

STANDEX INTERNATIONAL CORP/DE/
Form 8-K
December 21, 2018

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): December 21, 2018

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

Standex International Corporation

ITEM 1.01 ENTRY INTO A MATERIAL DEFINITIVE AGREEMENT

On December 21, 2018, Standex International Corporation entered into a Second Amended and Restated Credit Agreement (“Credit Facility”) with each of the lenders named therein as Lenders, including Citizens Bank, N.A., as administrative agent, swing line lender, an L/C issuer, joint lead arranger, joint book runner and multicurrency administrative agent, Bank of America, N.A., as co-syndication agent, joint lead arranger and joint book runner, TD Bank, N.A., as co-syndication agent and joint lead arranger, JPMorgan Chase Bank, N.A., as co-documentation agent, and Branch Banking & Trust Company, as co-documentation agent.

This Credit Facility has a borrowing limit of \$500 million with an “accordion” feature under which the borrowing limit can be increased by agreement between the Company and the Lenders by an amount of up to \$250 million, in accordance with specified conditions contained in the agreement. The facility also includes a \$10 million sublimit for swing line loans, a \$50 million sublimit for multicurrency loans and a \$35 million sublimit for letters of credit. The Credit Facility amends and restates an existing \$400 million revolving credit agreement (which contained a \$100 million “accordion” feature), which was scheduled to expire on December 19, 2019. Funds borrowed under the new credit facility may be used for the repayment of debt, working capital, capital expenditures, acquisitions (so long as certain conditions, including a specified funded debt to EBITDA leverage ratio is maintained), and other general corporate purposes.

Under the terms of the agreement, the Company will pay a variable rate of interest and a commitment fee on available, but unused, amounts under the facility. The amount of the commitment fee will depend upon both the undrawn amount remaining available under the facility and the Company’s funded debt to EBITDA ratio as measured quarterly. As the Company’s funded debt to EBITDA ratio increases, the variable rate charged will increase. Amounts borrowed under the facility may be in the form of either Base Rate or Eurodollar Rate loans. The rate of interest on Base Rate loans shall be the higher of (i) the Federal Funds rate plus ½ of 1%, (ii) the “prime rate” announced by Citizens Bank, N. A. or (iii) the London interbank offered rate (“LIBOR”) plus ½ of 1% (the rate in effect shall be referred to as the “Base Rate”), plus an additional amount based upon the Company’s debt to EBITDA ratio. The rate of interest on Eurodollar Rate loans shall be the higher of 0.0% and the LIBOR rate which corresponds to the interest period (either one, two, three or six months) selected by the Company, plus an additional amount based upon the Company’s funded debt to EBITDA ratio. Swing Line loans shall bear interest at the Base Rate, plus an additional amount based upon the Company’s funded debt to EBITDA ratio. As the Company’s funded debt to EBITDA ratio increases, the additional amount will also increase.

The Credit Agreement expires on December 21, 2023, and contains customary representations, warranties and restrictive covenants, which include maintaining a funded debt to EBITDA leverage ratio of no greater than 3.50 to 1.00 (with a limited exception for a ratio of no greater than 4.00 to 1.00 for the four calendar quarters following a Material Permitted Acquisition as that term is defined in the Credit Agreement), and an EBIT to interest expense interest coverage ratio of no less than 2.75 to 1.00. The representations, warranties and restrictive covenants are otherwise substantially similar to those contained in the existing agreement. The Credit Facility also provides broader latitude to the Company with respect to foreign acquisitions and the incurrence of additional debt. The Credit Facility also allows the Company to borrow funds in other currencies including Pounds Sterling, Euros, Canadian Dollars, Japanese Yen, and Singaporean Dollars.

Many of the banks that are a party to the Credit Facility or their affiliates have in the past performed, and may in the future from time to time perform, investment banking, financial advisory, lending and/or commercial banking services for the Company and certain of the subsidiaries and affiliates, for which service they have in the past received, and may in the future receive, customary compensation and reimbursement expenses.

ITEM 2.03 CREATION OF A DIRECT FINANCIAL OBLIGATION OR AN OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT OF A REGISTRANT.

The disclosure provided in Item 1.01 of this Form 8-K is hereby incorporated by reference into this Item 2.03. The Credit Facility contains standard provisions relating to a default and acceleration of the Company's payment obligations thereunder upon the occurrence of an event of default, which includes, among other things, the failure to pay principal, interest, fees or other amounts payable under the agreement when due; cross-default with other indebtedness; failure to comply with specified agreements, covenants or obligations; the making of any material misleading or untrue representation, warranty or certification; commencement of bankruptcy or other insolvency proceedings by or against the Company; entry of one or more judgments against the Company that exceed \$10 million, either individually or in the aggregate, unless covered by insurance; or the occurrence of certain events under Company-sponsored pension plans which could result in liability to the Company under Title IV of ERISA in excess of \$10 million.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(c) Exhibits.

10.1 Credit Facility dated December 21, 2018 between Standex International Corporation and Citizens Bank, N.A., Bank of America, N.A., T.D. Bank, N.A., JPMorgan Chase Bank, N.A., Branch Banking & Trust Company and the

lenders named in the Credit Facility as Lenders.

FORWARD-LOOKING STATEMENTS

This current report on Form 8-K contains “forward-looking statements” within the meaning of the Private Securities Litigation Act of 1995 (the “Act”) that are intended to come within the safe harbor protection provided by the Act. By their nature, all forward-looking statements involve risks and uncertainties, and actual results may differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect the Corporation’s actual results are identified in the press release as well as in the Corporation’s Annual Report on Form 10-K for the fiscal year ended June 30, 2018.

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 thereunto duly authorized.

STANDEX INTERNATIONAL CORPORATION

(Registrant)

/s/ Thomas DeByle

Thomas DeByle

Chief Financial Officer

Date: December 21, 2018

Signing on behalf of the registrant and as principal financial officer