MOTORCAR PARTS AMERICA INC

FORM 8-K
(Current report filing)

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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 (Date of earliest event reported): June 14, 2017

Motorcar Parts of America, Inc.

(Exact name of registrant as specified in its charter)

New York	001-33861	11-2153962
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2929 California Street, Torrance, CA	90503
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (310) 212-7910

N/A
(Former name, former address and former fiscal year, 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 l4a-12 under the Exchange Act (17 CFR 240.l4a-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 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).
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

On June 14, 2017, Motorcar Parts of America, Inc. (the "Company") issued a press release announcing its earnings for the fiscal quarter and fiscal year ended March 31, 2017 which is being furnished as Exhibit 99.1. The information contained herein and in the accompanying exhibit shall not be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference to such filing. The information in this report, including the exhibit hereto, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended.

The attached exhibit includes non-GAAP Adjusted net sales, non-GAAP adjusted net income (loss), non-GAAP adjusted EBITDA, non-GAAP adjusted gross profit and non-GAAP adjusted gross margin. The Company believes that these supplemental non-GAAP financial measures, when presented together with the corresponding GAAP financial measures, provide useful information to investors and management regarding financial and business trends relating to its results of operations. However, non-GAAP financial measures have certain limitations in that they do not reflect all of the costs associated with the operations of the Company's business as determined in accordance with GAAP. Therefore, investors should consider non-GAAP financial measures in addition to, and not as a substitute for, or as superior to, measures of financial performance prepared in accordance with GAAP.

The Company makes adjustments to the following items to calculate its non-GAAP financial measures:

Initial return and stock adjustment accruals related to new business. In connection with new business, the Company may establish initial return and stock adjustment accruals to account for the anticipated increased levels of business activity. The Company excluded these initial up-front accruals from net sales because they do not reflect the Company's operations on an ongoing basis and excluding such accruals enables period-over-period comparability.

Customer allowances related to new business. In connection with new business, the Company may purchase cores from customers, may purchase the customer's prior supplier's inventory, or may provide certain customer allowances. The allowances are granted on a negotiated basis, and the Company excluded these allowances from net sales because they do not reflect ongoing product pricing or net sales and excluding such allowances enables period-over-period comparability.

New product line start-up and ramp-up costs. These are start-up costs incurred prior to recognizing sales for the launch of new product lines and costs of ramping up production. The Company excluded start-up and ramp-up costs because they do not reflect the Company's operations on an ongoing basis and excluding such costs enables period-over-period comparability.

Lower of cost or net realizable value - cores on customers' shelves and inventory step-up amortization. On a quarterly basis, the Company revalues long-term core inventory based on lower of cost or net realizable value in accordance with the Company's accounting policies. The impact of this revaluation is reflected in cost of goods sold. The Company excluded the lower of cost or net realizable value revaluation for cores on customers' shelves because the core inventory on the customers' shelves is not consumed or realized in cash during the Company's normal operating cycle. Additionally, amortization of inventory step-up relates to an acquisition and is excluded because it is not ongoing. Neither is used by management to assess the profitability of its business operations.

Cost of customer allowances and stock adjustment accruals related to new business. As described above for the adjustments to net sales, the Company also adds back the cost of customer allowances related to inventory purchases and stock adjustment accruals to cost of goods sold because they do not reflect the Company's operations on an ongoing basis and excluding such costs enables period-over-period comparability .

Legal, severance, acquisition, financing, transition and other costs. The Company has incurred significant legal costs related to discontinued subsidiaries and a settlement payment related to a claim by an investment bank. Additionally, the Company has incurred severance, acquisition, financing, transition and other costs that are not related to current operations. The Company excluded these costs to enable period-over-period comparability.

Payment received in connection with the settlement of litigation related to discontinued subsidiaries. The Company received a payment in connection with the settlement of litigation related to discontinued subsidiaries. The Company excluded this payment to enable period-over-period comparability.

Bad debt expense resulting from the bankruptcy filing by a customer. The Company incurred bad debt expense related to the bankruptcy filing by a customer. The Company excluded the expense for this customer because it does not believe this expense is reflective of ongoing business and operating results.

Payment made in connection with the settlement of litigation, net of insurance recoveries, related to discontinued subsidiaries. The Company made a payment in connection with the settlement of litigation related to discontinued subsidiaries. The Company believes excluding this payment, net of insurance recoveries, enables period-over-period comparability.

