

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): **May 4, 2017**

ASTRONICS CORPORATION

(Exact name of registrant as specified in its charter)

New York

0-7087

16-0959303

(State of Other Jurisdiction of Incorporation)

(Commission File Number)

(I.R.S. Employer Identification No.)

130 Commerce Way

East Aurora, New York

14052

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: **(716) 805-1599**

N/A

(Former name or former address, 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 (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))

Item 2.02 Results of Operations and Financial Condition.

On May 4, 2017, Astronics Corporation issued a news release announcing its first quarter financial results for 2017. A copy of the press release is attached as Exhibit 99.1.

The information contained herein and in the accompanying exhibit shall not be incorporated by reference into any filing of the registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing. The information in this report including the exhibit hereto, shall not be deemed to be “filed” for purpose 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.

Item 9.01 Financial Statements and Exhibits.

Press Release of Astronics Corporation dated May 4, 2017

SIGNATURE

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.

Dated: May 4, 2017

Astronics Corporation
By: /s/ David C. Burney
Name: David C. Burney
Executive Vice President and Chief
Financial Officer

EXHIBIT INDEX

| <u>Exhibit</u> | <u>Description</u> |
|----------------|--|
| 99.1 | Press Release of Astronics Corporation dated May 4, 2017 |



NEWS RELEASE

Astronics Corporation • 130 Commerce Way • East Aurora, NY • 14052-2164

For more information, contact:

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FOR IMMEDIATE RELEASE

Astronics Corporation Reports 2017 First Quarter Financial Results

EAST AURORA, NY, May 4, 2017 – Astronics Corporation (NASDAQ: ATRO), a leading supplier of advanced technologies and products to the global aerospace, defense, and semiconductor industries, today reported financial results for the three months ended April 1, 2017. Earnings per share for prior periods are adjusted for the 3 for 20 (15%) distribution of Class B Stock for shareholders of record on October 11, 2016.

| | Three Months Ended | | |
|----------------------------------|--------------------|---------------|----------|
| | April 1, 2017 | April 2, 2016 | % Change |
| Sales | \$ 152,396 | \$ 159,530 | (4.5)% |
| Gross profit | \$ 38,317 | \$ 39,483 | (3.0)% |
| <i>Gross margin</i> | 25.1% | 24.7% | |
| SG&A | \$ 21,693 | \$ 21,884 | (0.9)% |
| <i>SG&A percent of sales</i> | 14.2% | 13.7% | |
| Income from Operations | \$ 16,624 | \$ 17,599 | (5.5)% |
| <i>Operating margin %</i> | 10.9% | 11.0% | |
| Net Income | \$ 11,587 | \$ 11,485 | 0.9 % |
| <i>Net Income %</i> | 7.6% | 7.2% | |

Peter J. Gundermann, President and Chief Executive Officer, commented "As anticipated, first quarter results were similar to the last few quarters of 2016. We expect revenue to grow sequentially through the remainder of this year and continue to believe we are well-positioned generally. However, we are also sensitive to some gathering headwinds, so we have moved our revenue range down accordingly. Nonetheless, we are making excellent progress on a wide range of substantial opportunities which we believe will become apparent this year, justifying our enthusiasm for the future."

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Consolidated Review

First Quarter 2017 Results

Consolidated sales were down \$7.1 million from the same period last year. Aerospace segment sales of \$136.8 million were down \$1.5 million and Test Systems segment sales of \$15.6 million were down \$5.7 million.

Consolidated gross margin was 25.1% in the first quarter of 2017 compared with 24.7% in the first quarter of 2016. The solid margin performance was the result of improved operational efficiencies and product mix which offset the impact of lower sales volume. Engineering and Development ("E&D") costs were \$22.9 million in the quarter, down slightly from \$23.3 million of E&D costs in last year's first quarter. As a percent of sales, E&D was 15.0% and 14.6% in the first quarters of 2017 and 2016, respectively.

Selling, general and administrative ("SG&A") expenses were \$21.7 million, or 14.2% of sales, in the first quarter of 2017 compared with \$21.9 million, or 13.7% of sales, in the same period last year.

The effective tax rate for the quarter was 25.2%, compared with 30.4% in the first quarter of 2016. The 2017 first quarter tax rate was favorably impacted by excess tax benefits associated with employee share-based compensation and also benefited from decreases in foreign tax rates.

Net income was \$11.6 million, or \$0.38 cents per diluted share.

During the first quarter, the Company repurchased approximately 148,000 shares at an aggregate cost of \$4.4 million under its share repurchase program. Since the inception of the program in February 2016, the Company has repurchased approximately 671,000 shares at an aggregate cost of \$22.0 million.

