

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

October 31, 2018
(Date of Report)

ULTRALIFE CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

000-20852
(Commission File Number)

16-1387013
(IRS Employer Identification No.)

2000 Technology Parkway, Newark, New York
(Address of principal executive offices)

14513
(Zip Code)

(315) 332-7100
(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.

Item 2.02 Results of Operations and Financial Condition

On November 1, 2018, Ultralife Corporation issued a press release regarding the financial results for its third quarter ended September 30, 2018. A copy of this press release is attached hereto as Exhibit 99.1.

The information set forth in this Form 8-K and the attached exhibit is being furnished to and not filed with the Securities and Exchange Commission and shall not be deemed as incorporated by reference in any filing under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, except to the extent specifically provided in any such filing.

Item 8.01 Other Events

On October 31, 2018, the Company's Board of Directors approved a share repurchase program (the "Share Repurchase Program") which became effective on November 1, 2018, under which the Company is authorized to purchase up to 2.5 million shares of its outstanding common stock over a period not to exceed twelve months.

Under the Share Repurchase Program, shares may be purchased in open market transactions, including through block purchases, through privately negotiated transactions, or pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934. The timing, manner, price and amount of any repurchase will be determined at the Company's discretion and the Share Repurchase Program may be suspended, terminated or modified by the Company's Board of Directors at any time for any reason and does not obligate the Company to purchase any specific number of shares. Under the Program, all purchases will be made in accordance with Securities Exchange Act Rule 10b-18, which sets certain restrictions on the method, timing, price and volume of open market stock repurchases.

Item 9.01 Financial Statements, Pro Forma Financials and Exhibits

(d) Exhibits.

Exhibit Number	Exhibit Description
99.1	Press Release of Ultralife Corporation dated November 1, 2018

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 1, 2018

ULTRALIFE CORPORATION

By: /s/ Philip A. Fain
Philip A. Fain
Chief Financial Officer and Treasurer



Ultralife Corporation Reports Third Quarter Results

Board of Directors Authorizes Share Repurchase Program

NEWARK, N.Y. – November 1, 2018 – Ultralife Corporation (NASDAQ: ULBI) reported operating income of \$1.5 million on revenue of \$20.3 million for the third quarter ended September 30, 2018. For the third quarter of 2017, the Company reported operating income of \$1.3 million on revenue of \$21.0 million.

"In the third quarter, Ultralife grew net income 30% and EPS 26% driven by a 25% increase in Communications Systems revenues, while overall revenue slightly declined. These double-digit earnings gains demonstrate the ability of our leveraged business model to deliver increases in profitability even though sales may fluctuate by business unit quarter to quarter," said Michael D. Popielec, President and Chief Executive Officer. "We are also delighted about the two recently announced Communications Systems delivery contracts totaling \$19.2 million to supply our Vehicle Amplifier-Adaptors and Mounted Power Amplifiers for the U.S. Army, as well as the \$9.5 million IDIQ contract to supply our communication kits for an undisclosed branch of the U.S. Department of Defense. We remain focused on our revenue diversification strategy, pursuing commercial opportunities and government/defense opportunities as U.S. spending continues to recover, and are positioned to deliver another year of profitable growth in 2018."

Third Quarter 2018 Financial Results

Revenue was \$20.3 million, a decrease of \$0.7 million, or 3.4%, compared to \$21.0 million for the third quarter of 2017 reflecting lower commercial sales. Battery & Energy Products sales decreased \$1.3 million, or 7.1%, to \$17.3 million compared to \$18.6 million last year due primarily to lower non-U.S. government/defense and 9-Volt battery sales, partially offset by increases in U.S. government/defense and core medical sales. Communications Systems sales grew 25.1% to \$3.0 million compared to \$2.4 million for the same period last year reflecting an increase in shipments of core products such as our 20-watt amplifiers and universal vehicle adaptors.

Gross profit was \$6.0 million, or 29.7% of revenue, compared to \$6.3 million, or 29.7% of revenue, for the same quarter a year ago. Battery & Energy Products' gross margin was 27.2%, compared to 27.9% last year, and Communications Systems gross margin was 44.0%, the same as last year.

Operating expenses were \$4.5 million compared to \$5.0 million last year, a decrease of 9.0%, reflecting continued tight control over discretionary spending in line with our business model. Operating expenses were 22.3% of revenue compared to 23.7% of revenue for the year earlier period.

