

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, 2018

STEEL PARTNERS HOLDINGS L.P.

(Exact name of registrant as specified in its charter)

| | | |
|--|-----------------------------|--------------------------------------|
| Delaware | 001-35493 | 13-3727655 |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification No.) |
| 590 Madison Avenue, 32nd Floor, New York, New York | | 10022 |
| (Address of principal executive offices) | | (Zip Code) |

Registrant's telephone number, including area code: (212) 520-2300

N/A

(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))

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 November 1, 2018, Steel Partners Holdings L.P., a Delaware limited partnership (the "Company"), issued a press release announcing its financial results for the quarter and nine months ended September 30, 2018 and other financial information. A copy of the press release is being furnished as Exhibit 99.1 hereto and is incorporated herein by reference.

The information in this Item 2.02, including Exhibit 99.1 attached hereto, is being furnished and 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 such section. The information in this Current Report, including the exhibit, shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any incorporation by reference language in any such filing, unless the Company expressly sets forth in such future filing that such information is to be considered "filed" or incorporated by reference therein.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.

[99.1](#)

Exhibits

[Press Release issued November 1, 2018](#)

SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

November 1, 2018

STEEL PARTNERS HOLDINGS L.P.

By: Steel Partners Holdings GP Inc.
Its General Partner

By: /s/ Douglas B. Woodworth
Douglas B. Woodworth
Chief Financial Officer

Exhibits

Exhibit No.
[99.1](#)

Exhibits
[Press Release issued November 1, 2018.](#)

EXHIBIT 99.1

Steel Partners Holdings L.P. Reports Third Quarter Financial Results and Outlook; Board Authorizes Increase in Buy-Back Program of Up to One Million Additional Units

NEW YORK, N.Y., November 1, 2018 - Steel Partners Holdings L.P. (NYSE: SPLP), a diversified global holding company, today announced operating results for the third quarter and nine months ended September 30, 2018. For a full discussion of the results, please see the Company's Form 10-Q as filed with the U.S. Securities and Exchange Commission, which can be found at www.steelpartners.com.

Revenue for the 2018 third quarter increased to \$405.3 million from \$355.0 million for the same period in 2017. Loss before income taxes and equity method investments was \$7.7 million for the third quarter of 2018, compared with income of \$18.5 million in the comparable 2017 period. Net loss attributable to the Company's common unitholders for the 2018 third quarter was \$6.1 million, or \$0.23 per diluted common unit, compared with net income of \$7.0 million, or \$0.27 per diluted common unit, for the same period in 2017.

Revenue for the nine months ended September 30, 2018 increased to \$1.21 billion from \$1.04 billion for the same period in 2017. Income before income taxes and equity method investments was \$2.4 million for the nine months ended September 30, 2018, compared with \$42.0 million in the comparable 2017 period. Net loss attributable to the Company's common unitholders for the nine months ended September 30, 2018 was \$2.1 million, or \$0.08 per diluted common unit, compared with net income of \$14.2 million, or \$0.54 per diluted common unit, for the same period in 2017.

The Company generated a 3.7% increase in Adjusted EBITDA for the third quarter of 2018 to \$46.3 million from \$44.6 million for the same period in 2017 and generated a 15.8% increase in Adjusted EBITDA for the nine months ended September 30, 2018 to \$145.1 million from \$125.3 million for the same period in 2017.

Results for the three and nine months ended September 30, 2018, and the comparable periods in 2017, include certain significant acquisition and integration-related costs associated with the Company's recently completed transactions, as well as other non-cash income or loss from associated companies and other investments held at fair value, net of taxes, which are allocated by segment. The 2017 nine-month period reflects an accrual for incentive unit expense of \$3.9 million based on an increase in the market price of the Company's common units. No comparable expense was recorded in the 2018 period.

"While solid growth continued, with revenue for the third quarter and year-to-date period achieving record highs, results for the quarter were impacted by continued investments and facility consolidation initiatives that we believe will provide measurable operational efficiencies in the future, and by certain external factors," said Warren Lichtenstein, Executive Chairman of Steel Partners. "During the quarter, we completed three information systems implementations, reduced the manufacturing footprint of our packaging business, and invested in attractive capital projects. Externally, while recently imposed tariffs were largely offset by price increases, our information systems implementations caused some unexpected shipping delays, and we are experiencing higher workforce retention costs in certain operating units and softness in our packaging business.

