
**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): July 29, 2020

Smith & Wesson Brands, Inc.

(Exact Name of Registrant as Specified in Charter)

Nevada
(State or other jurisdiction
of incorporation)

001-31552
(Commission
File Number)

87-0543688
(IRS Employer
Identification No.)

2100 Roosevelt Avenue
Springfield, Massachusetts 01104
(Address of principal executive offices) (Zip Code)

(800) 331-0852
(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))

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, Par Value \$0.001 per Share	SWBI	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

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 7.01. Regulation FD Disclosure.

In advance of the previously announced spin-off of our wholly owned subsidiary, American Outdoor Brands, Inc., from our company, which is expected to occur on August 24, 2020, we are furnishing this Current Report on Form 8-K in connection with the disclosure of information, in the form of the textual information from a PowerPoint presentation for use in investor discussions and presentations. This information may be amended or updated at any time and from time to time through another Form 8-K, a later company filing, or other means. The PowerPoint presentation attached as Exhibit 99.1 to this Current Report on Form 8-K updates and replaces in its entirety all prior PowerPoint presentations filed by us, including the PowerPoint presentation filed as Exhibit 99.1 to the Current Report on Form 8-K, dated March 10, 2020, which was filed with the Securities and Exchange Commission on March 10, 2020.

The information in this Current Report on Form 8-K (including the exhibit) is furnished pursuant to Item 7.01 and shall not be deemed to be “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. This Current Report on Form 8-K will not be deemed an admission as to the materiality of any information in the Report that is required to be disclosed solely by Regulation FD.

We do not have, and expressly disclaim, any obligation to release publicly any updates or any changes in our expectations or any change in events, conditions, or circumstances on which any forward-looking statement is based.

The text included with this Report on Form 8-K is available on our website located at www.aob.com, although we reserve the right to discontinue that availability at any time.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

<u>Exhibit Number</u>	<u>Exhibits</u>
99.1	Investor Presentation
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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.

SMITH & WESSON BRANDS, INC.

Date: July 29, 2020

By: /s/ Robert J. Cicero

Robert J. Cicero

Senior Vice President, General Counsel,
Chief Compliance Officer, and Secretary



 **Smith & Wesson**[®]

SMITH & WESSON BRANDS, INC.
(NASDAQ:SWBI)

Legal Safe Harbor



Certain statements contained in this presentation may be deemed to be forward-looking statements under federal securities laws, and we intend that such forward-looking statements be subject to the safe-harbor created thereby. Such forward-looking statements include, among others, proposed timing for the spin-off; strategic rationale for the spin-off; our plans to drive organic growth by leveraging brands and designing innovative new products, to design, produce, and market high-quality products that drive customer satisfaction and loyalty, and to return capital to stockholders through dividends; our strategic focus on driving stable organic growth while expanding margins; our capital allocation strategy of returning stockholder value; our strategic priorities for growth, including to grow organically, leverage iconic brands, focus on new product introductions, simplify business, and return value to stockholders; our long-term financial model, including long-term targets for revenue, gross profit, operating expenses, adjusted EBITDAs, and capital expenditures; and our focus on long-term performance, including increasing market share to drive organic revenue growth, streamlining business operations and optimizing profitability, and optimizing cash flow generation and returning value to stockholders. We caution that these statements are qualified by important risks, uncertainties, and other factors that could cause actual results to differ materially from those reflected by such forward-looking statements. Such factors include, among others, economic, social, political, legislative, and regulatory factors; the potential for increased regulation of firearms and firearm-related products; actions of social activists that could have an adverse effect on our business; the impact of lawsuits; the demand for our products; the state of the U.S. economy in general and the firearm industry in particular; general economic conditions and consumer spending patterns; impacts from the Coronavirus; our competitive environment; the supply, availability, and costs of raw materials and components; the impact of protectionist tariffs and trade wars; speculation surrounding fears of terrorism and crime; our anticipated growth and growth opportunities; our ability to increase demand for our products in various markets, including consumer, law enforcement, and military channels, domestically and internationally; our penetration rates in new and existing markets; our strategies; the completion of our proposed spin-off and the operations and performance of the two separate companies thereafter; our ability to maintain and enhance brand recognition and reputation; our ability to introduce new products; the success of new products; our ability to expand our markets; the potential for cancellation of orders from our backlog; and other risks detailed from time to time in our reports filed with the SEC, including our Annual Report on Form 10-K for the fiscal year ended April 30, 2020.