Share-based compensation expenses. These expenses primarily consist of the cost to provide employee restricted stock and restricted stock units, and employee stock options. The Company excluded share-based compensation expense because it is not used by management to assess the profitability of its business operations.

Mark-to-market losses (gains). The Company excluded mark-to-market gains and losses because they are unrealized and are not reflective of actual current cash flows and operating results.

Write-off of prior deferred loan fees. The Company excluded the write-off of prior deferred loan fees because they are related to the Company's prior term loan, not the Company's ongoing business operations or financing arrangements.

Item 9.01. Financial Statements and Exhibits.

The following exhibit is furnished with this Current Report pursuant to Item 2.02:

(d) Exhibits

Exhibit No.	Description
99.1	Press Release, dated June 14, 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.

MOTORCAR PARTS OF AMERICA, INC.

Date: June 14, 2017

/s/ Michael M. Umansky

Michael M. Umansky
Vice President and General Counsel

Exhibit 99.1

NEWS RELEASE

CONTACT: Gary S. Maier
(310) 471-1288

MOTORCAR PARTS OF AMERICA REPORTS RECORD FISCAL 2017 FOURTH QUARTER AND YEAR-END RESULTS

-- Product Line Expansion Continues to Support Growth Opportunities --

LOS ANGELES, CA – June 14, 2017 – Motorcar Parts of America, Inc. (**Nasdaq: MPAA**) today reported record sales for its fiscal 2017 fourth quarter and year ended March 31, 2017 on a reported and adjusted basis.

Net sales for the fiscal 2017 fourth quarter increased 17.4 percent to $114.4 million from $97.4 million for the same period a year earlier. The company's sales performance for the fiscal 2017 fourth quarter reflects continued strength of its rotating electrical business, as well as contributions from its other product lines -- including the company's emerging brake power boosters, which began shipping in August.

All results labeled as "adjusted" in this press release are non-GAAP measures as discussed more fully below under the heading " ***Use of Non-GAAP Measures*** ."

Adjusted net sales for the fiscal 2017 fourth quarter increased 13.8 percent to $114.9 million from $100.9 million a year earlier.

Net income for the fiscal 2017 fourth quarter increased sharply to $9.8 million, or $0.50 per diluted share, from $2.3 million, or $0.12 per share, a year ago.

Adjusted net income for the fiscal 2017 fourth quarter increased 18.3 percent to $11.3 million, or $0.58 per diluted share, from $9.5 million, or $0.50 per diluted share, in the same period a year earlier.

Gross profit for the fiscal 2017 fourth quarter was $31.6 million compared with $24.2 million a year earlier. Gross profit as a percentage of net sales for the fiscal 2017 fourth quarter was 27.6 percent compared with 24.8 percent a year earlier.

Adjusted gross profit for the fiscal 2017 fourth quarter was $35.8 million compared with $29.8 million a year ago. Adjusted gross profit as a percentage of adjusted net sales for the three months was 31.1 percent compared with 29.6 percent a year earlier.

(more)

Net sales for fiscal 2017 increased 14.2 percent to $421.3 million from $369.0 million a year earlier.

Adjusted net sales for fiscal 2017 increased 13.2 percent to $434.0 million from $383.3 million last year.

Net income for fiscal 2017 increased sharply to $37.6 million, or $1.93 per diluted share, from $10.6 million, or $0.55 per diluted share, in fiscal 2016.

Adjusted net income for fiscal 2017 increased 14.9 percent to $45.5 million, or $2.35 per diluted share, from $39.6 million, or $2.08 per diluted share, in fiscal 2016.

Gross profit for fiscal 2017 was $115.0 million compared with $100.9 million a year earlier. Gross profit as a percentage of net sales for the same period was 27.3 percent compared with 27.4 percent a year earlier.

Adjusted gross profit for fiscal 2017 was $134.5 million compared with $117.7 million a year ago. Adjusted gross profit as a percentage of adjusted net sales for fiscal 2017 was 31.0 percent compared with 30.7 percent a year earlier.

“Our results for fiscal 2017 reflect strong growth and continued momentum into the new fiscal year despite the impact of a mild winter on our sales. As we begin a new fiscal year, we are well-positioned within a $116 billon aftermarket hard parts industry -- supported by organic growth, new product line expansion and complementary acquisition opportunities,” said Selwyn Joffe, chairman, president and chief executive officer of Motorcar Parts of America.

“We are particularly proud to highlight the company’s cash flow performance for the fourth quarter, with net cash provided by operating activities of $15.5 million,” he said.

