

**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)  
November 1, 2016**

**STURM, RUGER & COMPANY, INC.**  
(Exact Name of Registrant as Specified in its Charter)

**DELAWARE**  
(State or Other Jurisdiction of  
Incorporation)

**001-10435**  
(Commission File Number)

**06-0633559**  
(IRS Employer Identification  
Number)

**ONE LACEY PLACE, SOUTHPORT, CONNECTICUT 06890**  
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code **(203) 259-7843**

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 November 1, 2016, the Company issued a press release to stockholders and other interested parties regarding financial results for the third quarter ended October 1, 2016. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference.

The information in this Current Report on Form 8-K and the Exhibit attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (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 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

## **Item 9.01 Financial Statements and Exhibits.**

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release of Sturm, Ruger & Company, Inc., dated November 1, 2016, reporting the financial results for the third quarter ended October 1, 2016.

### **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.

STURM, RUGER & COMPANY, INC.

By: /S/ THOMAS A. DINEEN  
Name: Thomas A. Dineen  
Title: Principal Financial Officer,  
Principal Accounting Officer,  
Vice President, Treasurer and  
Chief Financial Officer

Dated: November 1, 2016



# STURM, RUGER & CO., INC.

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FOR IMMEDIATE RELEASE

STURM, RUGER & COMPANY, INC. REPORTS THIRD QUARTER  
DILUTED EARNINGS OF \$1.03 PER SHARE  
AND DECLARES DIVIDEND OF 41¢ PER SHARE

SOUTHPORT, CONNECTICUT, November 1, 2016--Sturm, Ruger & Company, Inc. (NYSE-RGR) announced today that for the third quarter of 2016 the Company reported net sales of \$161.4 million and diluted earnings of \$1.03 per share, compared with net sales of \$120.9 million and diluted earnings of 62¢ per share in the third quarter of 2015.

For the nine months ended October 1, 2016, net sales were \$502.5 million and diluted earnings were \$3.48 per share. For the corresponding period in 2015, net sales were \$398.7 million and diluted earnings were \$2.33 per share.

The Company also announced today that its Board of Directors declared a dividend of 41¢ per share for the third quarter for stockholders of record as of November 18, 2016, payable on November 25, 2016. This dividend varies every quarter because the Company pays a percentage of earnings rather than a fixed amount per share. This dividend is approximately 40% of net income.

Chief Executive Officer Michael O. Fifer made the following observations related to the Company's 2016 third quarter performance:

- In the third quarter of 2016, net sales increased 34% and earnings per share increased 66% from the third quarter of 2015.
- EBITDA was \$39 million, or 24% of sales, in the third quarter of 2016, an increase of 44% from \$27 million, or 22% of sales, in the comparable prior year period.
- The following new products were launched in September:
  - the Mark IV pistols, similar to the classic Mark III designs, but with a greatly simplified one-button takedown,
  - the LCP II pistol, a major re-design of the popular LCP pistol that was introduced in 2008, and
  - the American Compact pistols, an expansion of the American pistol family that was launched in 2015.
- New product sales, which include those launched in the third quarter as well as the Ruger Precision Rifle, the AR-556 modern sporting rifle, and the LC9s pistol, were \$58 million or 36% of firearm sales in the third quarter of 2016. New product sales include only major new products that were introduced in the past two years. The new product sales percentage is expected to decrease next quarter as sales of the AR-556 and the LC9s will no longer be included among the new products.
- The estimated unit sell-through of the Company's products from the independent distributors to retailers increased 21% in the third quarter of 2016 from the comparable prior-year period. For the same period, the National Instant Criminal Background Check System background checks (as adjusted by the National Shooting Sports Foundation) increased 16%.
- The increase in estimated sell-through of the Company's products from the independent distributors to retailers is attributable to:
  - stronger-than-normal industry demand during the summer, likely bolstered by the political campaigns for the November elections,
  - strong demand for certain new products,
  - greater availability of rimfire ammunition which spurred demand for our 10/22 rifle and other rimfire firearms, and
  - increased production of several products in strong demand.
- Cash generated from operations during the first nine months of 2016 was \$85 million. At October 1, 2016, our cash totaled \$101 million. Our current ratio is 2.7 to 1 and we have no debt.
- In the first nine months of 2016, capital expenditures totaled \$23 million, much of it related to tooling and equipment for new products. We expect our 2016 capital expenditures to total approximately \$30 million.
- In the first nine months of 2016, the Company returned \$25 million to its shareholders through the payment of dividends.
- At October 1, 2016, stockholders' equity was \$266 million, which equates to a book value of \$14.02 per share, of which \$5.34 per share is cash.