American Outdoor Brands Spin-Off Overview



Transaction Overview

- On November 13, 2019, Smith & Wesson Brands, Inc. ("SWBI" or "Parent-Co") (then called American Outdoor Brands Corporation), announced its plan to spin-off its outdoor products & accessories business to form an independent, publicly traded company: American Outdoor Brands, Inc. ("AOUT" or "Spin-Co")
- Each SWBI stockholder of record will receive one share of AOUT common stock for every four shares of SWBI common stock held by such stockholder as of the close of business on the Record Date
- Record Date — August 2020
- Distribution Date — Late August 2020

Compelling Strategic Rationale

- Distinct Focus — organic growth by developing new products that meet the needs and wants of consumer customers
- Differentiated Investment Thesis — focus on firearms, strong cash generation, returning capital to stockholders via dividends
- Optimized Balance Sheet and Capital Allocation Priorities — prioritization of investments and capital structure tailored to SWBI's business model to execute on specific growth strategy
- Incremental Stockholder Value — pure-play firearms company will benefit from a granular focus on organic growth and profitability that should drive valuation multiple expansion

Experienced Leadership



MARK P. SMITH

President and Chief Executive Officer

Joined in **2010**

20+ years experience

- ✓ During his tenure, the company achieved significant growth, while optimizing its manufacturing footprint
- ✓ Increased gross margins to record levels
- ✓ Significant operational and supply chain management experience
- ✓ Strong leadership experience across multiple industries with Fortune 500 and diversified international corporations



DEANA L. MCPHERSON, CPA, CGMA

Chief Financial Officer

Joined in **2007**

25+ years experience

- ✓ Extensive finance and treasury experience; most recently, Chief Accounting Officer
- ✓ Key financial reporting and oversight of audit, tax, and banking matters
- ✓ Strong relationship with lenders and other capital providers
- ✓ Instrumental in managing the company's syndicated bank credit facility

An Iconic Firearms Company



Smith & Wesson Brands, Inc. is an iconic firearm business with a **168-year history** of delivering market leading, personal protection and sport-related firearms for consumers and professionals

- ✓ Drive Organic Growth by Leveraging Brands and Designing Innovative New Products
- ✓ Design, Produce, and Market High-Quality Products that Drive Customer Satisfaction and Loyalty
- ✓ Return Capital to Stockholders Through Dividends

~89%

Brand Awareness
for Handgun
Buyers & Intenders

~\$4 Billion^(a)

Handguns &
Long Guns
Market Size

INDUSTRY-LEADING HANDGUN, LONG GUN, & SUPPRESSOR PRODUCTS MARKETED UNDER ICONIC BRAND NAMES:

Handguns	Long Guns	Suppressors
 Smith & Wesson	 M&P by Smith & Wesson	 GEMTECH SUPPRESSORS
 M&P by Smith & Wesson	 THOMPSON/CENTER	Manufacturing Services
 Performance Center by Smith & Wesson		 Smith & Wesson Precision Components



(a) Estimated market size per SWBI Management's estimates.

Investment Highlights



Iconic Brand Portfolio with Loyal Consumer Base

~\$4 Billion Addressable Market for Handguns and Long Guns

Strategic Focus on Driving Stable Organic Growth While Expanding Margins

Capital Allocation Strategy of Returning Stockholder Value

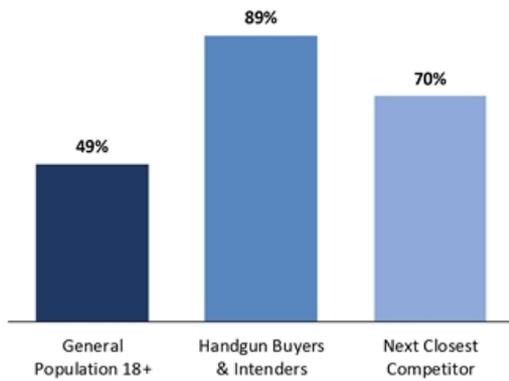
Highly Experienced Management Team of Industry Veterans



Industry-Leading Brand and Favorable Long-Term Trends



SMITH & WESSON BRAND RECOGNITION



ADJUSTED NICS BACKGROUND CHECKS

>3% 10-Year CAGR (2009-2019)
>60% YoY Growth through June 2020
~14M 5-Year Average Annual NICS Checks

SHOOTING SPORTS PARTICIPATION CONTINUES TO GROW

~5% Target / Sports Shooting 9-Year CAGR (2009-2018)
2.5M+ New Gun Owners Since March 2020
~6% YoY Growth in Total Days Participation (Handguns) (2017-2018)