"On a positive note, each of our three business segments experienced organic revenue growth during the third quarter and year-to-date. This is a healthy sign, as we move forward with a dedicated global team to build our company for the long-term and add value for our investors," Lichtenstein added. "Going forward, our emphasis will be on addressing operating issues and pursuing organic growth opportunities within our existing portfolio, and continuing to repurchase SPLP units through our recently expanded buy-back program, which has been increased to allow the repurchase of an additional one million units."

Based on current information and the Company's performance for the first nine months of 2018, Steel Partners revised its expected full year 2018 revenues downward to a range of \$1.5 billion to \$1.6 billion, which will compare with \$1.4 billion reported for the full 2017 year, and adjusted EBITDA to an expected range of \$180 million and \$188 million, versus \$164 million achieved a year ago.

Expanded Unit Buy-Back Program

Steel Partners also announced that its Board of Directors has authorized an increase of an additional one million units in the Company's previously announced common unit buy-back program, which previously authorized the repurchase of two million common units in open market or negotiated transactions from time to time. Through September 30, 2018, Steel Partners has completed purchases of 1,083,457 of its common units under this buy-back program.

(Financial Tables on Following Pages)

Financial Summary

| (in thousands, except per common unit) | Three Months Ended | | Nine Months Ended September | |
|---|--------------------|------------|-----------------------------|--------------|
| | September 30, | | 30, | |
| | 2018 | 2017 | 2018 | 2017 |
| Revenue | \$ 405,319 | \$ 355,040 | \$ 1,206,001 | \$ 1,036,750 |
| Costs and expenses, excluding realized and unrealized losses (gains) on securities | 390,589 | 336,956 | 1,155,560 | 995,587 |
| Realized and unrealized losses (gains) on securities, net | 22,416 | (402) | 48,029 | (835) |
| Total costs and expenses | 413,005 | 336,554 | 1,203,589 | 994,752 |
| (Loss) income before income taxes and equity method investments | (7,686) | 18,486 | 2,412 | 41,998 |
| Income tax provision | 104 | 9,913 | 9,040 | 27,175 |
| Income of associated companies, net of taxes | (1,599) | (2,332) | (5,141) | (8,702) |
| Net (loss) income | (6,191) | 10,905 | (1,487) | 23,525 |
| Net loss (income) attributable to noncontrolling interests in consolidated entities | 96 | (3,892) | (644) | (9,341) |
| Net (loss) income attributable to common unitholders | \$ (6,095) | \$ 7,013 | \$ (2,131) | \$ 14,184 |
| Net (loss) income per common unit - basic | \$ (0.23) | \$ 0.27 | \$ (0.08) | \$ 0.54 |
| Net (loss) income per common unit - diluted | \$ (0.23) | \$ 0.27 | \$ (0.08) | \$ 0.54 |
| Capital expenditures | \$ 11,618 | \$ 12,925 | \$ 33,597 | \$ 37,915 |

Balance Sheet Data

| (in thousands, except common and preferred units) | September 30, | December 31, |
|---|---------------|--------------|
| | 2018 | 2017 |
| Cash and cash equivalents | \$ 289,016 | \$ 418,755 |
| WebBank cash and cash equivalents | 247,299 | 303,883 |
| Cash and cash equivalents, excluding WebBank | 41,717 | 114,872 |
| Marketable securities | 3,182 | 58,313 |
| Long-term investments | 289,866 | 236,144 |
| Total debt | 483,281 | 414,667 |
| Preferred unit liability | 179,175 | 176,512 |
| Common units outstanding | 25,782,401 | 26,348,420 |
| Preferred units outstanding | 7,927,288 | 7,952,660 |