Today, the Company filed its Quarterly Report on Form 10-Q. The financial statements included in this Quarterly Report on Form 10-Q are attached to this press release.

Tomorrow, November 2, 2016, Sturm, Ruger will host a webcast at 9:00 a.m. ET to discuss the third quarter operating results. Interested parties can access the webcast at [www.ruger.com/corporate](http://www.ruger.com/corporate) or by dialing [855-871-7398](tel:855-871-7398), participant code [1173648](http://www.ruger.com/corporate).

The Quarterly Report on Form 10-Q is available on the SEC website at [www.sec.gov](http://www.sec.gov) and the Ruger website at [www.ruger.com/corporate](http://www.ruger.com/corporate). Investors are urged to read the complete Quarterly Report on Form 10-Q to ensure that they have adequate information to make informed investment judgments.

#### About Sturm, Ruger

Sturm, Ruger & Co., Inc. is one of the nation's leading manufacturers of rugged, reliable firearms for the commercial sporting market. As a full-line manufacturer of American-made firearms, Ruger offers consumers over 400 variations of more than 30 product lines. For more than 60 years, Ruger has been a model of corporate and community responsibility. Our motto, "Arms Makers for Responsible Citizens," echoes the importance of these principles as we work hard to deliver quality and innovative firearms.

*The Company may, from time to time, make forward-looking statements and projections concerning future expectations. Such statements are based on current expectations and are subject to certain qualifying risks and uncertainties, such as market demand, sales levels of firearms, anticipated castings sales and earnings, the need for external financing for operations or capital expenditures, the results of pending litigation against the Company, the impact of future firearms control and environmental legislation, and accounting estimates, any one or more of which could cause actual results to differ materially from those projected. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date made. The Company undertakes no obligation to publish revised forward-looking statements to reflect events or circumstances after the date such forward-looking statements are made or to reflect the occurrence of subsequent unanticipated events.*

STURM, RUGER & COMPANY, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS  
*(Dollars in thousands)*

	October 1, 2016	December 31, 2015
<b>Assets</b>		
Current Assets		
Cash	\$101,363	\$ 69,225
Trade receivables, net	70,323	71,721
Gross inventories	89,858	81,278
Less LIFO reserve	(43,836)	(42,061)
Less excess and obsolescence reserve	(2,448)	(2,118)
Net inventories	43,574	37,099
Deferred income taxes	9,085	8,219
Prepaid expenses and other current assets	6,773	3,008
Total Current Assets	231,118	189,272
Property, plant and equipment	320,465	308,597
Less allowances for depreciation	(218,401)	(204,777)
Net property, plant and equipment	102,064	103,820
Other assets	27,670	22,791
Total Assets	\$360,852	\$315,883

STURM, RUGER & COMPANY, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (Continued)

(Dollars in thousands, except per share data)

	October 1, 2016	December 31, 2015
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities		
Trade accounts payable and accrued expenses	\$ 53,432	\$ 42,991
Product liability	1,455	642
Employee compensation and benefits	25,897	28,298
Workers' compensation	4,421	5,100
Income taxes payable	--	4,962
<b>Total Current Liabilities</b>	<b>85,205</b>	<b>81,993</b>
Product liability	95	102
Deferred income taxes	9,436	6,050
Contingent liabilities	--	--
Stockholders' Equity		
Common Stock, non-voting, par value \$1: Authorized shares 50,000; none issued	--	--
Common Stock, par value \$1: Authorized shares – 40,000,000 2016 – 24,034,201 issued, 18,971,854 outstanding 2015 – 23,775,766 issued, 18,713,419 outstanding	24,034	23,776
Additional paid-in capital	26,371	29,591
Retained earnings	280,438	239,098
Less: Treasury stock – at cost 2016 – 5,062,347 shares 2015 – 5,062,347 shares	(64,727)	(64,727)
<b>Total Stockholders' Equity</b>	<b>266,116</b>	<b>227,738</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$360,852</b>	<b>\$315,883</b>

STURM, RUGER & COMPANY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
(UNAUDITED)

