

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 30, 2018

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from _____ to _____
Commission file number 001-37793**

Atkore International Group Inc.

(Exact name of registrant as specified in its charter)

Delaware

**(State or other jurisdiction of
incorporation or organization)**

90-0631463

**(IRS Employer
Identification No.)**

16100 South Lathrop Avenue, Harvey, Illinois 60426
(Address of principal executive offices) (Zip Code)
708-339-1610
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

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 7(a)(2)(B) of the Securities Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of April 27, 2018, there were 46,577,795 shares of the registrant's common stock, \$0.01 par value per share, outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

**ATKORE INTERNATIONAL GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)**

(in thousands, except per share data)	Note	Three months ended		Six months ended	
		March 30, 2018	March 31, 2017 As Adjusted*	March 30, 2018	March 31, 2017 As Adjusted*
Net sales		\$ 445,000	\$ 372,791	\$ 859,558	\$ 710,382
Cost of sales		335,843	285,182	653,534	531,109
Gross profit		109,157	87,609	206,024	179,273
Selling, general and administrative		60,118	51,725	111,713	95,652
Intangible asset amortization	12	7,765	5,493	16,452	11,082
Operating income		41,274	30,391	77,859	72,539
Interest expense, net		9,286	5,231	15,880	15,061
Loss on extinguishment of debt		—	—	—	9,805
Other income, net	6	(25,962)	(6,150)	(25,676)	(6,526)
Income before income taxes		57,950	31,310	87,655	54,199
Income tax expense	7	15,392	12,375	17,908	17,882
Net income		<u>\$ 42,558</u>	<u>\$ 18,935</u>	<u>\$ 69,747</u>	<u>\$ 36,317</u>
Weighted-Average Common Shares Outstanding					
Basic	8	51,367	63,252	57,287	62,948
Diluted	8	54,003	66,888	59,945	66,446
Net income per share					
Basic	8	\$ 0.83	\$ 0.30	\$ 1.22	\$ 0.58
Diluted	8	\$ 0.79	\$ 0.28	\$ 1.16	\$ 0.55

* Adjusted due to the adoption of ASU 2017-07, Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. See Note 1, "Basis of Presentation and Summary of Significant Accounting Policies" for additional information.

See Notes to unaudited condensed consolidated financial statements.

ATKORE INTERNATIONAL GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

<u>(in thousands)</u>	<u>Note</u>	<u>Three months ended</u>		<u>Six months ended</u>	
		<u>March 30, 2018</u>	<u>March 31, 2017</u>	<u>March 30, 2018</u>	<u>March 31, 2017</u>
Net income		\$ 42,558	\$ 18,935	\$ 69,747	\$ 36,317
Other comprehensive income, net of tax:					
Change in foreign currency translation adjustment		1,169	909	1,500	(991)
Change in unrecognized loss related to pension benefit plans	4	64	326	129	651
Total other comprehensive income (loss)	9	1,233	1,235	1,629	(340)
Comprehensive income		<u>\$ 43,791</u>	<u>\$ 20,170</u>	<u>\$ 71,376</u>	<u>\$ 35,977</u>

See Notes to unaudited condensed consolidated financial statements.

ATKORE INTERNATIONAL GROUP INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(in thousands, except share and per share data)	Note	March 30, 2018	September 30, 2017
Assets			
Current Assets:			
Cash and cash equivalents		\$ 76,892	\$ 45,718
Accounts receivable, less allowance for doubtful accounts of \$1,349 and \$1,239, respectively		245,355	224,427
Inventories, net	10	202,517	200,003
Prepaid expenses and other current assets		29,786	35,611
Total current assets		554,550	505,759
Property, plant and equipment, net	11	211,840	208,619
Intangible assets, net	12	310,161	344,289
Goodwill	12	169,107	147,716
Deferred tax assets	7	—	1,657
Non-trade receivables		6,384	7,052
Total Assets		\$ 1,252,042	\$ 1,215,092
Liabilities and Equity			
Current Liabilities:			
Short-term debt and current maturities of long-term debt	13	\$ 7,653	\$ 4,215
Accounts payable		123,384	125,618
Income tax payable		1,033	2,581
Accrued compensation and employee benefits		28,652	26,387
Other current liabilities		56,950	53,036
Total current liabilities		217,672	211,837
Long-term debt	13	900,556	571,863
Deferred tax liabilities	7	17,378	17,464
Other long-term tax liabilities		6,544	6,771
Pension liabilities		23,960	25,239
Other long-term liabilities		23,857	21,047
Total Liabilities		1,189,967	854,221
Equity:			
Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 46,577,795 and 63,305,434 shares issued and outstanding, respectively		467	634
Treasury stock, held at cost, 260,900 and 260,900 shares, respectively		(2,580)	(2,580)
Additional paid-in capital		434,856	423,232
Accumulated deficit		(354,315)	(42,433)
Accumulated other comprehensive loss	9	(16,353)	(17,982)
Total Equity		62,075	360,871
Total Liabilities and Equity		\$ 1,252,042	\$ 1,215,092

See Notes to unaudited condensed consolidated financial statements.