“We anticipate continued growth in all of our product lines, and we are encouraged by the additional opportunities we are seeing. Our double-digit compounded annual sales growth over the last five years highlights the company’s success and we remain optimistic about the future,” Joffe added.

He noted that despite lower replacement rates in the quarter due to weather, the outlook for non-discretionary automotive parts remains strong, supported by favorable dynamics such as an aging vehicle population, increased miles driven and relatively low fuel prices. “ The company is poised for further growth as we harness our distribution relationships and leverage our scale, global footprint and financial strength to deliver growth and profits to shareholders. As always, we thank our entire team for their day-in and day-out commitment to excellence and our company,” Joffe said.

(more)

Use of Non-GAAP Measures

This press release includes the following non-GAAP measures - adjusted net sales, adjusted net income (loss), adjusted EBITDA, adjusted gross profit and adjusted gross margin, which are not measures of financial performance under GAAP, and should not be considered as alternatives to net sales, net income (loss), EBITDA, income from operations, gross profit or gross profit margin as a measure of financial performance. The Company believes these non-GAAP measures, when considered together with the corresponding GAAP measures, provide useful information to investors and management regarding financial and business trends relating to the company's results of operations. However, these non-GAAP measures have significant limitations in that they do not reflect all of the costs associated with the operations of the company's business as determined in accordance with GAAP. Therefore, investors should consider non-GAAP measures in addition to, and not as a substitute for, or superior to, measures of financial performance in accordance with GAAP. For a reconciliation of adjusted net sales, adjusted net income (loss), adjusted EBITDA, adjusted gross profit and adjusted gross margin to their corresponding GAAP measures, see the financial tables included in this press release. Also, refer to our Form 8-K to which this release is attached, and other filings we make with the SEC, for further information regarding these adjustments.

Teleconference and Web Cast

Selwyn Joffe, chairman, president and chief executive officer, and David Lee, chief financial officer, will host an investor conference call today at 10:00 a.m. Pacific time to discuss the company's financial results and operations.

The call this morning will be open to all interested investors either through a live audio Web broadcast at www.motorcarparts.com or live by calling (877)-776-4016 (domestic) or (973)-638-3231 (international). For those who are not available to listen to the live broadcast, the call will be archived for seven days on Motorcar Parts of America's website www.motorcarparts.com. A telephone playback of the conference call will also be available from approximately 1:00 p.m. Pacific time on June 14, 2017 through 8:59 p.m. Pacific time on Wednesday, June 21, 2017 by calling (855)-859-2056 (domestic) or (404)-537-3406 (international) and using access code: 25760037.

About Motorcar Parts of America, Inc.

Motorcar Parts of America is a remanufacturer, manufacturer and distributor of automotive aftermarket parts -- including alternators, starters, wheel hub assembly products, brake master cylinders, brake power boosters and turbochargers utilized in imported and domestic passenger vehicles, light trucks and heavy duty applications. Motorcar Parts of America's products are sold to automotive retail outlets and the professional repair market throughout the United States and Canada, with facilities located in California, Mexico, Malaysia and China, and administrative offices located in California, Tennessee, Virginia, Mexico, Singapore, Malaysia and Toronto. Additional information is available at www.motorcarparts.com .

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for certain forward-looking statements. The statements contained in this press release that are not historical facts are forward-looking statements based on the company's current expectations and beliefs concerning future developments and their potential effects on the company. These forward-looking statements involve significant risks and uncertainties (some of which are beyond the control of the company) and are subject to change based upon various factors. Reference is also made to the Risk Factors set forth in the company's Form 10-K Annual Report filed with the Securities and Exchange Commission (SEC) in June 2017 and in its Forms 10-Q filed with the SEC for additional risks and uncertainties facing the company. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether as the result of new information, future events or otherwise.