Aerospace Segment Review *(refer to sales by market and segment data in accompanying tables)*

Aerospace First Quarter 2017 Results

Aerospace segment sales decreased by \$1.5 million, or 1.1%, when compared with the prior year's first quarter to \$136.8 million.

Electrical Power & Motion sales decreased \$2.9 million, or 3.9%, largely driven by lower sales of in-seat and cabin power products. Systems Certification sales decreased by \$2.4 million on lower project activity. These decreases were partially offset by a \$2.1 million increase in sales of Lighting & Safety products and a \$1.7 million increase in Avionics products sales.

Aerospace operating profit for the first quarter of 2017 was \$19.8 million, or 14.4% of sales, compared with \$18.7 million, or 13.5% of sales, in the same period last year. Aerospace E&D costs remained consistent when compared with the same period last year at \$20.3 million.

Aerospace orders in the first quarter of 2017 were \$122.8 million. Backlog was \$205.2 million at the end of the first quarter of 2017.

Mr. Gundermann commented, "While our Aerospace revenue has been improving sequentially the last two quarters, it is apparent that we are working our way through a soft patch in the market, with some program delays, market pricing pressure, and the slowing conditions in the widebody market. Still, we anticipate posting a new record in Aerospace revenue for 2017."

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Test Systems Segment Review (refer to sales by market and segment data in accompanying tables)

Test Systems First Quarter 2017 Results

Sales in the first quarter of 2017 decreased approximately \$5.7 million to \$15.6 million compared with the same period in 2016, a decrease of 26.6%. Sales to the Semiconductor market decreased \$2.5 million and sales to the Aerospace and Defense market decreased \$3.2 million compared with the same period in 2016.

Operating profit was \$0.3 million, or 2.0% of sales, compared with \$2.2 million, or 10.4% of sales, in last year's first quarter. The decrease in operating profit was the result of lower volumes. E&D costs were \$2.5 million, down from \$3.0 million in the first quarter of 2016.

Orders for the Test Systems segment in the quarter were \$24.2 million, for a book-to-bill ratio of 1.56 for the quarter. Backlog was \$47.6 million at the end of the first quarter of 2017.

Mr. Gundermann commented, "Although our Test business had a weak start to the year, we saw relatively strong bookings in the quarter, and expect results to improve markedly as we move through 2017. We have seen some program awards slide, but believe we are operating in a target rich environment which will produce a number of substantial wins yet this year."

2017 Outlook

Consolidated sales in 2017 are forecasted to be in the range of \$635 million to \$690 million, which represents a decline from the high end of the previous range. Approximately \$545 million to \$580 million of revenue is expected from the Aerospace segment and \$90 million to \$110 million from the Test Systems segment.

Consolidated backlog at April 1, 2017 was \$252.7 million, of which approximately \$218.7 million is expected to ship in 2017.

Assuming no change in the federal statutory rate, the effective tax rate for 2017 is expected to be in the range of 28% to 31%.

Capital equipment spending in 2017 is expected to be in the range of \$21 million to \$25 million.

E&D costs are expected to be in the range of \$93 million to \$95 million excluding the engineering costs from the acquired Custom Control Concepts business.

Mr. Gundermann concluded, "We are disappointed to be lowering our revenue forecast so early in the year, but we are facing some headwinds along the lines of schedule delays, pricing pressure, and weakening conditions in certain of our markets, including in particular the widebody commercial airplane market. At the same time, we continue to hold leading market positions and are making important progress in key areas. We expect 2017 to be a year of progress compared with 2016, and that we will carry strong momentum into the future."

First Quarter 2017 Webcast and Conference Call

The Company will host a teleconference today at 11:00 a.m. ET. During the teleconference, Peter J. Gundermann, President and CEO, and David C. Burney, Executive Vice President and CFO, will review the financial and operating results for the period and discuss Astronics' corporate strategy and outlook. A question-and-answer session will follow.

The Astronics conference call can be accessed by calling (201) 689-8562. The listen-only audio webcast can be monitored at www.astronics.com. To listen to the archived call, dial (412) 317-6671 and enter conference ID number 13659615. The telephonic replay will be available from 2:00 p.m. on the day of the call through Thursday, May 11, 2017. A transcript will also be posted to the Company's Web site once available.

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About Astronics Corporation

Astronics Corporation (NASDAQ: ATRO) is a leading supplier of advanced technologies and products to the global aerospace, defense and semiconductor industries. Astronics' products and services include advanced, high-performance electrical power generation and distribution systems, seat motion solutions, lighting and safety systems, avionics products, aircraft structures, systems certification and automated test systems. Astronics' strategy is to increase its value by developing technologies and capabilities, either internally or through acquisition, and using those capabilities to provide innovative solutions to its targeted markets and other markets where its technology can be beneficial. Through its wholly owned subsidiaries, Astronics has a reputation for high-quality designs, exceptional responsiveness, strong brand recognition and best-in-class manufacturing practices. The Company routinely posts news and other important information on its website at www.astronics.com.