ATKORE INTERNATIONAL GROUP INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

		Six months ended	
(in thousands)	Note	March 30, 2018	March 31, 2017
Operating activities:			
Net income		\$ 69,747	\$ 36,317
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization		33,063	26,901
Deferred income taxes	7	(3,667)	(1,997)
Gain on sale of a business	6	(26,737)	—
Loss on extinguishment of debt		—	9,805
Stock-based compensation		6,334	6,304
Other adjustments to net income		4,611	(2,836)
Changes in operating assets and liabilities, net of effects from purchase price adjustments			
Accounts receivable		(23,636)	(5,271)
Inventories	10	(11,691)	(24,963)
Other, net		5,194	(19,163)
Net cash provided by operating activities		53,218	25,097
Investing activities:			
Capital expenditures		(17,173)	(8,374)
Divestiture of business		42,000	—
Acquisition of businesses, net of cash acquired		(3,350)	—
Proceeds from sale of assets held for sale		—	3,024
Other, net		1,469	35
Net cash provided by (used in) investing activities		22,946	(5,315)
Financing activities:			
Borrowings under credit facility	13	309,000	—
Repayments under credit facility	13	(394,000)	—
Repayments of short-term debt	13	(3,550)	(4,200)
Repayments of long-term debt	13	(1,217)	(638,600)
Issuance of long-term debt	13	426,217	498,750
Payment for debt financing costs and fees		(5,767)	(4,344)
Issuance of common stock		5,299	7,165
Repurchase of common stock		(381,805)	—
Other, net		(78)	—
Net cash used for financing activities		(45,901)	(141,229)
Effects of foreign exchange rate changes on cash and cash equivalents		911	(901)
Increase (decrease) in cash and cash equivalents		31,174	(122,348)
Cash and cash equivalents at beginning of period		45,718	200,279
Cash and cash equivalents at end of period		\$ 76,892	\$ 77,931
Supplementary Cash Flow information			
Capital expenditures, not yet paid		\$ 534	\$ 589

See Notes to unaudited condensed consolidated financial statements.

ATKORE INTERNATIONAL GROUP INC.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(in thousands)	Common Stock		Treasury Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Equity
	Shares	Amount	Amount				
Balance as of September 25, 2015	62,453	\$ 626	\$ (2,580)	\$ 352,505	\$ (173,241)	\$ (21,033)	\$ 156,277
Net income	—	—	—	—	58,796	—	58,796
Cumulative effect adjustment for a change in accounting principle	—	—	—	—	1,303	—	1,303
Other comprehensive loss	—	—	—	—	—	(4,917)	(4,917)
Modification of liability award to equity-based compensation	—	—	—	43,870	—	—	43,870
Stock-based compensation	—	—	—	1,865	—	—	1,865
Issuance of common stock	5	—	—	52	—	—	52
Balance as of September 30, 2016	62,458	626	(2,580)	398,292	(113,142)	(25,950)	257,246
Net income	—	—	—	—	84,639	—	84,639
Other comprehensive income	—	—	—	—	—	7,968	7,968
Stock-based compensation	—	—	—	12,788	—	—	12,788
Issuance of common stock	1,628	16	—	12,152	—	—	12,168
Repurchase of common stock	(781)	(8)	—	—	(13,930)	—	(13,938)
Balance as of September 30, 2017	63,305	634	(2,580)	423,232	(42,433)	(17,982)	360,871
Net income	—	—	—	—	69,747	—	69,747
Other comprehensive income	—	—	—	—	—	1,629	1,629
Stock-based compensation	—	—	—	6,334	—	—	6,334
Issuance of common stock	856	9	—	5,290	—	—	5,299
Repurchase of common stock	(17,583)	(176)	—	—	(381,629)	—	(381,805)
Balance as of March 30, 2018	46,578	\$ 467	\$ (2,580)	\$ 434,856	\$ (354,315)	\$ (16,353)	\$ 62,075

See Notes to unaudited condensed consolidated financial statements.

ATKORE INTERNATIONAL GROUP INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
(dollars and shares in thousands, except per share data)

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Organization and Ownership Structure — Atkore International Group Inc. (the "Company" or "Atkore") is a leading manufacturer of Electrical Raceway products primarily for the non-residential construction and renovation markets and Mechanical Products & Solutions ("MP&S") for the construction and industrial markets. Electrical Raceway products form the critical infrastructure that enables the deployment, isolation and protection of a structure's electrical circuitry from the original power source to the final outlet. MP&S frame, support and secure component parts in a broad range of structures, equipment and systems in electrical, industrial and construction applications.

Atkore was incorporated in the State of Delaware on November 4, 2010. Atkore is the sole stockholder of Atkore International Holdings Inc. ("AIH"), which in turn is the sole stockholder of Atkore International, Inc. ("AII").

