

**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): September 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 September 11, 2018, Optical Cable Corporation issued a press release announcing its third quarter of fiscal year 2018 financial results. Also on September 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 September 11, 2018 (FILED HEREWITH)
99.2	Transcript of earnings call on September 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: September 12, 2018

**OPTICAL CABLE CORPORATION**

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FOR IMMEDIATE RELEASE

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

***OCC[®] Achieves 40.7% Increase in Net Sales
 and 32.4% Increase in Gross Profit during Fiscal Quarter***

ROANOKE, Va., September 11, 2018 — Optical Cable Corporation (Nasdaq GM: OCC) (“OCC[®]” or the “Company”) today announced financial results for its third quarter ended July 31, 2018.

Third Quarter 2018 Financial Results

Consolidated net sales for the third quarter of fiscal year 2018 increased 40.7% to \$23.1 million compared to net sales of \$16.4 million for the third quarter of fiscal year 2017.

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

OCC reported gross profit of \$7.0 million in the third quarter of fiscal year 2018, an increase of 32.4% compared to gross profit of \$5.3 million in the same period last year. Gross profit margin, or gross profit as a percentage of net sales, was 30.4% in the third quarter of fiscal year 2018 compared to 32.3% for the same period in fiscal year 2017, primarily due to changes in fiber optic cable product mix.

SG&A expenses increased 17.4% to \$6.4 million during the third quarter of fiscal year 2018, compared to \$5.4 million for the third quarter of fiscal year 2017. SG&A expenses as a percentage of net sales were 27.6% in the third quarter of fiscal year 2018, compared to 33.0% during the same period last year, as OCC benefited from its operating leverage. 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 third quarter of fiscal year 2018.

For the third quarter of fiscal year 2018, OCC recorded net income of \$438,000, or \$0.06 per basic and diluted share, compared to a net loss of \$295,000, or \$0.05 per basic and diluted share, for the third quarter of fiscal year 2017.

Fiscal Year-to-Date 2018 Financial Results

Consolidated net sales for the first nine months of fiscal year 2018 increased 44.1% to \$67.6 million, compared to net sales of \$46.9 million for the first nine months of fiscal year 2017.

The Company increased net sales in its specialty markets in the first nine months 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 \$21.2 million in the first nine months of fiscal year 2018, an increase of 34.4% compared to gross profit of \$15.8 million in the first nine months of fiscal year 2017. Gross profit margin was 31.4% in the first nine months of fiscal year 2018 compared to 33.7% 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 17.0% to \$19.3 million during the first nine months of fiscal year 2018, compared to \$16.5 million for the first nine months of fiscal year 2017. SG&A expenses as a percentage of net sales were 28.6% in the first nine months of fiscal year 2018, compared to 35.2% during the same period last year, as OCC benefited from its operating leverage. 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 and third quarters of fiscal year 2018.

OCC recorded net income of \$1.4 million, or \$0.19 per basic and diluted share, for the first nine months of fiscal year 2018, compared to a net loss of \$1.2 million, or \$0.18 per basic and diluted share, for the first nine months of fiscal year 2017.

OCC's increase in net sales during the third quarter and the first nine months of fiscal year 2018 were driven by significant orders from a large customer. The Company continues to fulfill orders from this customer, which may have a positive impact on net sales in the fourth quarter of fiscal 2018 compared to the same period last year. However, at this time, the Company anticipates that net sales during the fourth quarter will be less than net sales during the third quarter of 2018.

Management's Comments

Neil Wilkin, President and Chief Executive Officer of OCC, said, “Our positive third quarter results reflect the continued momentum of our growth strategies and again demonstrate OCC’s strong operating leverage at higher sales levels. Our sales order backlog/forward load at the end of the third quarter was \$8.6 million, which we believe will contribute to a strong finish to the fiscal year.”

Mr. Wilkin concluded, “We continue our strategic focus on sales and marketing efforts in targeted markets and improving operational efficiency. We believe our performance and shareholder value will be positively impacted by these efforts.”

Conference Call Information

As previously announced, OCC will host a conference call today, September 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 3298845. For interested individuals unable to join the call, a replay will be available through September 18, 2018 by dialing (800) 585-8367 or (404) 537-3406, passcode 3298845. 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 broad range of fiber optic and copper data communication cabling and connectivity solutions primarily for the enterprise market and various harsh environment and certain specialty markets (collectively, the non-carrier markets) and also the wireless carrier market, offering integrated suites of high quality products which operate as a system solution or seamlessly integrate with other providers’ offerings.