Supplemental Non-GAAP Disclosures

Adjusted EBITDA Reconciliation:

| (in thousands) | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|------------------|------------------------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Net (loss) income | \$ (6,191) | \$ 10,905 | \$ (1,487) | \$ 23,525 |
| Income tax provision | 104 | 9,913 | 9,040 | 27,175 |
| (Loss) income before income taxes | (6,087) | 20,818 | 7,553 | 50,700 |
| Add (Deduct): | | | | |
| Income of associated companies, net of taxes | (1,599) | (2,332) | (5,141) | (8,702) |
| Realized and unrealized losses (gains) on securities, net | 22,416 | (402) | 48,029 | (835) |
| Interest expense | 10,615 | 5,147 | 28,314 | 14,446 |
| Depreciation | 14,020 | 11,346 | 37,168 | 31,517 |
| Amortization | 7,591 | 7,159 | 22,764 | 22,696 |
| Non-cash pension expense | 309 | 673 | 2,089 | 3,860 |
| Non-cash equity-based compensation | 137 | (724) | 507 | 5,696 |
| Amortization of fair value adjustments to acquisition-date inventories | — | — | 891 | — |
| Other items, net | (1,119) | 2,938 | 2,946 | 5,949 |
| Adjusted EBITDA | <u>\$ 46,283</u> | <u>\$ 44,623</u> | <u>\$ 145,120</u> | <u>\$ 125,327</u> |

Segment Results

| (in thousands) | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|-------------------|------------------------------------|---------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Revenue: | | | | |
| Diversified industrial | \$ 322,571 | \$ 295,485 | \$ 988,587 | \$ 879,515 |
| Energy | 50,343 | 37,959 | 134,008 | 99,310 |
| Financial services | 32,405 | 21,596 | 83,406 | 57,925 |
| Total revenue | <u>\$ 405,319</u> | <u>\$ 355,040</u> | <u>\$ 1,206,001</u> | <u>\$ 1,036,750</u> |
| Income (loss) before income taxes: | | | | |
| Diversified industrial | \$ 10,768 | \$ 17,189 | \$ 48,260 | \$ 46,988 |
| Energy | 292 | (3,677) | (4,679) | (12,959) |
| Financial services | 13,923 | 9,669 | 35,533 | 28,136 |
| Corporate and other | (31,070) | (2,363) | (71,561) | (11,465) |
| (Loss) income before income taxes | <u>(6,087)</u> | <u>20,818</u> | <u>7,553</u> | <u>50,700</u> |
| Income tax provision | 104 | 9,913 | 9,040 | 27,175 |
| Net (loss) income | <u>\$ (6,191)</u> | <u>\$ 10,905</u> | <u>\$ (1,487)</u> | <u>\$ 23,525</u> |
| (Loss) income of associated companies, net of taxes: | | | | |
| Energy | \$ (339) | \$ (318) | \$ 319 | \$ 1,952 |
| Corporate and other | 1,938 | 2,650 | 4,822 | 6,750 |
| Total | <u>\$ 1,599</u> | <u>\$ 2,332</u> | <u>\$ 5,141</u> | <u>\$ 8,702</u> |
| Segment depreciation and amortization: | | | | |
| Diversified industrial | \$ 16,370 | \$ 12,615 | \$ 44,320 | \$ 38,114 |
| Energy | 5,107 | 5,782 | 15,212 | 15,753 |
| Financial services | 102 | 72 | 303 | 212 |
| Corporate and other | 32 | 36 | 97 | 134 |
| Total depreciation and amortization | <u>\$ 21,611</u> | <u>\$ 18,505</u> | <u>\$ 59,932</u> | <u>\$ 54,213</u> |
| Segment Adjusted EBITDA: | | | | |
| Diversified industrial | \$ 31,902 | \$ 35,461 | \$ 109,407 | \$ 102,545 |
| Energy | 4,020 | 2,901 | 9,404 | 3,576 |
| Financial services | 14,050 | 10,152 | 36,989 | 28,399 |
| Corporate and other | (3,689) | (3,891) | (10,680) | (9,193) |
| Total Adjusted EBITDA | <u>\$ 46,283</u> | <u>\$ 44,623</u> | <u>\$ 145,120</u> | <u>\$ 125,327</u> |

Note Regarding Use of Non-GAAP Financial Measurements

The financial data contained in this press release includes certain non-GAAP financial measurements as defined by the U.S. Securities and Exchange Commission ("SEC"), including "Adjusted EBITDA." The Company is presenting Adjusted EBITDA because it believes that it provides useful information to investors about SPLP, its business and its financial condition. The Company defines Adjusted EBITDA as net income or loss before the effects of income or loss from investments in associated companies and other investments held at fair value, interest expense, taxes, depreciation and amortization, non-cash pension expense or income, and realized and unrealized gains or losses on investments and excludes certain non-recurring and non-cash items. The Company believes Adjusted EBITDA is useful to investors because it is one of the measures used by the Company's Board of Directors and management to evaluate its business, including in internal management reporting, budgeting and forecasting processes, in comparing operating results across the business, as an internal profitability measure, as a component

in evaluating the ability and the desirability of making capital expenditures and significant acquisitions and as an element in determining executive compensation.