Basis of Presentation — The accompanying unaudited condensed consolidated financial statements of the Company included herein have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). These unaudited condensed consolidated financial statements have been prepared in accordance with the Company's accounting policies and on the same basis as those financial statements included in the Company's latest Annual Report on Form 10-K for the year ended September 30, 2017 filed with the U.S. Securities and Exchange Commission (the "SEC") on November 29, 2017, and should be read in conjunction with those consolidated financial statements and the notes thereto. Certain information and disclosures normally included in the Company's annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC.

The unaudited condensed consolidated financial statements include the assets and liabilities used in operating the Company's business. All intercompany balances and transactions have been eliminated in consolidation. The results of companies acquired or disposed of are included in the unaudited condensed consolidated financial statements from the effective date of acquisition or up to the date of disposal.

These statements include all adjustments (consisting of normal recurring adjustments) that the Company considered necessary to present a fair statement of its results of operations, financial position and cash flows. The results reported in these unaudited condensed consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year.

Fiscal Periods — The Company has a fiscal year that ends on September 30. It is the Company's practice to establish quarterly closings using a 4-5-4 calendar. The Company's fiscal quarters end on the last Friday in December, March and June.

Use of Estimates — The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclose contingent assets and liabilities at the date of the condensed consolidated financial statements and report the associated amounts of revenues and expenses. Actual results could differ materially from these estimates.

Summary of Significant Accounting Policies

Fair Value Measurements — Authoritative guidance for fair value measurements establishes a three-level hierarchy that ranks the quality and reliability of information used in developing fair value estimates. The hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. In cases where two or more levels of inputs are used to determine fair value, a financial instrument's level is determined based on the lowest level input that is considered significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are summarized as follows:

Level 1 — inputs are based upon quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible as of the measurement date.

Level 2 — inputs are based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-derived valuations for the asset or liability that are derived principally from or corroborated by market data for which the primary inputs are observable, including forward interest rates, yield curves, credit risk and exchange rates.

Level 3 — inputs for the valuations are unobservable and are based on management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques such as option pricing models and discounted cash flow models.

See Note 14, "Fair Value Measurements" for further detail.

Recent Accounting Pronouncements

A summary of recently adopted accounting guidance are as follows. Adoption dates are on the first day of the fiscal year indicated below, unless otherwise specified.

ASU	Description of ASU	Impact to Atkore	Note	Adoption Date
<i>2017-07 Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost</i>	The ASU requires an entity to report the service cost component of pension cost and postretirement benefit cost as compensation expense during the employee's service period. The other components of net periodic pension benefit costs will be presented outside a subtotal of income from operations.	Prior to the adoption of ASU 2017-07, pension costs were reported as cost of sales and selling, general and administrative expenses on the Company's condensed consolidated statements of income. As a result of the early adoption of ASU 2017-07, the Company reclassified \$376 and \$752 from operating income to other income, net on the condensed consolidated statements of operations for the three and six months ended March 31, 2017, respectively.	4	2018
<i>2017-09 Compensation - Stock Compensation (Topic 718): Scope of Modification Accounting</i>	The ASU does not require an entity to apply modification accounting if the fair value, vesting conditions and classification of the awards do not change.	No material impact on the consolidated financial statements.		2018

A summary of accounting guidance not yet adopted are as follows:

ASU	Description of ASU	Impact to Atkore	Effective Date
<i>ASU 2018-02 Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income</i>	The ASU provided entities the option to reclassify tax effects stranded in accumulated other comprehensive income as a result of the Tax Cuts and Jobs Act to retained earnings.	Under evaluation.	2020
<i>2014-09 Revenue from Contracts with Customers</i>	The ASU provides guidance for revenue recognition. The update's core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under current guidance. Examples of the use of judgments and estimates may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. The update also requires more detailed disclosures to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The update provides for two transition methods to the new guidance: a full retrospective approach and a modified retrospective approach.	The Company will adopt the guidance in the first quarter of 2019 using the modified retrospective method. Based on the reviews and assessments performed to date, the Company expects the pattern of revenue recognition for substantially all of its businesses to be unchanged. The Company anticipates an immaterial impact to retained earnings upon adoption.	2019

2. ACQUISITIONS

From time to time, the Company enters into strategic acquisitions in an effort to better service existing customers and to attain new customers.

On January 8, 2018, the Company acquired the assets of Communications Integrators, Inc. ("Cii"), a manufacturer of modular, prefabricated power, voice and data distribution systems located in Tempe, Arizona for a total purchase price, including contingent consideration, of \$3,997 .

The Company acquired all of the outstanding stock of Calpipe Industries, LLC ("Calpipe") on September 29, 2017 and Flexicon Limited ("Flexicon") on September 1, 2017. The Company incurred approximately \$262 and \$558 for acquisition-related expenses for Calpipe which were recorded as a component of selling, general and administrative expenses for the three and six months ended March 30, 2018 . On May 18, 2017, Unistrut, Ltd, a wholly-owned indirect subsidiary of the Company acquired all of the outstanding stock of Marco Cable Management.

