
**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): August 28, 2019

ASTRONOVA, INC.
(Exact name of registrant as specified in its charter)

Rhode Island
(State or other jurisdiction
of incorporation)

0-13200
(Commission
File Number)

05-0318215
(I.R.S. Employer
Identification No.)

600 East Greenwich Avenue
West Warwick, RI 02893
(Address of principal executive offices) (Zip Code)

(401)-828-4000
Registrant's telephone number, including area code

Not applicable
(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))

Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class | Trading Symbol(s) | Name of Each Exchange on which Registered |
|--------------------------------|----------------------|--|
| Common Stock, \$0.05 Par Value | ALOT | NASDAQ Global Market |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On August 28, 2019, we issued a press release reporting the financial results for our fiscal first quarter ended August 3, 2019. A copy of the press release relating to that announcement, dated August 28, 2019, is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information contained in Item 2.02 of this report and Exhibit 99.1 attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits

| <u>Exhibit No.</u> | <u>Exhibit</u> |
|------------------------|---|
| 99.1 | Press Release Dated August 28, 2019 |

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.

ASTRONOVA, INC.

Dated: August 28, 2019

By: /s/ David S. Smith

David S. Smith

Vice President, Treasurer and Chief Financial Officer

**Contact:**

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**AstroNova Announces Financial Results for the
Second Quarter of Fiscal 2020**

Board of Directors Declares Regular Quarterly Cash Dividend of \$0.07 Per Share

Second-Quarter Fiscal 2020 Summary

- Bookings of \$29.1 million
- Revenue of \$33.5 million
- Operating income of \$1.2 million
- Earnings per diluted share of \$0.13

West Warwick, R.I. – August 28, 2019 – AstroNova, Inc. (NASDAQ: ALOT), a global leader in data visualization technologies, today announced financial results for the fiscal 2020 second quarter ended August 3, 2019.

CEO Commentary

“While we continued to make good progress on our long-term strategic objectives, our second-quarter results reflect a confluence of what we anticipate are short-term headwinds affecting both segments,” said Greg Woods, AstroNova’s President and CEO. “In the Test & Measurement segment, the ripple effects of the 737 MAX grounding had a more pronounced impact on revenue and margin mix in the quarter than we had anticipated. This was in part due to new aircraft shipment reductions but also because several retrofit printer upgrade orders for existing aircraft were deferred so that those planes could be kept in service. Our Product Identification segment was affected by some customer-specific weakness in Asia, partly attributable to increased global economic uncertainty. These temporary challenges do not affect our positive long-term view or the strong underlying fundamentals of AstroNova’s business.

“We continue to invest in new products and technology to drive high-quality, sustainable growth,” Woods said. “During the quarter we introduced the QuickLabel® QL-120X, the first tabletop digital color label printer with an industry-best two-year warranty. In terms of quality, speed and cost efficiency, we believe that this new product substantially enhances our competitiveness in the on-demand digital color label printing market.

Business Outlook

“We continue to have a positive long-term outlook for our business and maintain our expectation for modest revenue growth in fiscal 2020,” Woods said. “While the headwinds we experienced in Q2 are likely to temper our revenue and margin performance in the near-term, we are confident in our growth strategy and the positive secular trends supporting our business. This confidence is being supported by ongoing investments in new products, talent development and geographic expansion to drive high-quality, sustainable growth.”

Operating Segment Results

Product Identification segment revenue in the second quarter of fiscal 2020 was \$22.1 million, a 1.7% increase compared with \$21.8 million in the prior year, as higher sales of supplies and services offset a decline in hardware sales. Segment operating income was \$2.2 million, or 10.0% of revenue, versus \$2.2 million, or 9.9% of revenue, in the prior year.

Test & Measurement segment revenue in the second quarter of fiscal 2020 decreased 5.9% to \$11.3 million from \$12.0 million in the same period of fiscal 2019. Segment operating income was \$1.6 million, or 13.7% of revenue, for the second quarter of fiscal 2020 compared with \$2.8 million, or 23.4% of revenue, in the comparable period of fiscal 2019.

Hardware revenue was \$12.4 million, down 3.7% from \$12.9 million in the prior-year period. Supplies revenue was \$18.1 million, up 1.1% from \$17.9 million in the same period of fiscal 2019. Service/other revenue was \$3.0 million, consistent with the same period a year earlier.

Second-Quarter Financial Summary

Revenue totaled \$33.5 million, a decrease of 1% from \$33.8 million in the second quarter of fiscal 2019, reflecting lower sales in the Test & Measurement segment, partly offset by higher sales in the Product Identification segment.

Gross profit was \$12.0 million, or 35.8% of revenue, compared with \$13.4 million, or 39.6% of revenue, for Q2 fiscal 2019. The decrease in gross profit dollars and margin was attributable primarily to lower revenue and less favorable sales mix.

Operating expenses were \$10.8 million compared with \$11.2 million in the same period of fiscal 2019.