(Dollars in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	October 1, 2016	September 26, 2015	October 1, 2016	September 26, 2015
Net firearms sales	\$160,058	\$119,281	\$497,889	\$394,084
Net castings sales	1,369	1,590	4,591	4,614
Total net sales	161,427	120,871	502,480	398,698
Cost of products sold	111,176	86,860	336,422	274,781
Gross profit	50,251	34,011	166,058	123,917
Operating expenses:				
Selling	13,378	9,170	41,261	34,255
General and administrative	6,805	6,880	22,045	21,214
Total operating expenses	20,183	16,050	63,306	55,469
Operating income	30,068	17,961	102,752	68,448
Other income:				
Interest expense, net	(32)	(36)	(102)	(113)
Other income, net	418	247	917	1,333
Total other income, net	386	211	815	1,220
Income before income taxes	30,454	18,172	103,567	69,668
Income taxes	10,604	6,209	36,925	24,642
Net income and comprehensive income	\$ 19,850	\$ 11,963	\$ 66,642	\$ 45,026
Basic earnings per share	\$1.05	\$0.64	\$3.51	\$2.41
Diluted earnings per share	\$1.03	\$0.62	\$3.48	\$2.33
Cash dividends per share	\$0.49	\$0.36	\$1.32	\$0.85



STURM, RUGER & COMPANY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)  
*(Dollars in thousands)*

	Nine Months Ended	
	October 1, 2016	September 26, 2015
Operating Activities		
Net income	\$ 66,642	\$ 45,026
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	25,257	26,693
Slow moving inventory valuation adjustment	630	(1,126)
Stock-based compensation	2,213	3,442
Loss (gain) on sale of assets	50	(157)
Deferred income taxes	2,520	(78)
Impairment of assets	6	32
Changes in operating assets and liabilities:		
Trade receivables	1,398	(3,247)
Inventories	(7,105)	5,054
Trade accounts payable and accrued expenses	9,762	956
Employee compensation and benefits	(2,667)	8,602
Product liability	806	(101)
Prepaid expenses, other assets and other liabilities	(5,340)	5,652
Income taxes payable and prepaid income taxes	(8,781)	4,201
Cash provided by operating activities	85,391	94,949
Investing Activities		
Property, plant and equipment additions	(23,049)	(24,488)
Proceeds from sale of assets	7	222
Cash used for investing activities	(23,042)	(24,266)
Financing Activities		
Tax benefit from exercise of stock options and vesting of RSU's	8,826	305
Remittance of taxes withheld from employees related to share-based compensation	(14,001)	(1,000)
Proceeds from exercise of stock options	-	97
Repurchase of common stock	-	(2,841)
Dividends paid	(25,036)	(15,893)
Cash used for financing activities	(30,211)	(19,332)
Increase in cash and cash equivalents	32,138	51,351
Cash and cash equivalents at beginning of period	69,225	8,901
Cash and cash equivalents at end of period	\$101,363	\$ 60,252

## Non-GAAP Financial Measure

In an effort to provide investors with additional information regarding its financial results, the Company refers to various United States generally accepted accounting principles (“GAAP”) financial measures and one non-GAAP financial measure, EBITDA, which management believes provides useful information to investors. This non-GAAP financial measure may not be comparable to similarly titled financial measures being disclosed by other companies. In addition, the Company believes that the non-GAAP financial measure should be considered in addition to, and not in lieu of, GAAP financial measures. The Company believes that EBITDA is useful to understanding its operating results and the ongoing performance of its underlying business, as EBITDA provides information on the Company’s ability to meet its capital expenditure and working capital requirements, and is also an indicator of profitability. The Company believes that this reporting provides better transparency and comparability to its operating results. The Company uses both GAAP and non-GAAP financial measures to evaluate the Company’s financial performance.

EBITDA is defined as earnings before interest, taxes, and depreciation and amortization. The Company calculates its EBITDA by adding the amount of interest expense, income tax expense, and depreciation and amortization expenses that have been deducted from net income back into net income, and subtracting the amount of interest income that was included in net income from net income.

### Non-GAAP Reconciliation – EBITDA

#### EBITDA

*(Unaudited, dollars in thousands)*

	Three Months Ended		Nine Months Ended	
	October 1, 2016	September 26, 2015	October 1, 2016	September 26, 2015
Net income	\$19,850	\$11,963	\$66,642	\$45,026
Income tax expense	10,604	6,209	36,925	24,642
Depreciation and amortization expense	8,567	8,852	25,257	26,693
Interest expense, net	32	36	102	113
<b>EBITDA</b>	<b>\$39,053</b>	<b>\$27,060</b>	<b>\$128,926</b>	<b>\$96,474</b>