The purchase price was allocated to tangible and intangible assets acquired and liabilities assumed, based on their fair values. The following table summarizes the Level 3 fair values assigned to the net assets acquired and liabilities assumed as of the acquisition date:

(in thousands)	Calpipe	Other	Total
Fair value of consideration transferred:			
Cash consideration	\$ 110,155	\$ 87,649	\$ 197,804
Working capital adjustment	70	—	70
Purchase price payable	2,278	—	2,278
Settlement of pre-existing relationship	(382)	—	(382)
Total consideration transferred	112,121	87,649	199,770
Fair value of assets acquired and liabilities assumed:			
Cash	5,051	8,830	13,881
Accounts receivable	10,369	7,589	17,958
Inventories	18,492	7,222	25,714
Intangible assets	54,650	40,100	94,750
Fixed assets	3,245	11,242	14,487
Accounts payable	(1,601)	(1,550)	(3,151)
Other	(8,263)	(8,832)	(17,095)
Net assets acquired	81,943	64,601	146,544
Excess purchase price attributed to goodwill acquired	\$ 30,178	\$ 23,048	\$ 53,226

The following table summarizes the fair value of intangible assets as of the acquisition dates:

(in thousands)	Calpipe		Other	
	Fair Value	Weighted Average Useful Life (Years)	Fair Value	Weighted Average Useful Life (Years)
Customer relationships	\$ 50,480	9.9	\$ 37,508	10.0
Other	4,170	8.4	2,592	8.0
Total intangible assets	\$ 54,650	9.9	\$ 40,100	9.9

The purchase price allocation, intangible asset values and related estimates of useful lives for Flexicon, Calpipe and Cii are preliminary, as the Company is finalizing its fair value estimates of intangible assets, fixed assets and working capital items.

The following table presents unaudited pro forma results of operations for the three and six months ended March 31, 2017 as if the Calpipe acquisition had occurred as of the first day of fiscal 2017:

(in thousands)	Three months ended March 31, 2017	Six months ended March 31, 2017
Pro forma net sales	\$ 390,093	\$ 744,985
Pro forma net income	19,067	36,581

3. DIVESTITURES

On March 30, 2018, the Company sold the assets of FlexHead Industries, Inc. and SprinkFLEX, LLC (together "Flexhead") for \$42,000. The Flexhead businesses manufacture commercial flexible sprinkler head connection products for use in a variety of markets, including for industrial, commercial, cold storage, institutional and clean room applications. The cash consideration received, net assets disposed and resulting gain on sale are as follows:

(in thousands)	Flexhead
Cash consideration	\$ 42,000
Net assets divested	15,263
Gain on sale of a business	\$ 26,737

The gain on the sale is subject to a subsequent working capital adjustment. Net assets divested included \$2,626 of goodwill.

4. POSTRETIREMENT BENEFITS

The Company provides pension benefits through a number of noncontributory and contributory defined benefit retirement plans covering eligible U.S. employees. As of September 30, 2017, all defined pension benefit plans were frozen, whereby participants no longer accrue credited service. The net periodic benefit cost was as follows:

(in thousands)	Note	Three months ended		Six months ended	
		March 30, 2018	March 31, 2017	March 30, 2018	March 31, 2017
Service cost		\$ —	\$ 512	\$ —	\$ 1,024
Interest cost	6	1,025	948	2,049	1,897
Expected return on plan assets	6	(1,604)	(1,650)	(3,207)	(3,300)
Amortization of actuarial loss	6	86	326	171	651
Net periodic benefit cost		\$ (493)	\$ 136	\$ (987)	\$ 272

During fiscal 2018, the Company adopted ASU 2017-07 Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. As a result, service costs are included as a component of cost of sales and selling, general and administrative expenses on the Company's condensed consolidated statements of operations. All other components of net periodic benefit costs are included as a component of other income, net on the Company's condensed consolidated statements of operations. Certain prior year amounts have been reclassified to conform to the current year presentation in our condensed consolidated financial statements. Prior to the adoption of ASU 2017-07, pension costs were reported as cost of sales and selling, general and administrative expenses on the Company's condensed consolidated statements of income. As a result of the early adoption of ASU 2017-07, the Company reclassified \$376 and \$752 from operating income to other income, net on the condensed consolidated statements of operations for the three and six months ended March 31, 2017, respectively.

