

**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 11, 2018

OPTICAL CABLE CORPORATION

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of
incorporation or organization)

000-27022
(Commission
File Number)

54-1237042
(I.R.S. Employer
Identification Number)

5290 Concourse Drive
Roanoke, VA
(Address of principal executive offices)

24019
(Zip Code)

(540) 265-0690
(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 (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 240.14a-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 or Rule 12B-2 of the Securities Exchange Act of 1934.

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.

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Item 2.02 Results of Operations and Financial Condition

On June 11, 2018, Optical Cable Corporation issued a press release announcing its second quarter of fiscal year 2018 financial results. Also on June 11, 2018, Optical Cable Corporation held an earnings call. The press release is attached hereto as Exhibit 99.1 and the transcript for the earnings call is attached as Exhibit 99.2.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

The following are filed as Exhibits to this Report.

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
99.1	Press Release dated June 11, 2018 (FILED HEREWITH)
99.2	Transcript of earnings call on June 11, 2018 (FILED HEREWITH)

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.

OPTICAL CABLE CORPORATION

By: /s/ TRACY G. SMITH

Name: Tracy G. Smith

Title: Senior Vice President and Chief Financial Officer

Dated: June 12, 2018



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FOR IMMEDIATE RELEASE

**OPTICAL CABLE CORPORATION REPORTS
 SECOND QUARTER 2018 FINANCIAL RESULTS**

***OCC[®] Achieves Record Quarterly Net Sales,
 58.2% Increase in Gross Profit and EPS of 18 Cents***

ROANOKE, Va., June 11, 2018 — Optical Cable Corporation (Nasdaq GM: OCC) (“OCC[®]” or the “Company”) today announced financial results for its second quarter ended April 30, 2018.

Second Quarter 2018 Financial Results

Consolidated net sales for the second quarter of fiscal year 2018 increased 69.7% to \$26.9 million, the highest quarterly net sales in the Company’s history, compared to net sales of \$15.8 million for the second quarter of fiscal year 2017. Compared to the same period last year, net sales to customers in the United States increased 88.0% in the second quarter of fiscal year 2018, and net sales to customers outside of the United States decreased 4.3%.

The Company increased net sales in its specialty markets in the second quarter of fiscal 2018, compared to the same period last year, particularly in its wireless carrier and military markets. This increase was partially offset by a decrease in net sales in the Company’s enterprise markets.

OCC reported gross profit of \$9.0 million in the second quarter of fiscal year 2018, an increase of 58.2% compared to gross profit of \$5.7 million in the same period last year. Gross profit margin, or gross profit as a percentage of net sales, was 33.3% in the second quarter of fiscal year 2018 compared to 35.7% for the same period in fiscal year 2017, primarily due to changes in fiber optic cable product mix.

SG&A expenses increased 25.5% to \$7.4 million during the second quarter of fiscal year 2018, compared to \$5.9 million for the second quarter of fiscal year 2017. The increase in SG&A expenses was primarily the result of increases in employee related costs including employee incentives and commissions which increased due to increased net sales and the improved financial results during the second quarter of fiscal year 2018.

For the second quarter of fiscal year 2018, OCC recorded net income of \$1.4 million, or \$0.18 per basic and diluted share, compared to a net loss of \$239,000, or \$0.04 per basic and diluted share, for the second quarter of fiscal year 2017.

Fiscal Year-to-Date 2018 Financial Results

Consolidated net sales for the first half of fiscal year 2018 increased 45.9% to \$44.4 million, compared to net sales of \$30.5 million for the first half of fiscal year 2017. Net sales to customers in the United States increased 53.9% and net sales to customers outside of the United States increased 12.9%, in both cases compared to the first half of fiscal year 2017.

The Company increased net sales in its specialty markets in the first half of fiscal 2018, compared to the same period last year, particularly in its wireless carrier and military markets. This increase was partially offset by a decrease in net sales in the Company's enterprise markets.

OCC reported gross profit of \$14.2 million in the first half of fiscal year 2018, an increase of 35.4% compared to gross profit of \$10.5 million in the first half of fiscal year 2017. Gross profit margin was 31.9% in the first half of fiscal year 2018 compared to 34.4% for the same period in fiscal year 2017, primarily due to changes in fiber optic cable product mix including hybrid cables.

SG&A expenses increased 16.8% to \$13.0 million during the first half of fiscal year 2018, compared to \$11.1 million for the first half of fiscal year 2017. The increase in SG&A expenses was primarily the result of increases in employee related costs including employee incentives and commissions which increased due to increased net sales and the improved financial results during the second quarter of fiscal year 2018.