# # #

(Financial tables follow)

MOTORCAR PARTS OF AMERICA, INC. AND SUBSIDIARIES

Consolidated Statements of Income

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	Years Ended March 31, 2017	Years Ended March 31, 2016
	(Unaudited)			
Net sales	$ 114,410,000	$ 97,443,000	$ 421,253,000	$ 368,970,000
Cost of goods sold	82,783,000	73,229,000	306,207,000	268,046,000
Gross profit	31,627,000	24,214,000	115,046,000	100,924,000
Operating expenses:				
General and administrative	9,678,000	11,284,000	31,124,000	49,665,000
Sales and marketing	3,551,000	2,382,000	12,126,000	9,965,000
Research and development	1,011,000	915,000	3,824,000	3,008,000
Total operating expenses	14,240,000	14,581,000	47,074,000	62,638,000
Operating income	17,387,000	9,633,000	67,972,000	38,286,000
Interest expense, net	3,729,000	2,678,000	13,094,000	16,244,000
Income before income tax expense	13,658,000	6,955,000	54,878,000	22,042,000
Income tax expense	3,846,000	4,658,000	17,305,000	11,479,000
Net income	$ 9,812,000	$ 2,297,000	$ 37,573,000	$ 10,563,000
Basic net income per share	$ 0.53	$ 0.12	$ 2.02	$ 0.58
Diluted net income per share	$ 0.50	$ 0.12	$ 1.93	$ 0.55
Weighted average number of shares outstanding:				
Basic	18,672,381	18,393,154	18,608,812	18,233,163
Diluted	19,492,999	19,165,334	19,418,706	19,066,093

MOTORCAR PARTS OF AMERICA, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
March 31,

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	$ 9,029,000	$ 21,897,000
Short-term investments	2,140,000	1,813,000
Accounts receivable — net	26,017,000	8,548,000
Inventory— net	67,516,000	58,060,000
Inventory unreturned	7,581,000	10,520,000
Prepaid expenses and other current assets	9,848,000	5,900,000
Total current assets	122,131,000	106,738,000
Plant and equipment — net	18,437,000	16,099,000
Long-term core inventory — net	262,922,000	241,100,000
Long-term core inventory deposits	5,569,000	5,569,000
Long-term deferred income taxes	13,546,000	19,268,000
Goodwill	2,551,000	2,053,000
Intangible assets — net	3,993,000	4,573,000
Other assets	6,990,000	3,657,000
TOTAL ASSETS	$ 436,139,000	$ 399,057,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 85,960,000	$ 72,152,000
Accrued liabilities	10,077,000	9,101,000
Customer finished goods returns accrual	17,667,000	26,376,000
Accrued core payment	11,714,000	8,989,000
Revolving loan	11,000,000	7,000,000
Other current liabilities	3,300,000	4,502,000
Current portion of term loan	3,064,000	3,067,000
Total current liabilities	142,782,000	131,187,000
Term loan, less current portion	16,935,000	19,980,000
Long-term accrued core payment	12,349,000	17,550,000
Long-term deferred income taxes	180,000	196,000
Other liabilities	15,212,000	19,336,000
Total liabilities	187,458,000	188,249,000
Commitments and contingencies		
Shareholders' equity:		
Preferred stock; par value $.01 per share, 5,000,000 shares authorized; none issued	-	-
Series A junior participating preferred stock; par value $.01 per share, 20,000 shares authorized; none issued		
Common stock; par value $.01 per share, 50,000,000 shares authorized; 18,648,854 and 18,531,751 shares issued and outstanding at March 31, 2017 and 2016, respectively	186,000	185,000
Additional paid-in capital	205,646,000	203,650,000
Retained earnings	50,290,000	11,825,000
Accumulated other comprehensive loss	(7,441,000)	(4,852,000)
Total shareholders' equity	248,681,000	210,808,000
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY	$ 436,139,000	$ 399,057,000

Reconciliation of Non-GAAP Financial Measures

To supplement the consolidated financial statements presented in accordance with U.S. generally accepted accounting principles ("GAAP"), the Company has included the following non-GAAP adjusted financial measures in this press release and in the webcast to discuss the Company's financial results for the three and twelve months ended March 31, 2017 and 2016. Each of these non-GAAP adjusted financial measures is adjusted from results based on GAAP to exclude certain expenses and gains. Among other things, the Company uses such non-GAAP adjusted financial measures in addition to and in conjunction with corresponding GAAP measures to help analyze the performance of its business.

These non-GAAP adjusted financial measures reflect an additional way of viewing aspects of the Company's operations that, when viewed with the GAAP results and the reconciliations to corresponding GAAP financial measures, provide a more complete understanding of the Company's results of operations and the factors and trends affecting the Company's business. However, these non-GAAP adjusted financial measures should be considered as a supplement to, and not as a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP.