5. RESTRUCTURING CHARGES

The liability for restructuring reserves is included within other current liabilities in the Company's condensed consolidated balance sheets as follows:

(in thousands)	Electrical Raceway		MP&S		Other/Corporate	Total
	Severance	Other	Severance	Other	Severance	
Balance as of September 30, 2016	\$ 841	\$ —	\$ —	\$ 539	\$ —	\$ 1,380
Charges	527	439	422	63	71	1,522
Utilization	(917)	(209)	(166)	(556)	(71)	(1,919)
Reversal	—	(230)	—	(36)	—	(266)
Exchange rate effects	(2)	—	22	—	—	20
Balance as of September 30, 2017	449	—	278	10	—	737
Charges	155	574	51	136	88	1,004
Utilization	(98)	(424)	(143)	(10)	(88)	(763)
Reversal	—	—	(166)	—	—	(166)
Exchange rate effects	16	—	(6)	—	—	10
Balance as of March 30, 2018	\$ 522	\$ 150	\$ 14	\$ 136	\$ —	\$ 822

The Company expects to utilize all restructuring accruals as of March 30, 2018 within the next twelve months. The net restructuring charges included as a component of selling, general and administrative expenses in the Company's condensed consolidated statements of operations were as follows:

(in thousands)	Three months ended		Six months ended	
	March 30, 2018	March 31, 2017	March 30, 2018	March 31, 2017
Total restructuring charges, net	\$ 576	\$ 412	\$ 838	\$ 801

6. OTHER INCOME, NET

Other income, net consisted of the following:

(in thousands)	Three months ended		Six months ended	
	March 30, 2018	March 31, 2017 As Adjusted*	March 30, 2018	March 31, 2017 As Adjusted*
Gain on sale of a business	\$ (26,737)	\$ —	\$ (26,737)	\$ —
Gain on sale of joint venture	—	(5,774)	—	(5,774)
Undesignated foreign currency derivative instruments	2,511	—	3,735	—
Foreign exchange gain on intercompany loans	(2,135)	—	(2,579)	—
Debt modification costs	892	—	892	—
Pension-related benefits	(493)	(376)	(987)	(752)
Other income, net	\$ (25,962)	\$ (6,150)	\$ (25,676)	\$ (6,526)

* Adjusted due to the adoption of *ASU 2017-07* during the first three months of fiscal 2018. See Note 1, "Basis of Presentation and Summary of Significant Accounting Policies" for additional information.

7. INCOME TAXES

On December 22, 2017, "H.R.1," also known as the "Tax Cuts and Jobs Act," was signed into law. H.R.1 provides for significant changes to corporate taxation including, but not limited to, a reduction of the federal corporate tax rate from 35% to 21%, limitations on the deductibility of interest expense and executive compensation, full expensing of the costs of qualified property in the period of acquisition and the elimination of the domestic production activities deduction. The legislation also adopts a new quasi-territorial tax regime and imposes a one-time transition tax on deemed repatriated earnings of certain foreign subsidiaries.

The Company has estimated the impact of the new legislation on its financial position based on information currently available and will continue to assess the impact as the year progresses and additional guidance is received. As a fiscal year filer, the Company will have a blended federal statutory rate of 24.5% for fiscal year 2018, in accordance with rules described in Section 15 of the Internal Revenue Code, and a federal statutory rate of 21.0% for fiscal year 2019 and following years. The value of the Company's net deferred tax liability on the balance sheet will decrease as a result of the newly enacted tax rates creating a one-time tax benefit to the Company; the preliminary analysis of the impact, using December 29, 2017 values, is an estimated decrease to the net deferred tax liability of \$4,758, which was recognized in the period of enactment. The Company has an accumulated earnings and profit deficit in the foreign jurisdictions in which it operates. As a result, it does not anticipate an income tax liability from the one-time transition tax on the deemed repatriation of its foreign earnings. The tax impact of the new legislation recorded in the first quarter was based on the Company's best estimate. The provisional amounts incorporate assumptions made based upon the Company's current interpretation of H.R.1 and may change as the Company receives additional clarification and implementation guidance. Further adjustments to the provisional amount will be included in income from continuing operations as an adjustment to income tax expense on the Company's consolidated statements of operations through the first quarter of fiscal 2019.

For the three months ended March 30, 2018 and March 31, 2017, the Company's effective tax rate attributable to income before income taxes was 26.6% and 39.5%, respectively. For the three months ended March 30, 2018 and March 31, 2017, the Company's income tax expense was \$15,392 and \$12,375, respectively. The decrease in the effective tax rate was primarily due to the reduction of the federal statutory rate from 35.0% to 24.5%.

For the six months ended March 30, 2018 and March 31, 2017, the Company's effective tax rate attributable to income before income taxes was 20.4% and 33.0%, respectively. For the six months ended March 30, 2018 and March 31, 2017, the Company's income tax expense was \$17,908 and \$17,882, respectively. The decrease in the effective tax rate was primarily due to the tax rate reduction together with the one-time tax benefit of the revaluation of the Company's deferred tax liabilities as a result of the enactment of H.R.1.

The Company has recorded a valuation allowance against net operating losses in certain foreign jurisdictions. A valuation allowance is recorded when it is determined to be more likely than not that deferred tax assets will not be fully realized in the foreseeable future. The realization of deferred tax assets is dependent upon whether the Company can generate future taxable income of appropriate character in the relevant jurisdiction to utilize the assets. The amount of the deferred tax assets considered realizable is subject to adjustment in future periods.