OCC recorded net income \$981,000, or \$0.13 per basic and diluted share, for the first half of fiscal year 2018, compared to a net loss of \$855,000, or \$0.13 per basic and diluted share, for the first half of fiscal year 2017.

OCC's increase in net sales during the second quarter and the first half of fiscal year 2018 were driven by significant orders from a large customer. The Company continues to fulfill these orders, which will likely have a positive impact on net sales in the third quarter of fiscal 2018 compared to the same period last year. However, based on current backlog/forward load, the Company anticipates that net sales during the third quarter will be less than net sales during the second quarter of 2018.

Management's Comments

Neil Wilkin, President and Chief Executive Officer of OCC, said, “The benefits of OCC’s operating leverage at higher sales levels were demonstrated by our strong performance and bottom line results in the second quarter. During the second quarter, we also demonstrated our ability to handle large production volumes.”

Mr. Wilkin concluded, “Our strategic focus is on sales and marketing initiatives in targeted markets to drive sales, as well as increasing operational efficiency. We are optimistic that our success in both of these areas will positively impact our bottom line and enable us to deliver enhanced shareholder value.”

Conference Call Information

As previously announced, OCC will host a conference call today, June 11, 2018, at 10:00 a.m. Eastern Time. Individuals wishing to participate in the conference call should call (866) 610-1072 or (973) 935-2840 internationally, passcode 3995928. For interested individuals unable to join the call, a replay will be available through June 18, 2018 by dialing (800) 585-8367 or (404) 537-3406, passcode 3995928. The call will also be broadcast live over the Internet and can be accessed by visiting the investor relations section of the Company’s website at www.occfiber.com.

Company Information

Optical Cable Corporation (“OCC[®]”) is a leading manufacturer of a comprehensive range of top-tier fiber optic and copper communication cabling and connectivity products and solutions—primarily for the enterprise market, various harsh environment and specialty markets, and the wireless carrier market.

OCC[®] is internationally recognized for pioneering innovative fiber optic and copper communications technologies, including fiber optic cable designs for the most demanding environments and applications, copper connectivity designs to meet the highest data communication industry standards, as well as a broad product offering built on the evolution of these fundamental technologies.

OCC uses its expertise to deliver cabling and connectivity products and integrated solutions that are best suited to the performance requirements of each end-user’s application. And, OCC’s solutions offerings cover a broad range of applications—from commercial, enterprise network, datacenter, residential and campus installations to customized products for specialty applications and harsh environments, including military, industrial, mining, petrochemical and broadcast applications, as well as for the wireless carrier market.

Founded in 1983, OCC is headquartered in Roanoke, Virginia with offices, manufacturing and warehouse facilities located in Roanoke, Virginia, near Asheville, North Carolina and near Dallas, Texas. OCC’s Roanoke and Asheville facilities are ISO 9001:2015 registered and its Dallas facility is ISO 9001:2008 registered. The Roanoke and Dallas facilities are MIL-STD-790G certified.

Optical Cable Corporation™, OCC® , Procyon® , Procyon Blade™, Superior Modular Products™, SMP Data Communications™, Applied Optical Systems™, and associated logos are trademarks of Optical Cable Corporation.

Further information about OCC® is available at www.occfiber.com.

FORWARD-LOOKING INFORMATION

This news release by Optical Cable Corporation and its subsidiaries (collectively, the “Company” or “OCC”) may contain certain forward-looking information within the meaning of the federal securities laws. The forward-looking information may include, among other information, (i) statements concerning our outlook for the future, (ii) statements of belief, anticipation or expectation, (iii) future plans, strategies or anticipated events, and (iv) similar information and statements concerning matters that are not historical facts. Such forward-looking information is subject to known and unknown variables, uncertainties, contingencies and risks that may cause actual events or results to differ materially from our expectations, and such known and unknown variables, uncertainties, contingencies and risks may also adversely affect Optical Cable Corporation and its subsidiaries, the Company’s future results of operations and future financial condition, and/or the future equity value of the Company. A partial list of such variables, uncertainties, contingencies and risks that could cause or contribute to such differences from our expectations or that could otherwise adversely affect Optical Cable Corporation and its subsidiaries is set forth in Optical Cable Corporation’s quarterly and annual reports filed with the Securities and Exchange Commission (“SEC”) under the heading “Forward-Looking Information.” OCC’s quarterly and annual reports are available to the public on the SEC’s website at <http://www.sec.gov>. In providing forward-looking information, the Company expressly disclaims any obligation to update this information, whether as a result of new information, future events or otherwise except as required by applicable laws and regulations.