Income statement information for the three and twelve months ended March 31, 2017 and 2016 are as follows:

Reconciliation of Non-GAAP Financial Measures **Exhibit 1**

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2017	**2016**	**2017**	**2016**
GAAP Results:				
Net sales	$ 114,410,000	$ 97,443,000	$ 421,253,000	$ 368,970,000
Net income	9,812,000	2,297,000	37,573,000	10,563,000
Diluted income per share (EPS)	0.50	0.12	1.93	0.55
Gross margin	27.6%	24.8%	27.3%	27.4%
Non-GAAP Adjusted Results:				
Non-GAAP adjusted net sales	$ 114,922,000	$ 100,944,000	$ 433,980,000	$ 383,334,000
Non-GAAP adjusted net income	11,286,000	9,544,000	45,546,000	39,630,000
Non-GAAP adjusted diluted earnings per share (EPS)	0.58	0.50	2.35	2.08
Non-GAAP adjusted gross margin	31.1%	29.6%	31.0%	30.7%
Non-GAAP adjusted EBITDA	$ 23,227,000	$ 19,047,000	$ 91,474,000	$ 79,039,000

Note: Results for the twelve months ended March 31, 2017 include revenue due to the change in the accrual for anticipated stock adjustment returns of $9,261,000 (which had a $4,066,000 gross profit and EBITDA impact, $2,551,000 net income impact and $0.13 earnings per diluted share impact). The change in estimate also had a 0.4% gross margin impact for the twelve months ended March 31, 2017.

Reconciliation of Non-GAAP Financial Measures **Exhibit 2**

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2017	2016	2017	2016
GAAP net sales	$ 114,410,000	$ 97,443,000	$ 421,253,000	$ 368,970,000
Adjustments:				
Net sales				
Initial return and stock adjustment accruals related to new business	-	-	3,168,000	-
Customer allowances related to new business	512,000	3,501,000	9,559,000	14,364,000
Adjusted net sales	$ 114,922,000	$ 100,944,000	$ 433,980,000	$ 383,334,000

Reconciliation of Non-GAAP Financial Measures **Exhibit 3**

	Three Months Ended March 31,							
	2017				2016			
	$		Per Diluted Share		$		Per Diluted Share	
GAAP net income	$	9,812,000	$	0.50	$	2,297,000	$	0.12
Adjustments:								
Net sales								
Customer allowances related to new business		512,000	$	0.03		3,501,000	$	0.18
Cost of goods sold								
New product line start-up and ramp-up costs		1,317,000	$	0.07		43,000	$	0.00
Lower of cost or net realizable value revaluation - cores on customers' shelves and inventory step-up amortization		2,300,000	$	0.12		2,075,000	$	0.11
Operating expenses								
Legal, severance, acquisition, financing, transition and other costs		916,000	$	0.05		2,378,000	$	0.12
Bad debt expense (recovery) resulting from the bankruptcy filing by a customer		-	$	-		(294,000)	$	(0.02)
Share-based compensation expenses		829,000	$	0.04		798,000	$	0.04
Mark-to-market losses (gains)		(1,030,000)	$	(0.05)		190,000	$	0.01
Tax effected at 39% tax rate (a)		(3,370,000)	$	(0.17)		(1,444,000)	$	(0.08)
Adjusted net income	$	11,286,000	$	0.58	$	9,544,000	$	0.50

(a) Adjusted net income is calculated by applying an income tax rate of 39%; this rate may differ from the period's actual income tax rate

Reconciliation of Non-GAAP Financial Measures **Exhibit 4**

	Twelve Months Ended March 31,			
	2017		2016	
	$	Per Diluted Share	$	Per Diluted Share
GAAP net income	$ 37,573,000	$ 1.93	$ 10,563,000	$ 0.55
Adjustments:				
Net sales				
Initial return and stock adjustment accruals related to new business	3,168,000	$ 0.16	-	$ -
Customer allowances related to new business	9,559,000	$ 0.49	14,364,000	$ 0.75
Cost of goods sold				
New product line start-up and ramp-up costs	1,457,000	$ 0.08	43,000	$ 0.00
Lower of cost or net realizable value revaluation - cores on customers' shelves and inventory step-up amortization	5,788,000	$ 0.30	3,153,000	$ 0.17
Cost of customer allowances and stock adjustment accruals related to new business	(568,000)	$ (0.03)	(809,000)	$ (0.04)
Operating expenses				
Legal, severance, acquisition, financing, transition and other costs	1,623,000	$ 0.08	7,504,000	$ 0.39
Payment received in connection with the settlement of litigation related to discontinued subsidiaries	-	$ -	(5,800,000)	$ (0.30)
Bad debt expense resulting from the bankruptcy filing by a customer	-	$ -	4,157,000	$ 0.22
Payment made in connection with the settlement of litigation, net of insurance recoveries, related to discontinued subsidiaries	-	$ -	9,250,000	$ 0.49
Share-based compensation expenses	3,384,000	$ 0.17	2,584,000	$ 0.14
Mark-to-market losses (gains)	(4,623,000)	$ (0.24)	3,371,000	$ 0.18
Interest				
Write-off of prior deferred loan fees	-	$ -	5,108,000	$ 0.27
Tax effected at 39% tax rate (a)	(11,815,000)	$ (0.61)	(13,858,000)	$ (0.73)
Adjusted net income	$ 45,546,000	$ 2.35	$ 39,630,000	$ 2.08