Operating income was \$1.2 million, or 3.5% of revenue, compared with \$2.2 million, or 6.4% of revenue, in the second quarter of fiscal 2019.

Net income was \$1.0 million, or \$0.13 per diluted share, versus net income of \$1.2 million, or \$0.17 per diluted share, in the second quarter of fiscal 2019.

Bookings were \$29.1 million compared with \$35.8 million in the second quarter of 2019.

Backlog at August 2, 2019 was \$22.3 million, compared with \$24.5 million at the end of the fiscal 2019 second quarter.

Board Declares Quarterly Dividend

On August 26, 2019, the Company's Board of Directors declared a regular quarterly cash dividend of \$0.07 per share. The dividend, which represents a cash dividend of \$0.28 per share on an annualized basis, is payable on September 24, 2019, to shareholders of record on September 16, 2019.

Second-Quarter Fiscal 2020 Conference Call

AstroNova will conduct an investor conference call at 9:00 a.m. ET today. To participate on the conference call, please dial (888) 599-8686 (U.S. and Canada) or +1 (323) 994-2093 (International) approximately 10 minutes prior to the start time and enter confirmation code 1668596.

You can hear a replay of the conference call from 12:00 p.m. ET Wednesday, August 28 until 12:00 p.m. ET Wednesday, September 4 by dialing (888) 203-1112 (U.S. and Canada) or +1 (719) 457-0820 (International). The passcode is 1668596.

A real-time and an archived audio webcast of the call will be available through the "Investors" section of the AstroNova website, <https://investors.astronovainc.com>.

About AstroNova

AstroNova, Inc. (NASDAQ: ALOT), a global leader in data visualization technologies since 1969, designs, manufactures, distributes and services a broad range of products that acquire, store, analyze and present data in multiple formats. The Product Identification segment offers a variety of hardware and software products and associated supplies that allow customers to mark, track and enhance the appearance of their products. The segment's two business units are QuickLabel®, the industry leader in tabletop digital color label printing and TrojanLabel®, an innovative leader for professional label presses and specialty printers. The Test and Measurement segment includes the Test & Measurement business unit, which offers a suite of products and services that acquire, record and analyze electronic signal data from local and networked sensors. The segment also includes the AstroNova Aerospace business unit, which designs and manufactures avionics equipment and systems that serve the world's aerospace and defense industries with proven advanced airborne technology solutions for both the cockpit and the cabin. The key products include flight deck printers, networking hardware and related accessories.

AstroNova is a member of the Russell 3000® Index, the Russell 2000® Index, the Russell Microcap® Index and the LD Micro Index (INDEXNYSEGIS: LDMICRO). Additional information is available by visiting www.astronovainc.com.

Forward-Looking Statements

Information included in this news release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are not statements of historical fact, but rather reflect our current expectations concerning future events and results. These statements may include the use of the words “believes,” “expects,” “intends,” “plans,” “anticipates,” “likely,” “continues,” “may,” “will,” and similar expressions to identify forward-looking statements. Such forward-looking statements, including those concerning the Company's anticipated performance in fiscal 2020 and the effect of the grounding of the 737 MAX, involve risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. These risks, uncertainties and factors include, but are not limited to, those factors set forth in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2019 and subsequent filings AstroNova makes with the Securities and Exchange Commission. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The reader is cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this news release.

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NASDAQ: ALOT
www.astronovainc.com

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ASTRONOVA, INC.
Condensed Consolidated Statements of Income
In Thousands Except for Per Share Data
(Unaudited)

| | <u>Three Months Ended</u> | | <u>Six Months Ended</u> | |
|--|---------------------------|----------------------|-------------------------|----------------------|
| | <u>August 3, 2019</u> | <u>July 28, 2018</u> | <u>August 3, 2019</u> | <u>July 28, 2018</u> |
| Net Revenue | \$ 33,468 | \$ 33,807 | \$ 69,649 | \$ 65,294 |
| Cost of Revenue | 21,491 | 20,408 | 43,433 | 39,784 |
| Gross Profit | 11,977 | 13,399 | 26,216 | 25,510 |
| | 35.8% | 39.6% | 37.6% | 39.1% |
| Operating Expenses: | | | | |
| Selling & Marketing | 6,413 | 6,397 | 13,178 | 12,898 |
| Research & Development | 1,785 | 2,029 | 3,792 | 3,721 |
| General & Administrative | 2,616 | 2,808 | 5,615 | 5,462 |
| | <u>10,814</u> | <u>11,234</u> | <u>22,585</u> | <u>22,081</u> |
| Operating Income | 1,163 | 2,165 | 3,631 | 3,429 |
| | 3.5% | 6.4% | 5.2% | 5.3% |
| Other Income, Net | (183) | (512) | (550) | (782) |
| Income Before Taxes | 980 | 1,653 | 3,081 | 2,647 |
| Income Tax Provision | 29 | 459 | 429 | 639 |
| Net Income | <u>\$ 951</u> | <u>\$ 1,194</u> | <u>\$ 2,652</u> | <u>\$ 2,008</u> |
| Net Income per Common Share - Basic | <u>\$ 0.14</u> | <u>\$ 0.17</u> | <u>\$ 0.38</u> | <u>\$ 0.29</u> |
| Net Income per Common Share - Diluted | <u>\$ 0.13</u> | <u>\$ 0.17</u> | <u>\$ 0.36</u> | <u>\$ 0.29</u> |
| Weighted Average Number of Common Shares - Basic | 7,021 | 6,860 | 6,996 | 6,825 |
| Weighted Average Number of Common Shares - Diluted | 7,371 | 7,083 | 7,310 | 6,999 |

