

**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): March 12, 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 March 12, 2018, Optical Cable Corporation issued a press release announcing its first quarter of fiscal year 2018 financial results. Also on March 12, 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 is filed as an Exhibit to this Report.

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
99.1	Press Release dated March 12, 2018 (FILED HEREWITH)
99.2	Transcript of earnings call on March 12, 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: March 13, 2018



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FOR IMMEDIATE RELEASE

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

OCC[®] Achieves More than 20% Increase in Net Sales; Reports Strong Sales Order Backlog

ROANOKE, Va., March 12, 2018 — Optical Cable Corporation (Nasdaq GM: OCC) (“OCC[®]” or the “Company”) today announced financial results for its first quarter ended January 31, 2018.

First Quarter 2018 Financial Results

OCC increased consolidated net sales 20.2% to \$17.6 million in the first quarter of fiscal year 2018, compared to net sales of \$14.6 million for the first quarter of fiscal year 2017. Net sales to customers in the United States increased 17.3% in the first quarter of fiscal year 2018, and net sales to customers outside of the United States increased 32.1%, in both cases compared to the same period last year.

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

OCC reported gross profit of \$5.2 million in the first quarter of fiscal year 2018, an increase of 8.7% compared to gross profit of \$4.8 million in the first quarter of fiscal year 2017. Gross profit margin, or gross profit as a percentage of net sales, was 29.8% in the first quarter of fiscal year 2018 compared to 32.9% for the same period in fiscal year 2017, primarily due to changes in fiber optic cable product mix.

SG&A expenses increased 7.0% to \$5.6 million during the first quarter of fiscal year 2018, compared to \$5.2 million for the first quarter of fiscal year 2017. The year-over-year increase in SG&A expenses was primarily due to increases in employee related costs, including new hires selectively added to accomplish strategic objectives, and increases in commissions due primarily to the increase in net sales.

OCC recorded a net loss of \$410,000, or \$0.06 per basic and diluted share, for the first quarter of fiscal year 2018, compared to a net loss of \$616,000, or \$0.09 per basic and diluted share, for the first quarter of fiscal year 2017.

As of the end of February 2018, OCC's sales order backlog/forward load was approximately \$19 million, as compared to a sales order backlog/forward load that varies throughout the year, but is generally approximately \$4 million to \$5 million. As a result, at this time, OCC expects a significant increase in net sales during the second quarter of fiscal year 2018, as compared to net sales in the same period last year.

Management's Comments

Neil Wilkin, President and Chief Executive Officer of OCC, said, "We continue to execute on our strategies—accelerating sales and marketing initiatives in targeted markets, taking steps to increase operational efficiencies, and strengthening our team with strategic new hires. While gross margins and earnings per share for the first quarter reflect product mix, increased commissions to our sales force, as well as costs related to our initiatives, we remain focused on operating efficiently to drive long-term value creation. We believe that we are meeting the evolving needs of our customers and taking the right steps to deliver value for shareholders by executing on our strategy and building on OCC's portfolio of integrated product offerings and solutions."

Mr. Wilkin concluded, "We are pleased with our strong start to fiscal 2018; we set aggressive growth targets for this year and continue to take meaningful steps to drive sales and achieve gross profit growth. We are seeing increased demand in many of our specialty markets that had been under pressure in recent years, and we have a strong sales order backlog/forward load as we enter our second quarter."

Conference Call Information

As previously announced, OCC will host a conference call today, March 12, 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 1489914. For interested individuals unable to join the call, a replay will be available through March 19, 2018 by dialing (800) 585-8367 or (404) 537-3406, passcode 1489914. 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 January 31,	
	2018	2017
Net sales	\$ 17,551	\$ 14,606
Cost of goods sold	12,322	9,796
Gross profit	5,229	4,810
SG&A expenses	5,558	5,192
Royalty (income) expense, net	(5)	31
Amortization of intangible assets	7	6
Loss from operations	(331)	(419)
Interest expense, net	(129)	(148)
Other, net	10	(69)
Other expense, net	(119)	(217)
Loss before income taxes	(450)	(636)
Income tax benefit	40	20
Net loss	\$ (410)	\$ (616)
Net loss per share: Basic and diluted	\$ (0.06)	\$ (0.09)
Weighted average shares outstanding:		
Basic and diluted	6,668	6,487