SHOOTING SPORTS ARE ATTRACTING A BROADER DEMOGRAPHIC OF CONSUMERS

45% of new shooters are women
52% of new shooters did not grow up with firearms
63% of new shooters between the ages of 18-34

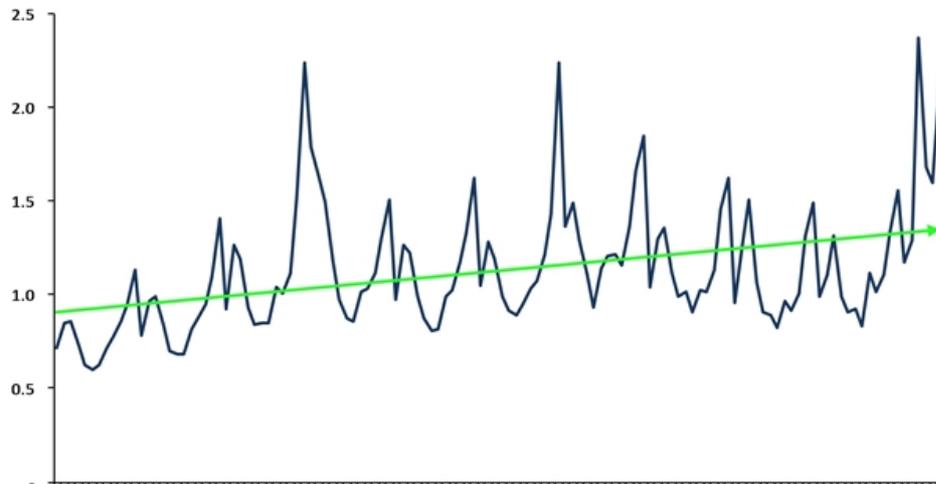


Source: National Shooting Sports Foundation.

Adjusted NICS Checks Continue to Increase



(# of Adjusted NICS Checks in Millions)



	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Adj. NICS	9.4	10.8	13.8	14.8	13.1	14.2	15.8	14.0	13.1	13.2	10.3
YoY Δ%	(1.0%)	14.4%	27.7%	7.4%	(11.5%)	8.8%	10.7%	(11.4%)	(6.1%)	0.6%	64.9%

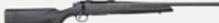
- ✓ Adjusted NICS checks continue to increase over the long-term — 10-year CAGR of >3%
- ✓ NICS checks strong — up YTD ~65% YoY
- ✓ YTD 2020 represents ~83% increase over the long-run historic 6-month average
- ✓ Outreach Campaign Developed to Build Brand Loyalty with New Consumers:
 - Shooting Fundamentals
 - Basic Gun Education
 - Firearm Safety

Strategic Priorities for Growth





BRAND EXPANSION TO MEET UNIQUE REQUIREMENTS ACROSS TARGETED CONSUMERS

 <p>Smith & Wesson</p> <p>World class quality classic revolvers and metal frame pistols meet the needs of our discerning consumers for everything from competition target shooting to personal protection and professional use by law enforcement.</p> <ul style="list-style-type: none"> ✓ ICONIC REVOLVERS ✓ PISTOLS ✓ SHOOTING GEAR ✓ ACCESSORIES   <p>S&W 686 Deluxe S&W 629 Classic</p>	 <p>M&P by Smith & Wesson</p> <p>Focused on reaching those consumers who are seeking modern tactical pistols and rifles with highest performance and reliability standards available in the marketplace. These products are primarily used for sport & competition shooting and self defense.</p> <ul style="list-style-type: none"> ✓ PISTOLS ✓ RIFLES ✓ REVOLVERS ✓ SHOOTING GEAR ✓ ACCESSORIES  <p>M&P M2.0</p>	 <p>THOMPSON/CENTER</p> <p>Thompson / Center enthusiasts are looking for the latest in today's hunting and shooting technology staked in craftsmanship and tradition. Thompson/Center firearms are modern tools for the classically-trained hunter and shooter.</p> <ul style="list-style-type: none"> ✓ BOLT-ACTION RIFLES ✓ SEMI-AUTOMATIC RIFLES ✓ MUZZLELOADERS ✓ INTERCHANGEABLE PLATFORMS ✓ HUNTING ACCESSORIES  <p>T/C Compass II</p>	 <p>Performance Center by Smith & Wesson</p> <p>The Performance Center is an aspirational brand that attracts sophisticated shooters who prefer uniquely designed firearms with special customized upgrades and features.</p> <ul style="list-style-type: none"> ✓ FEATURE-RICH ✓ HIGH-PERFORMANCE ✓ REVOLVERS ✓ PISTOLS ✓ RIFLES  <p>Performance Center Carbon Fiber</p>	 <p>GEMTECH SUPPRESSORS</p> <p>Gemtech suppressors are high-value suppressors that strike the balance between size, weight, and sound reduction. Gemtech suppressors are used around the globe by firearm enthusiasts, law enforcement, and military agencies.</p> <ul style="list-style-type: none"> ✓ SUPPRESSORS  <p>Gemtech Lunar 9</p>
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Product Innovation Drives Organic Growth