Operating income was \$1.5 million compared to \$1.3 million last year, an increase of 18.7%, and operating margin was 7.4% compared to 6.0% last year.

Net income was \$1.4 million, or \$0.09 per share, compared to net income of \$1.1 million, or \$0.07 per share, for the third quarter of 2017. Earnings per share for the trailing twelve-month period increased to \$.57 compared to \$.55 at the end of the second quarter of 2018, with both periods reflecting the \$.12 favorable impact of the Tax Cuts and Jobs Act in the fourth quarter of 2017.

Adjusted EBITDA, defined as EBITDA including non-cash, stock-based compensation expense, of \$2.5 million, or 12.2% of sales, grew 25% over the \$2.0 million, or 9.4% of sales, reported last year.

See the “Non-GAAP Financial Measure – Adjusted EBITDA” section of this release for a reconciliation of Adjusted EBITDA to Net Income Attributable to Ultralife Corporation.

Share Repurchase Program

Ultralife’s Board of Directors has authorized the repurchase of up to 2.5 million shares of the Company’s common stock over a period not to exceed twelve months. Share repurchases, if any, will be made in accordance with SEC Rule 10b-18 using a variety of methods, which may include open market purchases, privately negotiated transactions or block trades, or any combination of such methods, in accordance with applicable insider trading and other securities laws and regulations.

The timing and actual number of shares repurchased will depend on a variety of factors including price, market conditions and applicable legal requirements. The share repurchase program does not obligate the Company to repurchase any specific number of shares and may be suspended or terminated at any time without prior notice.

About Ultralife Corporation

Ultralife Corporation serves its markets with products and services ranging from power solutions to communications and electronics systems. Through its engineering and collaborative approach to problem solving, Ultralife serves government, defense and commercial customers across the globe.

Headquartered in Newark, New York, the Company’s business segments include Battery & Energy Products and Communications Systems. Ultralife has operations in North America, Europe and Asia. For more information, visit www.ultralifecorporation.com.

Conference Call Information

Ultralife will hold its third quarter earnings conference call today at 10:00 AM ET. To participate in the live call, please dial (800) 915-4836 at least ten minutes before the scheduled start time, identify yourself and ask for the Ultralife call. A live webcast of the conference call will be available to investors in the Events & Presentations section of the Company’s website at <http://investor.ultralifecorporation.com>. For those who cannot listen to the live broadcast, a replay of the webcast will be available shortly after the call at the same location.

This press release may contain forward-looking statements based on current expectations that involve a number of risks and uncertainties. The potential risks and uncertainties that could cause actual results to differ materially include: potential reductions in revenues from key customers, uncertain global economic conditions and acceptance of our new products on a global basis. The Company cautions investors not to place undue reliance on forward-looking statements, which reflect the Company’s analysis only as of today’s date. The Company undertakes no obligation to publicly update forward-looking statements to reflect subsequent events or circumstances. Further information on these factors and other factors that could affect Ultralife’s financial results is included in Ultralife’s Securities and Exchange Commission (SEC) filings, including the latest Annual Report on Form 10-K.

ULTRALIFE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands)
(Unaudited)

ASSETS

	September 30, 2018	December 31, 2017
Current Assets:		
Cash	\$ 25,454	\$ 18,330
Trade Accounts Receivable, Net	14,533	14,657
Inventories	23,118	26,326
Prepaid Expenses and Other Current Assets	2,900	2,603
Total Current Assets	66,005	61,916
Property, Equipment and Improvements, Net	8,792	7,570
Goodwill, Intangibles and Other Assets	26,999	27,700
Total Assets	<u>\$ 101,796</u>	<u>\$ 97,186</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:		
Accounts Payable	\$ 7,260	\$ 8,787
Accrued Compensation and Related Benefits	1,641	2,413
Accrued Expenses and Other Current Liabilities	3,463	3,039
Total Current Liabilities	12,364	14,239
Deferred Income Taxes and Other Non-Current Liabilities	3,936	3,898
Total Liabilities	16,300	18,137
Shareholders' Equity:		
Common Stock	1,998	1,966
Capital in Excess of Par Value	182,246	180,211
Accumulated Deficit	(77,709)	(82,894)
Accumulated Other Comprehensive Loss	(2,473)	(1,611)
Treasury Stock	(18,469)	(18,469)
Total Ultralife Equity	85,593	79,203
Non-Controlling Interest	(97)	(154)
Total Shareholders' Equity	85,496	79,049
Total Liabilities and Shareholders' Equity	<u>\$ 101,796</u>	<u>\$ 97,186</u>