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 July 31,		Nine Months Ended July 31,	
	2018	2017	2018	2017
Net sales	\$ 23,117	\$ 16,432	\$ 67,555	\$ 46,886
Cost of goods sold	16,090	11,126	46,343	31,107
Gross profit	7,027	5,306	21,212	15,779
SG&A expenses	6,370	5,426	19,329	16,517
Royalty (income) expense, net	(12)	39	(30)	109
Amortization of intangible assets	9	7	26	19
Income (loss) from operations	660	(166)	1,887	(866)
Interest expense, net	(194)	(127)	(475)	(393)
Other, net	(10)	12	1	110
Other expense, net	(204)	(115)	(474)	(283)
Income (loss) before income taxes	456	(281)	1,413	(1,149)
Income tax expense (benefit)	18	14	(6)	1
Net income (loss)	<u>\$ 438</u>	<u>\$ (295)</u>	<u>\$ 1,419</u>	<u>\$ (1,150)</u>
Net income (loss) per share:				
Basic and diluted	<u>\$ 0.06</u>	<u>\$ (0.05)</u>	<u>\$ 0.19</u>	<u>\$ (0.18)</u>
Weighted average shares outstanding:				
Basic and diluted	<u>7,696</u>	<u>6,490</u>	<u>7,559</u>	<u>6,539</u>

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

	July 31, 2018	October 31, 2017
Cash	\$ 1,037	\$ 891
Trade accounts receivable, net	14,588	8,941
Inventories	17,313	16,781
Other current assets	561	490
Total current assets	33,499	27,103
Non-current assets	12,313	13,036
Total assets	\$ 45,812	\$ 40,139
Current liabilities	\$ 7,414	\$ 4,197
Non-current liabilities	12,099	12,253
Total liabilities	19,513	16,450
Total shareholders' equity	26,299	23,689
Total liabilities and shareholders' equity	\$ 45,812	\$ 40,139

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CORPORATE PARTICIPANTS

Andrew Siegel *Joele Frank, Wilkinson Brimmer Katcher - Partner*

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

Tracy G. Smith *Optical Cable Corporation - Senior VP, CFO & Corporate Secretary*

PRESENTATION**Operator**

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

Mr. Siegel, you may begin your conference.

Andrew Siegel - *Joele Frank, Wilkinson Brimmer Katcher - Partner*

Thank you. Good morning, and thank you all for participating on Optical Cable Corporation's third 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 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 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, President & CEO*

Thank you, Andrew, and good morning, everyone. Before we begin our conference call today, I'd like to pause for a moment of silence to honor those who perished in the cowardly terrorist attacks on our country 17 years ago today in New York, Pennsylvania and Virginia. And to honor those men and women who have served and are serving our country around the world to protect our freedom and liberty. Thank you.

I will begin today's call with a few opening remarks regarding our third quarter of fiscal year 2018. Tracy will then review the third quarter results for the three-month and nine-month periods ended July 31, 2018 in some additional detail. After Tracy's remarks, we will 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.

Final Transcript: OCC – Q3 2018 Earning Conference Call - 09/11/18 10:00 AM

We are pleased to report continued growth of net sales, gross profit and earnings for the quarter and year-to-date periods. Our positive third quarter results reflect a continued momentum of our growth strategies and demonstrate OCC's strong operating leverage at higher sales levels.

Net sales during the third quarter of fiscal 2018 increased over 40% to \$23.1 million and net sales during the first nine months of fiscal 2018 increased over 44% to \$67.6 million, in both cases when compared to the same periods last year.

As far as this fiscal year goes, we have seen particular strength in a number of our specialty markets, including our military market and importantly our wireless carrier market—both of which can be volatile.

As of July 31, 2018, our sales order backlog/forward load was \$8.6 million, which is higher than our typical backlog/forward load of about \$4 million to \$5 million. While our sales order backlog/forward load can vary, we believe that at its current level it will likely result in net sales in the fourth quarter being higher than the same period last fiscal year, contributing to a strong finish to our fiscal year.

As mentioned last quarter, one of OCC's strengths is our operating leverage. Increases in net sales 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 continued during the third quarter of fiscal 2018.

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

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

Tracy G. Smith - *Optical Cable Corporation - Senior VP, CFO & Corporate Secretary*

Thank you, Neil. Consolidated net sales for the third quarter of fiscal 2018 were \$23.1 million, an increase of 40.7% compared to net sales of \$16.4 million for the third quarter of fiscal 2017. Consolidated net sales for the first nine months of fiscal 2018 were \$67.6 million, an increase of 44.1% compared to net sales of \$46.9 million for the first nine months of fiscal 2017.