The Company recognizes the benefits of uncertain tax positions taken or expected to be taken in tax returns in the provision for income taxes only for those positions that it has determined are more likely than not to be realized upon examination. The Company records interest and penalties related to unrecognized tax benefits as a component of income tax expense. During the three and six months ended March 30, 2018, the balance of unrecognized tax benefits decreased by \$227 due to a payment upon the resolution of a state audit item. The Company is fully indemnified by its former parent for uncertain tax positions taken prior to December 22, 2010.

For the six months ended March 30, 2018, the Company made no additional provision for U.S. or non-U.S. income taxes for unrecognized deferred tax liabilities for temporary differences related to basis differences in investments in subsidiaries, as the investments are essentially permanent in duration.

8. EARNINGS PER SHARE

Basic earnings per common share is computed by dividing net income available to common stockholders by the weighted-average number of shares of common stock outstanding for the period.

Diluted earnings per share is computed by dividing net income available to common stockholders by the weighted-average number of shares of common stock outstanding for the period, adjusted to include the number of shares of common stock that would have been outstanding had potentially dilutive shares of common stock been issued. The dilutive effect of stock options, performance stock units and restricted stock units are reflected in diluted earnings per share by applying the treasury stock method. There are no other potentially dilutive instruments outstanding. Performance shares were excluded from the calculation of diluted shares since none of the performance or market conditions were met for the periods presented. Holders of certain stock-based compensation awards are eligible to receive dividends, requiring the Company to use the two-class method. Net income allocated to participating securities was not significant for the periods presented below.

(in thousands, except per share data)	Three months ended		Six months ended	
	March 30, 2018	March 31, 2017	March 30, 2018	March 31, 2017
Basic:				
Net income	\$ 42,558	\$ 18,935	\$ 69,747	\$ 36,317
Weighted-average shares outstanding	51,367	63,252	57,287	62,948
Basic earnings per share	\$ 0.83	\$ 0.30	\$ 1.22	\$ 0.58
Diluted:				
Net income	\$ 42,558	\$ 18,935	\$ 69,747	\$ 36,317
Weighted-average shares outstanding - basic	51,367	63,252	57,287	62,948
Effect of dilutive securities: Stock compensation plans ⁽¹⁾	2,636	3,636	2,658	3,498
Weighted-average shares outstanding - diluted	54,003	66,888	59,945	66,446
Diluted earnings per share	\$ 0.79	\$ 0.28	\$ 1.16	\$ 0.55

(1) Stock options to purchase approximately 0.3 million and 0.4 million shares of common stock were outstanding during the three and six months ended March 30, 2018, respectively, but were not included in the calculation of diluted earnings per share as the impact of these options would have been anti-dilutive.

Stock options to purchase approximately 0.2 million and 0.2 million shares of common stock were outstanding during the three and six months ended March 31, 2017, respectively, but were not included in the calculation of diluted earnings per share as the impact of these options would have been anti-dilutive.

9. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table presents the changes in accumulated other comprehensive loss by component, net of tax:

(in thousands)	Defined benefit pension items	Currency translation adjustments	Total
Balance as of September 30, 2017	\$ (10,445)	\$ (7,537)	\$ (17,982)
Other comprehensive income before reclassifications	—	1,500	1,500
Amounts reclassified from accumulated other comprehensive loss	129	—	129
Net current period other comprehensive income	129	1,500	1,629
Balance as of March 30, 2018	<u>\$ (10,316)</u>	<u>\$ (6,037)</u>	<u>\$ (16,353)</u>

10. INVENTORIES, NET

A majority of the Company's inventories are recorded at the lower of cost (primarily last in, first out, or "LIFO") or market. Approximately 73% and 75% of the Company's inventories were valued at the lower of LIFO cost or market at March 30, 2018 and September 30, 2017, respectively. Interim LIFO determinations, including those at March 30, 2018, are based on management's estimates of future inventory levels and costs for the remainder of the current fiscal year.

(in thousands)	March 30, 2018	September 30, 2017
Purchased materials and manufactured parts, net	\$ 42,816	\$ 49,168
Work in process, net	18,967	17,598
Finished goods, net	140,734	133,237
Inventories, net	<u>\$ 202,517</u>	<u>\$ 200,003</u>

Total inventories would be \$7,812 and \$4,915 higher than reported as of March 30, 2018 and September 30, 2017, respectively, if the first-in, first-out method was used for all inventories. As of March 30, 2018 and September 30, 2017, the excess and obsolete inventory reserve was \$8,659 and \$8,432, respectively.

11. PROPERTY, PLANT AND EQUIPMENT

As of March 30, 2018 and September 30, 2017, property, plant and equipment at cost and accumulated depreciation were as follows:

(in thousands)	March 30, 2018	September 30, 2017
Land	\$ 13,295	\$ 13,296
Buildings and related improvements	106,067	105,154
Machinery and equipment	273,027	263,575
Leasehold improvements	7,077	6,744
Construction in progress	22,301	16,160
Property, plant and equipment	<u>421,767</u>	<u>404,929</u>
Accumulated depreciation	<u>(209,927)</u>	<u>(196,310)</u>
Property, plant and equipment, net	<u>\$ 211,840</u>	<u>\$ 208,619</u>

Depreciation expense for the three months ended March 30, 2018 and March 31, 2017 totaled \$8,088 and \$7,780, respectively. Depreciation expense for the six months ended March 30, 2018 and March 31, 2017 totaled \$16,611 and \$15,819, respectively.