ASTRONOVA, INC.
Balance Sheet
In Thousands
(Unaudited)

| | <u>August 3, 2019</u> | <u>January 31, 2019</u> |
|---|-----------------------|-------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 4,523 | \$ 7,534 |
| Accounts Receivable, net | 20,605 | 23,486 |
| Inventories, net | 36,854 | 30,161 |
| Prepaid Expenses and Other Current Assets | 3,059 | 1,427 |
| Total Current Assets | 65,041 | 62,608 |
| OTHER ASSETS | | |
| Property, Plant and Equipment, net | 10,910 | 10,380 |
| Intangible Assets, net | 27,493 | 29,674 |
| Goodwill | 12,075 | 12,329 |
| Deferred Tax Assets | 3,480 | 2,928 |
| Right of Use Asset | 1,760 | — |
| Other Assets | 921 | 1,064 |
| TOTAL ASSETS | \$ 121,680 | \$ 118,983 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | 9,403 | \$ 5,956 |
| Accrued Compensation | 2,700 | 5,023 |
| Other Liabilities and Accrued Expenses | 3,285 | 2,911 |
| Current Portion of Long-Term Debt | 5,024 | 5,208 |
| Revolving Credit Facility | 3,500 | 1,500 |
| Current Portion of Royalty Obligation | 2,000 | 1,875 |
| Current Liability – Excess Royalty Payment Due | 647 | 1,265 |
| Deferred Revenue | 321 | 373 |
| Income Taxes Payable | — | 554 |
| Total Current Liabilities | 26,880 | 24,665 |
| NON CURRENT LIABILITIES | | |
| Long-Term Debt, net of current portion | 10,295 | 12,870 |
| Royalty Obligation, net of current portion | 8,964 | 9,916 |
| Lease Liability, net of current portion | 1,364 | — |
| Deferred Tax Liabilities | 504 | 40 |
| Other Long-Term Liabilities | 1,585 | 1,717 |
| TOTAL LIABILITIES | 49,592 | 49,208 |
| SHAREHOLDERS' EQUITY | | |
| Common Stock | 516 | 511 |
| Additional Paid-in Capital | 55,121 | 53,568 |
| Retained Earnings | 51,180 | 49,511 |
| Treasury Stock | (33,454) | (32,997) |
| Accumulated Other Comprehensive Loss, net of tax | (1,275) | (818) |
| TOTAL SHAREHOLDERS' EQUITY | 72,088 | 69,775 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 121,680 | \$ 118,983 |

ASTRONOVA, INC.
Revenue and Segment Operating Profit
In Thousands
(Unaudited)

| | Three Months Ended | | | | Six Months Ended | | | |
|----------------------------|-----------------------|----------------------|--------------------------|----------------------|-----------------------|----------------------|--------------------------|----------------------|
| | Revenue | | Segment Operating Profit | | Revenue | | Segment Operating Profit | |
| | <i>August 3, 2019</i> | <i>July 28, 2018</i> | <i>August 3, 2019</i> | <i>July 28, 2018</i> | <i>August 3, 2019</i> | <i>July 28, 2018</i> | <i>August 3, 2019</i> | <i>July 28, 2018</i> |
| Product Identification | \$ 22,144 | \$ 21,769 | \$ 2,224 | \$ 2,159 | \$ 45,735 | \$ 41,722 | \$ 5,110 | \$ 3,820 |
| T&M | 11,324 | 12,038 | 1,555 | 2,814 | 23,914 | 23,572 | 4,136 | 5,071 |
| Total | \$ 33,468 | \$ 33,807 | 3,779 | 4,973 | \$ 69,649 | \$ 65,294 | 9,246 | 8,891 |
| Corporate Expenses | | | 2,616 | 2,808 | | | 5,615 | 5,462 |
| Operating Income | | | 1,163 | 2,165 | | | 3,631 | 3,429 |
| Other Expense-Net | | | (183) | (512) | | | (550) | (782) |
| Income Before Income Taxes | | | 980 | 1,653 | | | 3,081 | 2,647 |
| Income Tax Provision | | | 29 | 459 | | | 429 | 639 |
| Net Income | | | \$ 951 | \$ 1,194 | | | \$ 2,652 | \$ 2,008 |