We increased net sales in our specialty markets in the third quarter and first nine months 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 third quarter and the first nine months of fiscal year 2018 have been driven by significant orders from one customer with whom OCC has done business for a number of years.

As of July 31, 2018, our sales order backlog and forward load was \$8.6 million, or approximately 5 to 6 weeks of net sales—on a trailing 12-month basis. By comparison, our sales order backlog and forward load was \$11.8 million, or approximately 7 to 8 weeks of net sales—on a trailing 12-month basis—as of the end of our second quarter of fiscal year 2018.

Final Transcript: OCC – Q3 2018 Earning Conference Call - 09/11/18 10:00 AM

Our sales order backlog and 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 and forward load, we believe we may see a positive impact on net sales during the fourth quarter of fiscal 2018, compared to the same period last year. However, at this time, we anticipate net sales during the fourth quarter to be less than net sales during the third quarter of fiscal 2018.

Turning to gross profit. Gross profit was \$7 million in the third quarter of fiscal 2018, an increase of 32.4% compared to \$5.3 million in the third quarter of fiscal 2017. Gross profit margin, or gross profit as a percentage of net sales, was 30.4% in the third quarter of fiscal 2018, compared to 32.3% in the third quarter of fiscal 2017. Gross profit was \$21.2 million in the first nine months of fiscal 2018, an increase of 34.4% compared to \$15.8 million in the first nine months of fiscal 2017. Gross profit margin, or gross profit as a percentage of net sales, was 31.4% in the first nine months of fiscal 2018, compared to 33.7% in the first nine months of fiscal 2017.

Our gross profit margin percentages are heavily dependent upon product mix on a quarterly basis. Gross profit margin in the third quarter and first nine months of fiscal 2018 was negatively impacted by a shift in product mix toward the sale of certain lower margin products in the third quarter and first nine months of fiscal 2018 compared to the same periods in fiscal 2017. However, the significant increase in net sales levels during the third quarter and first nine months 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 17.4% to \$6.4 million during the third quarter of fiscal 2018, compared to \$5.4 million for the same period last year. SG&A expenses as a percentage of net sales were 27.6% in the third quarter of fiscal 2018, compared to 33% in the third quarter of fiscal 2017, as OCC benefited from its operating leverage.

SG&A expenses increased 17% to \$19.3 million during the first nine months of fiscal 2018, compared to \$16.5 million for the same period last year. SG&A expenses as a percentage of net sales were 28.6% in the first nine months of fiscal 2018, compared to 35.2% in the first nine months of fiscal 2017, again, as OCC benefited from its operating leverage.

The increase in SG&A expenses during the third quarter and first nine months 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 third quarter and first nine months of fiscal 2018.

OCC recorded net income of \$438,000, or \$0.06 per basic and diluted share, for the third quarter of fiscal 2018, compared to a net loss of \$295,000, or \$0.05 per basic and diluted share, for the third quarter of fiscal 2017. OCC recorded net income of \$1.4 million, or \$0.19 per basic and diluted share, for the first nine months of fiscal 2018, compared to a net loss of \$1.2 million, or \$0.18 per basic and diluted share, for the first nine months of fiscal 2017.

As of July 31, 2018, we had outstanding borrowings of \$5.8 million on our revolving credit note and \$1.2 million in available credit. We also had outstanding loan balances of \$6.5 million under our real estate term loans.

As indicated in our second quarter conference call, OCC obtained a special project revolving credit note of \$6 million in April, providing additional availability for working capital purposes. As of July 31, and through today, we do not have any outstanding borrowings on our special project revolving credit note, and we expect it to expire as originally scheduled on October 1.

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

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

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

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And I'm showing no questions at this time, sir.

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

Okay. Thank you, Maria. Andrew, are there any questions that were submitted by individual investors in advance of today's call?

Andrew Siegel - *Joele Frank, Wilkinson Brimmer Katcher - Partner*

Neil, we did not get any questions from individual shareholders this quarter. So I think there are no questions apparently. So I guess, we can wrap up the call.

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

Okay. Thank you. I would like to thank everyone for listening to our third quarter conference call today. And as always, we appreciate your time and your interest in OCC. Have a nice day.

Operator

Thank you, ladies and gentlemen. This does conclude today's conference call. You may now disconnect.