--MORE--

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

	January 31, 2018	October 31, 2017
Cash	\$ 529	\$ 891
Trade accounts receivable, net	11,309	8,941
Inventories	17,622	16,781
Other current assets	475	490
Total current assets	29,935	27,103
Non-current assets	12,676	13,036
Total assets	\$ 42,611	\$ 40,139
Current liabilities	\$ 6,974	\$ 4,197
Non-current liabilities	12,380	12,253
Total liabilities	19,354	16,450
Total shareholders' equity	23,257	23,689
Total liabilities and shareholders' equity	\$ 42,611	\$ 40,139

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Transcript: OCC –Q1 2018 Earnings Conference Call - 03/12/18 10:00 AM

CORPORATE PARTICIPANTS

Aaron Palash - Joele Frank, Wilkinson Brimmer Katcher

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

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

CONFERENCE PARTICIPANTS

Anthony Marchese - Private Investor

PRESENTATION

Operator

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

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

Aaron Palash - Joele Frank, Wilkinson Brimmer Katcher

Good morning, and thank you all for participating on Optical Cable Corporation's first 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 first quarter of fiscal year 2018. Tracy will then review the first quarter results for the three-month period ended January 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.

We are pleased with our strong start to fiscal year 2018. During our first quarter, we achieved significant top-line growth with a 20.2% increase in net sales and an 8.7% increase in gross profit when compared to the first quarter of fiscal 2017. We set aggressive growth targets for this year and continue to make meaningful steps to drive sales and achieve gross profit growth.

We continue to execute on our strategies—accelerating sales and marketing initiatives in targeted markets, taking steps to increase operational efficiencies, and strengthening our team with strategic new hires. Our efforts to develop solutions and capture new opportunities to meet our customers' evolving needs also continue.

We are encouraged by increased demand in many of our specialty markets that had been under pressure in recent years. In the military market, for example, we are seeing increases as a result of market improvements, as well as increases due to our new product development efforts.

Our sales order backlog and forward load was high at the end of the first quarter and into the second quarter—particularly for our fiber optic cable products. Generally, OCC's consolidated sales order backlog and forward load varies throughout the year between approximately 3 or 4 weeks of net sales, or approximately \$4 million to \$5 million. At the end of February 2018, our sales order backlog and forward load was \$19 million. As a result, at this time, we believe it is likely that we will again see a significant increase in net sales during the second quarter of fiscal year 2018, when compared to the same period last year.

We continue to be mindful of our expenses as we make appropriate investments in personnel and initiatives that we believe are necessary for future growth. We are confident that we are positioning OCC for success and we are focused on building on this important momentum to further improve our top and bottom line results through execution of our strategic plan.

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

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

Thank you, Neil. Consolidated net sales for the first quarter of fiscal 2018 were \$17.6 million, an increase of 20.2% compared to net sales of \$14.6 million for the first quarter of fiscal 2017. We increased net sales in our specialty markets in the first quarter of fiscal 2018, compared to the same period last year, particularly in our military and wireless carrier markets. This increase was partially offset by a decrease in net sales in our enterprise markets.

Net sales to customers outside of the United States increased 32.1% in the first quarter of fiscal 2018, compared to the same period last year, and net sales to customers in the United States increased 17.3%, compared to the same period last year.

Turning to gross profit. Gross profit was \$5.2 million in the first quarter of fiscal 2018, an increase of 8.7% compared to \$4.8 million in the first quarter of fiscal 2017. Gross profit margin, or gross profit as a percentage of net sales, was 29.8% in the first quarter of fiscal 2018, compared to 32.9% in the first quarter of fiscal 2017. Our gross profit margin percentages are heavily dependent upon product mix on a quarterly basis. Gross profit margin for the first quarter of fiscal 2018 was negatively impacted by a shift in product mix toward the sale of certain lower margin fiber optic cable products in the first quarter of fiscal 2018 compared to the same period in fiscal 2017.

