements. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "guidance," "anticipate," "estimate," "expect," "forecast," "project," "plan," "intend," "believe," "confident," "may," "should," "can have," "likely," "future" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events.

Forward-looking statements in this press release include statements relating to the Company's expectations for future financial or operational results, including future reductions in SG&A expenses and severance costs as a result of the realignment, potential growth arising from the Company's strategic initiatives, and the Company's marketing strategy. Although the Company believes any forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results and cause them to differ materially from those anticipated in any forward-looking statements. Please refer to the risk factors discussed in the Company's annual report on Form 10-K for the fiscal year ended December 28, 2015 and quarterly reports on Forms 10-Q for the fiscal quarters ended March 28, 2016 and September 26, 2016 (each of which can be found at the SEC's website www.sec.gov); each such risk factors are specifically incorporated into this press release.

Any forward-looking statement made by the Company in this press release speaks only as of the date on which it is made. The Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise.

ABOUT PAPA MURPHY'S

Papa Murphy's Holdings, Inc. (Nasdaq: FRSB) is a franchisor and operator of the largest Take 'N' Bake pizza brand in the United States, selling fresh, hand-crafted pizzas ready for customers to bake at home. The company was founded in 1981 and currently operates more than 1,575 franchised and corporate-owned fresh pizza stores in 38 States, Canada and United Arab Emirates. Papa Murphy's core purpose is to bring all families together through food people love with a goal to create fun, convenient and fulfilling family dinners. In addition to scratch-made pizzas, the company offers a growing menu of grab 'n' go items, including salads, sides and desserts. Order online today at www.papamurphys.com.

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