INCEPTION

Debut of the M&P Pistol Series, adopted by 100+ departments in its first year

M&P SHIELD

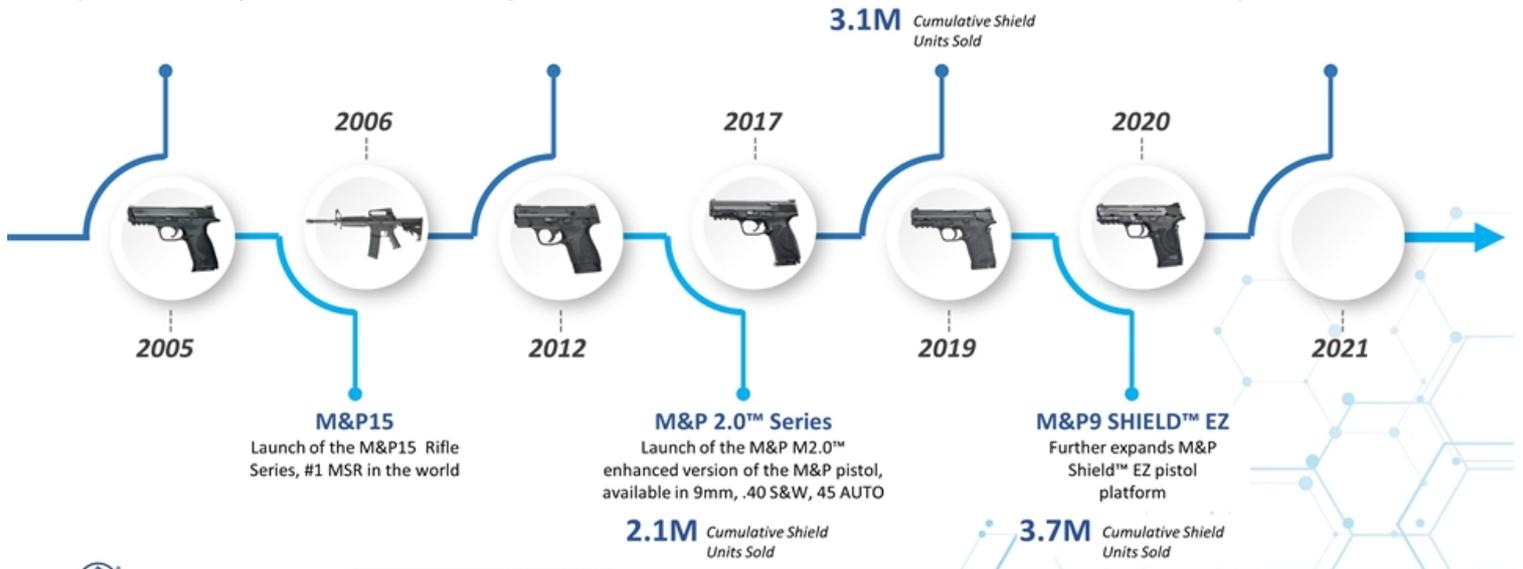
Unveiled new M&P Shield™ Pistol, becomes #1 concealed carry in the world

M&P380 SHIELD™ EZ

Announced roll-out of award-winning EZ platform

NEW PRODUCTS

Exciting new product innovation positioned to capture underserved market



Note: Cumulative units sold are based on fiscal year ended April 30.