(Financial Tables Follow)

OPTICAL CABLE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(thousands, except per share data)
(unaudited)

	Three Months Ended April 30,		Six Months Ended April 30,	
	2018	2017	2018	2017
Net sales	\$ 26,887	\$ 15,847	\$ 44,439	\$ 30,454
Cost of goods sold	17,931	10,184	30,254	19,981
Gross profit	8,956	5,663	14,185	10,473
SG&A expenses	7,401	5,898	12,959	11,091
Royalty (income) expense, net	(12)	39	(17)	70
Amortization of intangible assets	9	6	16	12
Income (loss) from operations	1,558	(280)	1,227	(700)
Interest expense, net	(152)	(118)	(281)	(266)
Other, net	1	167	11	98
Other income (expense), net	(151)	49	(270)	(168)
Income (loss) before income taxes	1,407	(231)	957	(868)
Income tax expense (benefit)	16	8	(24)	(13)
Net income (loss)	<u>\$ 1,391</u>	<u>\$ (239)</u>	<u>\$ 981</u>	<u>\$ (855)</u>
Net income (loss) per share: Basic and diluted	<u>\$ 0.18</u>	<u>\$ (0.04)</u>	<u>\$ 0.13</u>	<u>\$ (0.13)</u>
Weighted average shares outstanding:				
Basic and diluted	<u>7,675</u>	<u>6,488</u>	<u>7,490</u>	<u>6,521</u>

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OPTICAL CABLE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEET DATA
(thousands)
(unaudited)

	April 30, 2018	October 31, 2017
Cash	\$ 278	\$ 891
Trade accounts receivable, net	20,683	8,941
Inventories	18,764	16,781
Other current assets	597	490
Total current assets	<u>40,322</u>	<u>27,103</u>
Non-current assets	12,686	13,036
Total assets	<u>\$ 53,008</u>	<u>\$ 40,139</u>
Current liabilities	\$ 14,381	\$ 4,197
Non-current liabilities	13,419	12,253
Total liabilities	<u>27,800</u>	<u>16,450</u>
Total shareholders' equity	25,208	23,689
Total liabilities and shareholders' equity	<u>\$ 53,008</u>	<u>\$ 40,139</u>

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CORPORATE PARTICIPANTS

Aaron Palash - Joele Frank, Wilkinson Brimmer Katcher – Managing Director
Neil D. Wilkin - Optical Cable Corporation - Chairman, CEO and President
Tracy G. Smith - Optical Cable Corporation - CFO, SVP and Corporate Secretary

PRESENTATION**Operator**

Good morning. My name is Laurie, and I will be your conference operator today. At this time, I would like to welcome you to the Optical Cable Corporation second quarter 2018 earnings conference call. (Operator Instructions)

Thank you. Mr. Palash, you may begin your conference.

Aaron Palash - Joele Frank, Wilkinson Brimmer Katcher – Managing Director

Good morning, and thank you all for participating on Optical Cable Corporation's second quarter of fiscal year 2018 conference call. By this time, everyone should have a copy of the earnings press release issued earlier today. You can also visit www.occfiber.com for a copy. On the call with us today are Neil Wilkin, President and Chief Executive Officer of OCC, and Tracy Smith, Senior Vice President and Chief Financial Officer.

Before we begin, I'd like to remind everyone that this call may contain forward-looking statements that involve risks and uncertainties. The actual future results of Optical Cable Corporation may differ materially due to a number of factors and risks including, but not limited to, those factors referenced in the "forward-looking statements" section of this morning's press release. These cautionary statements apply to the contents of the Internet webcast on www.occfiber.com as well as today's call.

With that, I'll turn the call over to Neil Wilkin. Neil, please begin.

Neil D. Wilkin - Optical Cable Corporation - Chairman, CEO and President

Thank you, Aaron, and good morning, everyone. I will begin the call today with a few opening remarks regarding our second quarter of fiscal year 2018. Tracy will then review the second quarter results for the three-month and six-month periods ended April 30, 2018 in some additional detail. After Tracy's remarks, we'll answer as many of your questions as we can. As is our normal practice, we will only take questions from analysts and institutional investors during the Q&A session. However, we also offer other shareholders the opportunity to submit questions in advance of our earnings call. Instructions regarding such submissions are included in our press release announcing the date and time of our call.