12. GOODWILL AND INTANGIBLE ASSETS

Changes in the carrying amount of goodwill are as follows:

(in thousands)	Electrical Raceway	Mechanical Products & Solutions	Total
Balance as of October 1, 2017	\$ 108,528	\$ 39,188	\$ 147,716
Goodwill divested during year	—	(2,626)	(2,626)
Goodwill acquired during year	827	—	827
Purchase price adjustments	21,750	—	21,750
Exchange rate effects	1,440	—	1,440
Balance as of March 30, 2018	\$ 132,545	\$ 36,562	\$ 169,107

Goodwill balances as of October 1, 2017 and March 30, 2018 include \$3,924 and \$43,000 of accumulated impairment losses within the Electrical Raceway and MP&S segments, respectively.

The Company assesses the recoverability of goodwill and indefinite-lived trade names on an annual basis in accordance with Accounting Standards Codification 350, "Intangibles - Goodwill and Other." The measurement date is the first day of the fourth fiscal quarter, or more frequently, if events or circumstances indicate that it is more likely than not that the fair value of a reporting unit or the respective indefinite-lived trade name is less than the carrying value. During the three months ended March 30, 2018, the Company sold the assets of Flexhead, which represented a portion of a reporting unit. The Company allocated the goodwill of the reporting unit to Flexhead using a relative fair value approach. The sale represented a triggering event and required the Company to perform a goodwill impairment test for the related reporting unit. The results of the test did not indicate an impairment.

The following table provides the gross carrying value, accumulated amortization and net carrying value for each major class of intangible assets:

		March 30, 2018			September 30, 2017		
(\$ in thousands)	Weighted Average Useful Life (Years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Amortizable intangible assets:							
Customer relationships	11	\$ 333,147	\$ (126,944)	\$ 206,203	\$ 350,129	\$ (118,273)	\$ 231,856
Other	8	15,993	(4,915)	11,078	27,819	(9,266)	18,553
Total		349,140	(131,859)	217,281	377,948	(127,539)	250,409
Indefinite-lived intangible assets:							
Trade names		92,880	—	92,880	93,880	—	93,880
Total		\$ 442,020	\$ (131,859)	\$ 310,161	\$ 471,828	\$ (127,539)	\$ 344,289

Other intangible assets consist of definite-lived trade names, technology, non-compete agreements and backlogs. Amortization expense for the three months ended March 30, 2018 and March 31, 2017 was \$7,765 and \$5,493, respectively. Amortization expense for the six months ended March 30, 2018 and March 31, 2017 was \$16,452 and \$11,082, respectively. Expected amortization expense for intangible assets for the remainder of fiscal 2018 and over the next five years and thereafter is as follows:

(in thousands)	
Remaining 2018	\$ 15,333
2019	30,210
2020	29,647
2021	28,796
2022	28,707
2023	28,587
Thereafter	56,001

Actual amounts of amortization may differ from estimated amounts due to additional intangible asset acquisitions, impairment of intangible assets and other events.

13. DEBT

Debt as of March 30, 2018 and September 30, 2017 was as follows:

(in thousands)	March 30, 2018	September 30, 2017
First Lien Term Loan Facility due December 22, 2023	\$ 916,673	\$ 495,134
ABL Credit Facility	—	85,000
Deferred financing costs	(8,842)	(4,496)
Other	378	440
Total debt	\$ 908,209	\$ 576,078
Less: Current portion	7,653	4,215
Long-term debt	\$ 900,556	\$ 571,863

The asset based credit facility ("ABL Credit Facility") has aggregate commitments of \$325,000 and is guaranteed by AIH and the U.S. operating companies owned by AIH. AIH's availability under the ABL Credit Facility was \$278,606 and \$172,994 as of March 30, 2018 and September 30, 2017, respectively.

On February 2, 2018, AIH entered into the (i) First Amendment to Amended and Restated First Lien Credit Agreement, by and among AIH, Deutsche Bank AG New York Branch, as administrative agent and collateral agent, and the other financial institutions party thereto to, among other things, decrease the interest margins applicable to the ABR Loans and Eurodollar Loans to LIBOR plus 2.75%, and (ii) Increase Supplement (the "Increase Supplement") to, among other things, incur incremental first lien secured term loans in aggregate principal amount of \$425.0 million. The Company used the proceeds from the Increase Supplement to 1) repurchase approximately 17.2 million shares of common stock from CD&R Allied Holdings, L.P. ("the CD&R Investor") for a total purchase price of approximately \$375 million, 2) repay \$42.0 million of outstanding loans under the ABL Credit Facility and 3) pay \$5.8 million in related fees and expenses. The revisions to the First Lien Term Loan were accounted for as a debt modification, resulting in immediate expensing of related financing costs of \$0.9 million within other income, net on the condensed consolidated statements of operations.