SG&A expenses increased 7% to \$5.6 million during the first quarter of fiscal 2018, compared to \$5.2 million for the same period last year. SG&A expenses as a percentage of net sales were 31.7% in the first quarter of fiscal 2018, compared to 35.6% in the first quarter of fiscal 2017. The increase in SG&A expenses during the first quarter of fiscal 2018 compared to the same period last year was primarily due to increases in employee related costs, including new hires selectively added to accomplish strategic objectives, and increases in commissions due primarily to the increase in net sales.

OCC recorded a net loss of \$410,000, or \$0.06 per basic and diluted share, for the first quarter of fiscal 2018, compared to a net loss of \$616,000, or \$0.09 per basic and diluted share, for the first quarter of fiscal 2017.

As of January 31, 2018, we had outstanding borrowings of \$5.9 million on our revolving credit note and \$1.1 million in available credit. We also had outstanding loan balances of \$6.6 million under our real estate term loan.

As Neil mentioned, our sales order backlog and forward load at the end of February 2018 was \$19 million, or approximately 14 to 15 weeks of net sales on a trailing 12-month basis. As a result of our significant backlog and forward load and timing differences between required payments on purchases and materials and receipts on shipments related to these orders, we're in the process of working with our bank to increase the availability on our Revolver to accommodate what we believe will be short-term increased working capital requirements.

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 would appreciate it.

QUESTION AND ANSWERS

Operator

Your first question comes from the line of Anthony Marchese.

Anthony Marchese - Private Investor

Hi, good morning. Nice sales results. Question for you regarding the backlog. Can you categorize the backlog in terms of potential profit margin? Is it lower priced -- lower margin, higher margin? That would help.

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

Yes, it's -- generally we wouldn't provide that -- a lot of detail, but we do have a lot of backlog in products that tend to be a little bit of a lower mix. We make a whole series of products, of course, in fiber optic cable, copper and fiber optic connectivity products, both for the enterprise and the harsh environment market. And part of our fiber optic cable mix includes cables that are hybrid cables that include power -- for power purposes. And some of those cables include a more substantial element of copper. And so we do expect, in certain circumstances, our margins to be lower on those sorts of products since the copper price tends to be more of a pass-through component. With respect to our backlog, I don't have any specific numbers to know what our margins will be like on a going-forward basis at this time. But I can tell you that our backlog does contain some sales and orders that fall into that category of being lower margin.

Anthony Marchese - Private Investor

Okay. And second and final question. Is it possible that you could be net income positive for the year?

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

I wasn't going to make any projections, but that's what we're focused on doing, as you would imagine. We've made some steps when we saw weakness in our specialty markets to control expenses. We continue to try to keep those expenses under control, but we've also made some investments as we're focusing on expanding our market and sales initiatives, as well as some other initiatives that long-term, we believe will save money. So that's always in the back of our mind, and that's always our intention.

Anthony Marchese - Private Investor

Great, thank you.

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

Anthony, if you don't mind me asking, who are you with?

Anthony Marchese - Private Investor

I'm just a -- I'm a private investor.

Operator

At this time, there are no further audio questions. I'll now return the call to Mr. Wilkin.

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

Thank you. Aaron, are there any questions we have submitted from individual investors, other individual investors at this time?

Aaron Palash - Joele Frank, Wilkinson Brimmer Katcher - Partner

Neil, at this time, we do not have any questions submitted by individual shareholders.

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

Okay. Well, I would like to thank everyone for listening to our first quarter conference call today. As always, we appreciate your time and your interest in OCC. Thank you.

Operator

Thank you for participating in the Optical Cable Corporation first quarter 2018 earnings conference call. You may now disconnect.