We are pleased to report that during the second quarter of fiscal 2018, OCC established a new record for quarterly net sales—increasing net sales almost 70% from the same period last year. We also achieved significant increases in gross profit and recorded net income for both the quarter and year-to-date periods for fiscal 2018. We reported consolidated net sales of \$26.9 million, with net income of \$0.18 per share during the second quarter of fiscal 2018.

During the second quarter, we continued to see strengthening in our specialty markets—particularly the wireless carrier and military markets. At the same time, we have also seen weakness in the enterprise market during this fiscal year, similar to what some others in our industry have seen.

We continue to take steps we believe will positively impact net sales in our targeted markets—including the enterprise market.

You'll recall that last quarter we reported that OCC had a \$19 million backlog/forward load at the end of February 2018, which we believed would positively impact our second quarter results. Looking forward, our sales order backlog/forward load was \$11.8 million at the end of the second quarter—which is higher than we would typically expect and, of course, lower than the backlog/forward load we reported last quarter. We believe our current backlog/forward load will likely result in net sales in the third quarter being higher than the same period last fiscal year, and lower than the net sales we reported this second fiscal quarter.

OCC's increase in net sales during the second quarter and the first half of the year of 2018, as well as our increased backlog/forward load, have been driven by significant orders from one customer with whom OCC has done business for a number of years. One of OCC's strengths has always been the diversification of OCC's sales base—including diversification by geographic market, at the end-user level and at the application level with tailored end-to-end solutions for various markets. OCC's strategic sales and marketing initiatives have and will continue to focus on the diversified base of target markets, and we believe these efforts will have a positive impact on OCC's broader sales. As we've previously discussed, an additional strength of OCC is its operating leverage, where increases in net sales tend to disproportionately and positively impact bottom line results as fixed production costs and certain SG&A costs—including the costs of being a public company—remain relatively stable as sales levels increase.

The benefits of our operating leverage at higher sales levels, specifically in terms of our bottom line results, were demonstrated during the second quarter of fiscal 2018. We also demonstrated the ability to handle increased production volumes during the second fiscal quarter. Our ability to accommodate the large production volume reflects positively not only on OCC's production capacity, but also our previous investments in equipment and resources.

We remain focused on executing our sales and marketing initiatives in targeted markets to drive sales to realize benefits of our operating leverage, as well as on increasing operational efficiencies. We are confident that by succeeding in both of these areas, we will continue to drive top- and bottom-line growth and deliver enhanced shareholder value.

And with that, I will now turn to call over to Tracy Smith, who will review some of the specifics regarding our second quarter financial results.

Tracy G. Smith - Optical Cable Corporation - CFO, SVP and Corporate Secretary

Thank you, Neil. Consolidated net sales for the second quarter of fiscal 2018 were \$26.9 million, an increase of 69.7% compared to net sales of \$15.8 million for the second quarter of fiscal 2017. Consolidated net sales for the first half of fiscal 2018 were \$44.4 million, an increase of 45.9% compared to net sales of \$30.5 million for the first half of fiscal 2017. We increased net sales in our specialty markets in the second quarter and first half of fiscal 2018, compared to the same periods last year, particularly in our wireless carrier and military markets. This increase was partially offset by a decrease in net sales in our enterprise markets.

OCC's increase in net sales during the second quarter and the first half of fiscal year 2018, and backlog/forward load have been driven by significant orders from one customer with whom OCC has done business for a number of years. As of April 30, 2018, our sales order backlog/forward load was \$11.8 million, or approximately 7 to 8 weeks of net sales, on a trailing 12-month basis. By comparison, our sales order backlog/forward load was \$14.8 million, or approximately 11 to 12 weeks of net sales, on a trailing 12-month basis, as of the end of our first quarter of fiscal year 2018; and \$19 million, or approximately 14 to 15 weeks of net sales, on a trailing 12-month basis, as of the end of February 2018.

Our sales order backlog/forward load can vary throughout the year, but is generally between approximately 3 to 4 weeks of net sales, or approximately \$4 million to \$5 million. Based on our current backlog/forward load, we anticipate that net sales during the third quarter will be higher than net sales during the same period last year, and less than our net sales during the second quarter of 2018.