Innovation Case Study: M&P9 SHIELD EZ



AWARD WINNING M&P SHIELD EZ Pistol Series now in popular, powerful 9MM caliber

- ✓ M&P9 Shield EZ further expands the M&P Shield EZ pistol platform (released in 2018)
- ✓ Designed for personal protection and every day carry
- ✓ Features an easy-to-rack slide, easy-to-load magazine, and easy-to-clean design
- ✓ 3+ million M&P Shield pistols adopted by consumers
- ✓ 'M&P Shield' name has become synonymous with personal protection
- ✓ Next evolution of the personal protection pistol



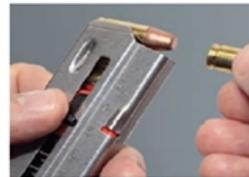
EASY TO RACK



EASY TO PACK



EASY TO SHOOT



EASY TO LOAD



EASY TO CLEAN



Summary Financial Overview



REVENUE



- ✓ Strong revenue growth driven by 2016 presidential election
- ✓ FY2018 decline in revenue largely due to excess inventory in the channel from previous uptick
- ✓ FY2018 & FY2019 were also impacted by distributor bankruptcies
- ✓ Revenue growth increase in late FY2020 due to a spike in consumer demand

GROSS PROFIT & GROSS MARGIN



- ✓ During periods of strong revenue growth, the company has significant operating leverage
- ✓ At lower levels of revenue, the company maintains strong margins and cash flow

Strong Balance Sheet



PRO FORMA BALANCE SHEET AS OF APRIL 30, 2020

Assets (\$M)

Cash	\$100.0
Current Assets	188.0
Intangibles / Goodwill	23.9
PP&E / Other Assets	166.3
Total Assets	\$478.2

Liabilities & Equity (\$M)

Current Liabilities (Excl. Debt)	\$96.8
Bank Debt	159.2
Capital Lease	38.2
Other Liabilities	12.9
Total Liabilities	\$307.1
Stockholders' Equity	\$171.1
Total Liabilities & Equity	\$478.2

- ✓ Conservative balance sheet with significant amount of liquidity
 - ~0.9x⁽¹⁾ pro forma net leverage
 - Low-cost (L+150 – 250)⁽²⁾, \$250M asset-based revolving credit facility
 - \$100M of cash pro forma for transfer of \$25M of cash to SpinCo
- ✓ Enhanced focus on organic growth and profitability
- ✓ Strong free cash flow generation
 - Generated \$525+ million in cash from operations from FY15-FY19
- ✓ Plan to eventually return capital to stockholders in the form of dividends



Note: US\$ in millions.

(1) Pro Forma net leverage includes bank debt and capital lease obligations. (2) Applicable margin on asset-based revolver depends upon current leverage ratio.

Long-Term Financial Model



	Long-Term Targets	Commentary
Revenue	~5% CAGR	<ul style="list-style-type: none"> • Leverage brands to increase market share • Drive organic growth with new product introductions • Industry volatility yields significant year-to-year variability
Gross Profit	~30% – 35% of Revenue	<ul style="list-style-type: none"> • Investment in manufacturing equipment results in desire to operate “at capacity” • Flexible manufacturing enables 95-100% asset utilization at all times
Operating Expenses	~19% – 22% of Revenue	<ul style="list-style-type: none"> • Robust profit sharing drives alignment with workforce • Distribution costs for state-of-the-art facility • Seasonal variability due to show season
Adjusted EBITDAS	~15% – 20% of Revenue	<ul style="list-style-type: none"> • Variability based on cyclical trends • Fixed cost base drives lower return in lower revenue years but allows for rapid growth in higher revenue years due to ability to quickly ramp volume
Capital Expenditures	~\$20M – \$25M Annually	<ul style="list-style-type: none"> • Maintenance Capex for investment in new product development and repair / replacement of equipment • Up to an additional \$10M for capacity growth



1

Increase Market Share to Drive Organic Revenue Growth

- ✓ Leverage historic 168-year old "Smith & Wesson" brand to increase market share
- ✓ Outperform our peers
- ✓ Drive organic growth by designing innovative new products

2

Streamline Business Operations and Optimize Profitability

- ✓ Granular focus on cost efficiency and profitability
- ✓ Continue to streamline and standardize all functions of our business
- ✓ Leverage manufacturing expertise and manufacturing services platform