However, Adjusted EBITDA is not a measure of financial performance under generally accepted accounting principles in the U.S. ("U.S. GAAP"), and the items excluded from Adjusted EBITDA are significant components in understanding and assessing financial performance. Therefore, Adjusted EBITDA should not be considered a substitute for net income or loss, or cash flows from operating, investing or financing activities. Because Adjusted EBITDA is calculated before recurring cash charges, including realized losses on investments, interest expense and taxes, and is not adjusted for capital expenditures or other recurring cash requirements of the business, it should not be considered as a measure of discretionary cash available to invest in the growth of the business. There are a number of material limitations to the use of Adjusted EBITDA as an analytical tool, including the following:

- Adjusted EBITDA does not reflect the Company's tax provision or the cash requirements to pay its taxes;
- Adjusted EBITDA does not reflect income or loss from the Company's investments in associated companies and other investments held at fair value;
- Adjusted EBITDA does not reflect the Company's interest expense;
- Although depreciation and amortization are non-cash expenses in the period recorded, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect the cash requirements for such replacement;
- Adjusted EBITDA does not reflect the Company's net realized and unrealized gains and losses on its investments;
- Adjusted EBITDA does not include non-cash charges for pension expense and equity-based compensation; and
- Adjusted EBITDA does not include certain other non-recurring and non-cash items.

The Company compensates for these limitations by relying primarily on its U.S. GAAP financial measures and by using Adjusted EBITDA only as supplemental information. The Company believes that consideration of Adjusted EBITDA, together with a careful review of its U.S. GAAP financial measures, is the most informed method of analyzing SPLP.

The Company reconciles Adjusted EBITDA to net income or loss, which does not include amounts reported under U.S. GAAP related to noncontrolling interests in consolidated entities, and that reconciliation is set forth above. Because Adjusted EBITDA is not a measurement determined in accordance with U.S. GAAP and is susceptible to varying calculations, Adjusted EBITDA, as presented, may not be comparable to other similarly titled measures of other companies. Revenues and expenses are measured in accordance with the policies and procedures described in the Company's Annual Report on Form 10-K for the year ended December 31, 2017, except for changes made in accordance with the new accounting pronouncements adopted January 1, 2018, as discussed in Note 1 - "Nature of the Business and Basis of Presentation" and Note 2 - "Revenues" to the Company's Form 10-Q filed with the SEC.

About Steel Partners Holdings L.P.

Steel Partners Holdings L.P. (www.steelpartners.com) is a diversified global holding company that owns and operates businesses and has significant interests in leading companies in various industries, including diversified industrial products, energy, defense, supply chain management and logistics, banking and youth sports.

Forward-Looking Statements

This press release contains certain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that reflect SPLP's current expectations and projections about its future results, performance, prospects and opportunities. SPLP has tried to identify these forward-looking statements by using words such as "may," "should," "expect," "hope," "anticipate," "believe," "intend," "plan," "estimate" and similar expressions. These forward-looking statements are based on information currently available to the Company and are subject to a number of risks, uncertainties and other factors that could cause its actual results, performance, prospects or opportunities in 2018 and beyond to differ materially from those expressed in, or implied by, these forward-looking statements. These factors include, without limitation, SPLP's need for additional financing and the terms and conditions of any financing that is consummated, customers' acceptance of its new and existing products, the risk that the Company and its subsidiaries will not be able to compete successfully, the possible volatility of the Company's common or preferred unit price and the potential fluctuation in its operating results. Although SPLP believes that the expectations reflected in these forward-looking statements are reasonable and achievable, such statements involve significant risks and uncertainties, and no assurance can be given that the actual results will be consistent with these forward-looking statements. Investors should read carefully the factors described in the "Risk Factors" section of the Company's filings with the SEC, including the Company's Form 10-K for the year ended December 31, 2017, for information regarding risk factors that could affect the Company's results. Except as

otherwise required by federal securities laws, SPLP undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason.

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