ULTRALIFE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(In Thousands Except Per Share Amounts)
(Unaudited)

	Three-Month Periods Ended		Nine-Month Periods Ended	
	September 30, 2018	October 1, 2017	September 30, 2018	October 1, 2017
Revenues:				
Battery & Energy Products	\$ 17,289	\$ 18,616	\$ 52,344	\$ 52,977
Communications Systems	3,041	2,431	13,919	10,045
Total Revenues	<u>20,330</u>	<u>21,047</u>	<u>\$ 66,263</u>	<u>\$ 63,022</u>
Cost of Products Sold:				
Battery & Energy Products	12,587	13,430	37,680	38,119
Communications Systems	1,702	1,362	8,710	5,537
Total Cost of Products Sold	<u>14,289</u>	<u>14,792</u>	<u>46,390</u>	<u>43,656</u>
Gross Profit	<u>6,041</u>	<u>6,255</u>	<u>19,873</u>	<u>19,366</u>
Operating Expenses:				
Research and Development	1,099	1,355	3,417	3,678
Selling, General and Administrative	3,442	3,637	10,968	11,262
Total Operating Expenses	<u>4,541</u>	<u>4,992</u>	<u>14,385</u>	<u>14,940</u>
Operating Income	1,500	1,263	5,488	4,426
Other (Income) Expense	(21)	58	27	200
Income Before Income Tax Provision	<u>1,521</u>	<u>1,205</u>	<u>5,461</u>	<u>4,226</u>
Income Tax Provision	<u>86</u>	<u>104</u>	<u>219</u>	<u>370</u>
Net Income	1,435	1,101	5,242	3,856
Net Income Attributable to Non-Controlling Interest	<u>27</u>	<u>3</u>	<u>57</u>	<u>8</u>
Net Income Attributable to Ultralife Corporation	<u>\$ 1,408</u>	<u>\$ 1,098</u>	<u>\$ 5,185</u>	<u>\$ 3,848</u>
Net Income Per Share Attributable to Ultralife Common Shareholders – Basic				
	<u>\$.09</u>	<u>\$.07</u>	<u>\$.33</u>	<u>\$.25</u>
Net Income Per Share Attributable to Ultralife Common Shareholders – Diluted				
	<u>\$.09</u>	<u>\$.07</u>	<u>\$.32</u>	<u>\$.24</u>
Weighted Average Shares Outstanding – Basic				
	<u>15,952</u>	<u>15,564</u>	<u>15,859</u>	<u>15,495</u>
Weighted Average Shares Outstanding – Diluted				
	<u>16,523</u>	<u>15,971</u>	<u>16,407</u>	<u>15,818</u>

Non-GAAP Financial Measure – Adjusted EBITDA

In evaluating our business, we consider and use Adjusted EBITDA, a non-GAAP financial measure, as a supplemental measure of our operating performance. We define Adjusted EBITDA as net income attributable to Ultralife Corporation before net interest expense, provision (benefit) for income taxes, depreciation and amortization, and stock-based compensation expense. We reconcile Adjusted EBITDA to net income attributable to Ultralife Corporation, the most comparable financial measure under U.S. generally accepted accounting principles ("U.S. GAAP"). Neither current nor potential investors in our securities should rely on Adjusted EBITDA as a substitute for any GAAP measures and we encourage investors to review the following reconciliation of Adjusted EBITDA to net income attributable to Ultralife.

ULTRALIFE CORPORATION AND SUBSIDIARIES CALCULATION OF ADJUSTED EBITDA (In Thousands) (Unaudited)

	Three-Month Periods Ended		Nine-Month Periods Ended	
	September 30, 2018	October 1, 2017	September 30, 2018	October 1, 2017
Net Income Attributable to Ultralife Corporation	\$ 1,408	\$ 1,098	\$ 5,185	\$ 3,848
Adjustments:				
Interest and Financing Expense, Net	13	38	67	147
Income Tax Provision	86	104	219	370
Depreciation Expense	496	497	1,476	1,507
Amortization of Intangible Assets and Financing Fees	106	115	327	357
Stock-Based Compensation Expense	363	133	707	529
Adjusted EBITDA	<u>\$ 2,472</u>	<u>\$ 1,985</u>	<u>\$ 7,981</u>	<u>\$ 6,758</u>

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