For more information on Astronics and its products, visit its Web site at www.astronics.com.

Safe Harbor Statement

This news release contains forward-looking statements as defined by the Securities Exchange Act of 1934. One can identify these forward-looking statements by the use of the words "expect," "anticipate," "plan," "may," "will," "estimate" or other similar expressions. Because such statements apply to future events, they are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated by the statements. Important factors that could cause actual results to differ materially from what may be stated here include the state of the aerospace, defense, consumer electronics and semiconductor industries, the market acceptance of newly developed products, internal production capabilities, the timing of orders received, the status of customer certification processes and delivery schedules, the demand for and market acceptance of new or existing aircraft which contain the Company's products, the need for new and advanced test and simulation equipment, customer preferences and other factors which are described in filings by Astronics with the Securities and Exchange Commission. The Company assumes no obligation to update forward-looking information in this news release whether to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results, financial conditions or prospects, or otherwise.

FINANCIAL TABLES FOLLOW

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ASTRONICS CORPORATION
CONSOLIDATED INCOME STATEMENT DATA
 (Unaudited, \$ in thousands except per share data)

| | Three Months Ended | |
|--|--------------------|-------------------|
| | 4/1/2017 | 4/2/2016 |
| Sales | \$ 152,396 | \$ 159,530 |
| Cost of products sold | 114,079 | 120,047 |
| Gross profit | 38,317 | 39,483 |
| Gross margin | 25.1% | 24.7% |
| Selling, general and administrative | 21,693 | 21,884 |
| SG&A % of sales | 14.2% | 13.7% |
| Income from operations | 16,624 | 17,599 |
| Operating margin | 10.9% | 11.0% |
| Interest expense, net | 1,133 | 1,087 |
| Income before tax | 15,491 | 16,512 |
| Income tax expense | 3,904 | 5,027 |
| Net income | \$ 11,587 | \$ 11,485 |
| Net income % of sales | 7.6% | 7.2% |
| | | |
| *Basic earnings per share: | \$ 0.40 | \$ 0.39 |
| *Diluted earnings per share: | \$ 0.38 | \$ 0.38 |
| | | |
| *Weighted average diluted shares outstanding (in thousands) | 30,182 | 30,359 |
| | | |
| Capital expenditures | \$ 2,767 | \$ 2,450 |
| Depreciation and amortization | \$ 6,298 | \$ 6,546 |

*April 2, 2016 share quantities and per-share data have been restated to reflect the impact of the fifteen percent Class B stock distribution to shareholders of record on October 11, 2016.

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ASTRONICS CORPORATION
CONSOLIDATED BALANCE SHEET DATA

(\$ in thousands)

| | (unaudited) | |
|---|-------------------|-------------------|
| | 4/1/2017 | 12/31/2016 |
| ASSETS | | |
| Cash and cash equivalents | \$ 10,763 | \$ 17,901 |
| Accounts receivable and uncompleted contracts | 112,781 | 109,415 |
| Inventories | 122,184 | 116,597 |
| Other current assets | 10,674 | 11,160 |
| Property, plant and equipment, net | 122,159 | 122,812 |
| Other long-term assets | 13,902 | 13,149 |
| Intangible assets, net | 95,529 | 98,103 |
| Goodwill | 115,294 | 115,207 |
| Total assets | \$ 603,286 | \$ 604,344 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current maturities of long term debt | \$ 2,582 | \$ 2,636 |
| Accounts payable and accrued expenses | 59,606 | 60,756 |
| Customer advances and deferred revenue | 20,937 | 23,168 |
| Long-term debt | 138,914 | 145,484 |
| Other liabilities | 35,147 | 34,851 |
| Shareholders' equity | 346,100 | 337,449 |
| Total liabilities and shareholders' equity | \$ 603,286 | \$ 604,344 |

ASTRONICS CORPORATION

Segment Data

(Unaudited, \$ in thousands)

| | Three Months Ended | |
|---------------------------------|--------------------|------------------|
| | 4/1/2017 | 4/2/2016 |
| Sales | | |
| Aerospace | \$ 136,827 | \$ 138,649 |
| Less Inter-segment | — | (340) |
| Total Aerospace | 136,827 | 138,309 |
| Total Test Systems | 15,569 | 21,221 |
| Total consolidated sales | 152,396 | 159,530 |
| Operating profit and margins | | |
| Aerospace | 19,754 | 18,691 |
| | 14.4% | 13.5% |
| Test Systems | 318 | 2,210 |
| | 2.0% | 10.4% |
| Total operating profit | 20,072 | 20,901 |
| Interest expense | 1,133 | 1,087 |
| Corporate expenses and other | 3,448 | 3,302 |
| Income before taxes | \$ 15,491 | \$ 16,512 |