(a) Adjusted net income is calculated by applying an income tax rate of 39%; this rate may differ from the period's actual income tax rate

Reconciliation of Non-GAAP Financial Measures **Exhibit 5**

	Three Months Ended March 31,			
	2017		2016	
	$	Gross Margin	$	Gross Margin
GAAP gross profit	$ 31,627,000	27.6%	$ 24,214,000	24.8%
Adjustments:				
Net sales				
Customer allowances related to new business	512,000		3,501,000	
Cost of goods sold				
New product line start-up and ramp-up costs	1,317,000		43,000	
Lower of cost or net realizable value revaluation - cores on customers' shelves and inventory step-up amortization	2,300,000		2,075,000	
Total adjustments	4,129,000	3.5%	5,619,000	4.8%
Adjusted gross profit	$ 35,756,000	31.1%	$ 29,833,000	29.6%

Reconciliation of Non-GAAP Financial Measures **Exhibit 6**

	Twelve Months Ended March 31,			
	2017		2016	
	$	Gross Margin	$	Gross Margin
GAAP gross profit	$ 115,046,000	27.3%	$ 100,924,000	27.4%
Adjustments:				
Net sales				
Initial return and stock adjustment accruals related to new business	3,168,000		-	
Customer allowances related to new business	9,559,000		14,364,000	
Cost of goods sold				
New product line start-up and ramp-up costs	1,457,000		43,000	
Lower of cost or net realizable value revaluation - cores on customers' shelves and inventory step-up amortization	5,788,000		3,153,000	
Cost of customer allowances and stock adjustment accruals related to new business	(568,000)		(809,000)	
Total adjustments	19,404,000	3.7%	16,751,000	3.3%
Adjusted gross profit	$ 134,450,000	31.0%	$ 117,675,000	30.7%

Reconciliation of Non-GAAP Financial Measures **Exhibit 7**

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2017	2016	2017	2016
GAAP net income	$ 9,812,000	$ 2,297,000	$ 37,573,000	$ 10,563,000
Interest expense, net	3,729,000	2,678,000	13,094,000	16,244,000
Income tax expense	3,846,000	4,658,000	17,305,000	11,479,000
Depreciation and amortization	996,000	723,000	3,714,000	2,936,000
EBITDA	$ 18,383,000	$ 10,356,000	$ 71,686,000	$ 41,222,000
Adjustments:				
Net sales				
Initial return and stock adjustment accruals related to new business…	-	-	3,168,000	-
Customer allowances related to new business	512,000	3,501,000	9,559,000	14,364,000
Cost of goods sold			-	
New product line start-up and ramp-up costs	1,317,000	43,000	1,457,000	43,000
Lower of cost or net realizable value revaluation - cores on customers' shelves and inventory step-up amortization	2,300,000	2,075,000	5,788,000	3,153,000
Cost of customer allowances and stock adjustment accruals related to new business	-	-	(568,000)	(809,000)
Operating expenses			-	
Legal, severance, acquisition, financing, transition and other costs	916,000	2,378,000	1,623,000	7,504,000
Payment received in connection with the settlement of litigation related to discontinued subsidiaries	-	-	-	(5,800,000)
Bad debt expense (recovery) resulting from the bankruptcy filing by a customer	-	(294,000)	-	4,157,000
Payment made in connection with the settlement of litigation, net of insurance recoveries, related to discontinued subsidiaries	-	-	-	9,250,000
Share-based compensation expenses	829,000	798,000	3,384,000	2,584,000
Mark-to-market losses (gains)	(1,030,000)	190,000	(4,623,000)	3,371,000
Adjusted EBITDA	$ 23,227,000	$ 19,047,000	$ 91,474,000	$ 79,039,000