3

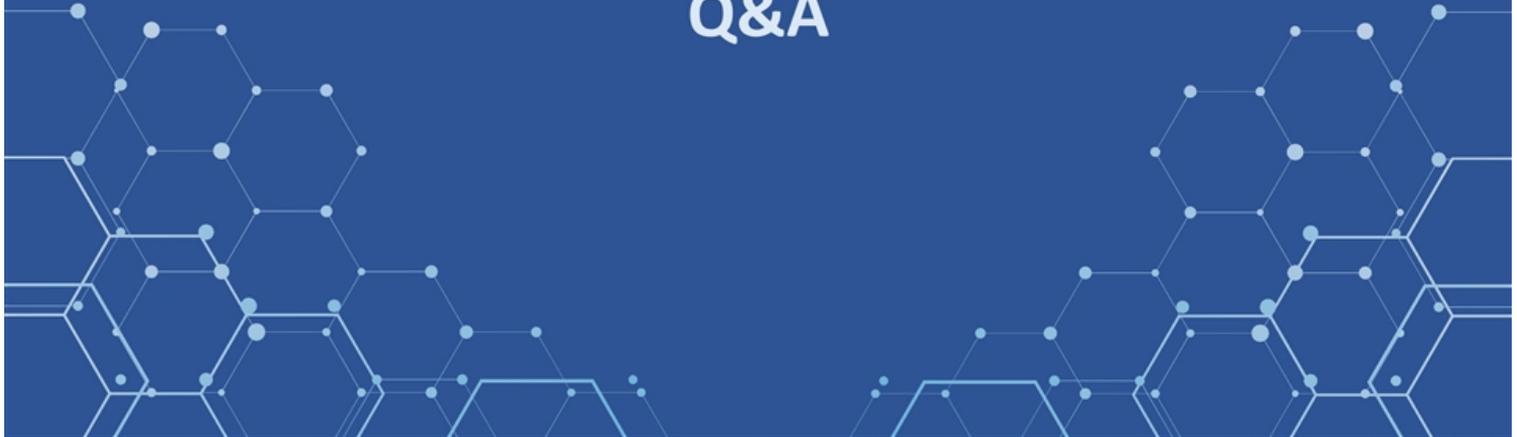
Optimize Cash Flow Generation and Return Value To Stockholders

- ✓ Maximize return on invested capital:
 - Continue to invest for organic growth
 - Reduce total leverage
 - Return excess capital to stockholders via dividends
- ✓ Generated \$525+ million in cash from operations from FY15-FY19



Smith & Wesson®

Q&A





Smith & Wesson®

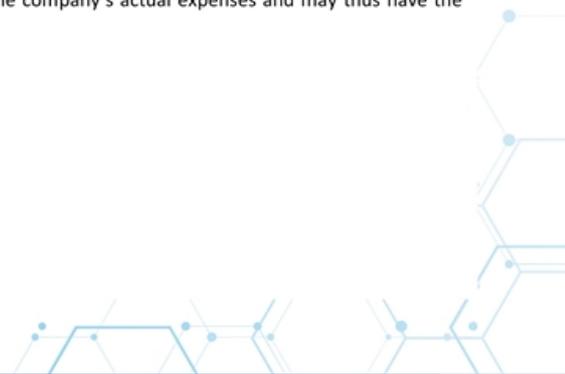
APPENDIX



Non-GAAP Financial Measure



In this presentation, a non-GAAP financial measure "Adjusted EBITDAS," is presented. From time-to-time, the company considers and uses these supplemental measures of operating performance in order to provide the reader with an improved understanding of underlying performance trends. The company believes it is useful for itself and the reader to review, as applicable, both (1) GAAP measures that include (i) amortization of acquired intangible assets, (ii) transition costs, (iii) fair value inventory step-up expense, (iv) recall related expenses, (v) change in contingent consideration, (vi) goodwill impairment, (vii) CEO separation, (viii) acquisition related costs, (ix) the tax effect of non-GAAP adjustments, (x) COVID-19 expenses, (xi) net cash used in investing activities, (xii) receipts from note receivable, (xiii) interest expense, (xiv) income tax expense, (xv) depreciation and amortization, and (xvi) stock-based compensation expenses; and (2) the non-GAAP measures that exclude such information. The company presents this non-GAAP measure because it considers it an important supplemental measure of its performance. The company's definition of this adjusted financial measure may differ from similarly named measures used by others. The company believes this measure facilitates operating performance comparisons from period to period by eliminating potential differences caused by the existence and timing of certain expense items that would not otherwise be apparent on a GAAP basis. This non-GAAP measure has limitations as an analytical tool and should not be considered in isolation or as a substitute for the company's GAAP measures. The principal limitations of this measure is that it does not reflect the company's actual expenses and may thus have the effect of inflating its financial measures on a GAAP basis.





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SMITH & WESSON BRANDS, INC.
(NASDAQ:SWBI)