Turning to gross profit. Gross profit was \$9 million in the second quarter of fiscal 2018, an increase of 58.2% compared to \$5.7 million in the second quarter of fiscal 2017. Gross profit margin, or gross profit as a percentage of net sales, was 33.3% in the second quarter of fiscal 2018, compared to 35.7% in the second quarter of fiscal 2017. Gross profit was \$14.2 million in the first half of fiscal 2018, an increase of 35.4% compared to \$10.5 million in the first half of fiscal 2017. Gross profit margin, or gross margin as a percentage of net sales, was 31.9% in the first half of fiscal 2018, compared to 34.4% in the first half of fiscal 2017.

Our gross profit margin percentages are heavily dependent upon product mix on a quarterly basis. Gross profit margin in the second quarter and first half of fiscal 2018 was negatively impacted by a shift in product mix toward the sale of certain lower margin products in the second quarter and first half of fiscal 2018 compared to the same periods in fiscal 2017. However, the significant increase in net sales levels during the second quarter and first half of fiscal 2018 for our fiber optic cable products helped to offset the impact of the decrease in gross profit margin on gross profit, as certain fixed manufacturing costs were spread over higher sales.

SG&A expenses increased 25.5% to \$7.4 million during the second quarter of fiscal 2018, compared to \$5.9 million for the same period last year. SG&A expenses as a percentage of net sales were 27.5% in the second quarter of fiscal 2018, compared to 37.2% in the second quarter of fiscal 2017. SG&A expenses increased 16.8% to \$13 million during the first half of fiscal 2018, compared to \$11.1 million for the same period last year. SG&A expenses as a percentage of net sales were 29.2% in the first half of fiscal 2018, compared to 36.4% in the first half of fiscal 2017.

The increase in SG&A expenses during the second quarter and first half of fiscal 2018 compared to the same periods last year was primarily the result of increases in employee-related costs, including employee incentives and commissions. This can be attributed to increased net sales and our improved financial results during the second quarter and first half of fiscal 2018.

OCC recorded net income of \$1.4 million, or \$0.18 per basic and diluted share, for the second quarter of fiscal 2018, compared to a net loss of \$239,000, or \$0.04 per basic and diluted share, for the second quarter of fiscal 2017. OCC recorded net income of \$981,000, or \$0.13 per basic and diluted share, for the first half of fiscal 2018, compared to a net loss of \$855,000, or \$0.13 per basic and diluted share, for the first half of fiscal 2017.

In April 2018, OCC renegotiated some of its credit facility terms with Pinnacle Bank and obtained a special project revolving credit note of \$6 million, providing additional availability for working capital purposes. As of April 30, 2018, we had outstanding borrowings of \$7 million on our revolving credit note and no available credit, and \$1.7 million on our special project revolving credit note and \$4.3 million in available credit. We also had outstanding loan balances of \$6.5 million under our real estate term loans.

With that, I'll turn the call back over to Neil.

Neil D. Wilkin - Optical Cable Corporation - Chairman, CEO and President

Thank you, Tracy. And now, if you have any questions, we're happy to answer them. Operator, if you could please indicate the instructions for our participants to call in any questions they may have, I'd appreciate it.

QUESTION AND ANSWERS

Operator

(Operator Instructions) There are no questions at this time.

Neil D. Wilkin - Optical Cable Corporation - Chairman, CEO and President

Okay. Aaron, are there any questions that were submitted by individual investors in advance of the call today?

Aaron Palash - Joele Frank, Wilkinson Brimmer Katcher – Managing Director

Yes, Neil, I do have a question that was submitted in advance of the call by a non-institutional shareholder. Jeffrey Cohen asked, are you going to play any part in the security for the border wall?

Neil D. Wilkin - Optical Cable Corporation - Chairman, CEO and President

Okay. We don't comment on any specific projects, and my not wanting to comment on it shouldn't be taken as an affirmation or a negative -- shouldn't provide any sort of affirmative or negative inference with respect to the project. We do sell into the security market, and we also sell into many different markets for both government and private industry, and we'll continue to do that.

Aaron Palash - Joele Frank, Wilkinson Brimmer Katcher – Managing Director

Great. And that's all we received.

Neil D. Wilkin - Optical Cable Corporation - Chairman, CEO and President

Okay. Well, there being no other questions, I would like to thank everyone for listening to our second quarter conference call today. As always, we appreciate your time and your interest in OCC. Thank you.

Operator

Thank you. That does conclude the Optical Cable Corporation's second quarter 2018 earnings conference call. You may now disconnect.