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ASTRONICS CORPORATION
SALES BY MARKET
(Unaudited, \$ in thousands)

| | <u>Three Months Ended</u> | | | <u>2017 YTD</u> |
|-----------------------------|---------------------------|-------------------|-----------------|-----------------|
| | <u>4/1/2017</u> | <u>4/2/2016</u> | <u>% change</u> | |
| Aerospace Segment | | | | |
| Commercial Transport | \$ 109,723 | \$ 113,396 | -3.2 % | 72.1% |
| Military | 15,146 | 12,280 | 23.3 % | 9.9% |
| Business Jet | 7,536 | 6,525 | 15.5 % | 4.9% |
| Other | 4,422 | 6,108 | -27.6 % | 2.9% |
| Aerospace Total | 136,827 | 138,309 | -1.1 % | 89.8% |
| Test Systems Segment | | | | |
| Semiconductor | 4,631 | 7,137 | -35.1 % | 3.0% |
| Aerospace & Defense | 10,938 | 14,084 | -22.3 % | 7.2% |
| Test Systems Total | 15,569 | 21,221 | -26.6 % | 10.2% |
| Total | \$ 152,396 | \$ 159,530 | -4.5 % | |

ASTRONICS CORPORATION
SALES BY PRODUCT LINE
(Unaudited, \$ in thousands)

| | <u>Three Months Ended</u> | | | <u>2017 YTD</u> |
|---------------------------|---------------------------|-------------------|-----------------|-----------------|
| | <u>4/1/2017</u> | <u>4/2/2016</u> | <u>% change</u> | |
| Aerospace Segment | | | | |
| Electrical Power & Motion | \$ 72,444 | \$ 75,392 | -3.9 % | 47.6% |
| Lighting & Safety | 42,670 | 40,566 | 5.2 % | 28.0% |
| Avionics | 9,136 | 7,474 | 22.2 % | 6.0% |
| Systems Certification | 2,159 | 4,606 | -53.1 % | 1.4% |
| Structures | 5,996 | 4,163 | 44.0 % | 3.9% |
| Other | 4,422 | 6,108 | -27.6 % | 2.9% |
| Aerospace Total | 136,827 | 138,309 | -1.1 % | 89.8% |
| Test Systems | 15,569 | 21,221 | -26.6 % | 10.2% |
| Total | \$ 152,396 | \$ 159,530 | -4.5 % | |

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ASTRONICS CORPORATION
ORDER AND BACKLOG TREND

(Unaudited, \$ in thousands)

| | Q2 2016 07/02/2016 | Q3 2016 10/1/2016 | Q4 2016 12/31/2016 | Q1 2017 4/1/2017 | Trailing Twelve Months 4/1/2017 |
|------------------------|-----------------------------------|----------------------------------|-----------------------------------|---------------------------------|--|
| Sales | | | | | |
| Aerospace | \$ 142,501 | \$ 125,179 | \$ 128,052 | \$ 136,827 | \$ 532,559 |
| Test Systems | 21,925 | 29,920 | 26,016 | 15,569 | 93,430 |
| Total Sales | \$ 164,426 | \$ 155,099 | \$ 154,068 | \$ 152,396 | \$ 625,989 |
| Bookings | | | | | |
| Aerospace | \$ 163,532 | \$ 122,821 | \$ 113,756 | \$ 122,836 | \$ 522,945 |
| Test Systems | 17,941 | 13,694 | 23,118 | 24,236 | 78,989 |
| Total Bookings | \$ 181,473 | \$ 136,515 | \$ 136,874 | \$ 147,072 | \$ 601,934 |
| Backlog | | | | | |
| Aerospace | \$ 235,800 | \$ 233,442 | \$ 219,146 | \$ 205,155 | |
| Test Systems | 58,011 | 41,785 | 38,887 | 47,554 | |
| Total Backlog | \$ 293,811 | \$ 275,227 | \$ 258,033 | \$ 252,709 | N/A |
| Book:Bill Ratio | | | | | |
| Aerospace | 1.15 | 0.98 | 0.89 | 0.90 | 0.98 |
| Test Systems | 0.82 | 0.46 | 0.89 | 1.56 | 0.85 |
| Total Book:Bill | 1.10 | 0.88 | 0.89 | 0.97 | 0.96 |

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