14. FAIR VALUE MEASUREMENTS

Certain assets and liabilities are required to be recorded at fair value on a recurring basis.

The Company uses forward currency contracts to hedge the effects of foreign exchange relating to certain of the Company's intercompany receivables denominated in a foreign currency. These derivative instruments are not formally designated as hedges by the Company and the terms of these instruments range from six months to five years. Short-term forward currency contracts are recorded in other current liabilities and long-term forward currency contracts are recorded in other long-term liabilities in the condensed consolidated balance sheet. The fair value gains and losses are included in other income, net within the condensed consolidated statements of operations. See Note 6, "Other Income, net" for further detail.

The total notional amount of undesignated forward currency contracts were £ 51.0 million and £ 52.6 million as of March 30, 2018 and September 30, 2017, respectively. Cash flows associated with derivative financial instruments are recognized in the operating section of the condensed consolidated statements of cash flows. The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The following table presents the Company's assets and liabilities measured at fair value:

(in thousands)	March 30, 2018			September 30, 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Cash equivalents	\$ 957	\$ —	\$ —	\$ 571	\$ —	\$ —
Liabilities						
Forward currency contracts	—	6,671	—	—	2,936	—

The Company's remaining financial instruments consist primarily of cash, accounts receivable and accounts payable whose carrying value approximate their fair value due to their short-term nature.

The estimated fair value of financial instruments not carried at fair value in the condensed consolidated balance sheets were as follows:

(in thousands)	March 30, 2018		September 30, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
First Lien Term Loan Facility due December 22, 2023	\$ 917,700	\$ 923,206	\$ 496,250	\$ 498,979

In determining the approximate fair value of its long-term debt, the Company used the trading value among financial institutions, which were classified within Level 2 of the fair value hierarchy. The carrying value of the ABL Credit Facility approximates fair value due to it being a market-linked variable rate debt.

15. COMMITMENTS AND CONTINGENCIES

The Company has obligations related to commitments to purchase certain goods. As of March 30, 2018, such obligations were \$152,863 for the rest of fiscal year 2018 and \$2,660 for fiscal year 2019. These amounts represent open purchase orders for materials used in production.

Legal Contingencies — The Company is a defendant in a number of pending legal proceedings, some of which were inherited from its former parent, Tyco International Ltd., including certain product liability claims. Several lawsuits have been filed against the Company and the Company has also received other claim demand letters alleging that the Company's anti-microbial coated steel sprinkler pipe, which the Company has not manufactured or sold for several years, is incompatible with chlorinated polyvinyl chloride and caused stress cracking in such pipe manufactured by third parties when installed together in the same sprinkler system, which the Company refers to collectively as the "Special Products Claims." After an analysis of claims experience, the Company reserved its best estimate of the probable and reasonably estimable losses related to these matters. The Company's total product liability reserves for Special Products Claims and other product liability matters were \$5,395 and \$5,872 as of March 30, 2018 and September 30, 2017, respectively. As of March 30, 2018, the Company believes that the range of probable losses for Special Products Claims and other product liabilities is between \$3,000 and \$10,000.

At this time, the Company does not expect the outcome of the Special Products Claims proceedings, either individually or in the aggregate, to have a material adverse effect on its business, financial condition, results of operations or cash flows, and the Company believes that its reserves are adequate for all claims, including for Special Products Claims contingencies. However, it is possible that additional reserves could be required in the future that could have a material adverse effect on the Company's business, financial condition, results of operations or cash flows. This additional loss or range of losses cannot be recorded at this time, as it is not reasonably estimable.

During fiscal 2017, the U.S. Department of Commerce ruled on a scope request in relation to an Antidumping Duty Order for Malleable Iron Pipe Fittings from China. The ruling subjects certain of the Company's imports of conduit fittings within the Atkore Steel Components Inc. business (acquired in November 2014) to antidumping duties, which are incremental to the duties previously paid upon importation. The Company is appealing the scope decision and established an accrual of \$7,501 during second quarter of fiscal 2017 for the related contingent liability with the related expense recorded in selling, general and administrative expenses in the Company's condensed consolidated statements of operations which covers the post-acquisition period through the date of the scope ruling.

In addition to the matters discussed above, from time to time, the Company is subject to a number of disputes, administrative proceedings and other claims arising out of the ordinary conduct of the Company's business. These matters generally relate to disputes arising out of the use or installation of the Company's products, product liability litigation, contract disputes, patent infringement accusations, employment matters and similar matters. On the basis of information currently available to the Company, it does not believe that existing proceedings and claims will have a material adverse effect on its business, financial condition, results of operations or cash flows. However, litigation is unpredictable, and the Company could incur judgments or enter into settlements for current or future claims that could adversely affect its business, financial condition, results of operations or cash flows.

16. GUARANTEES

The Company has outstanding letters of credit totaling \$9,881 supporting workers' compensation and general liability insurance policies as of March 30, 2018. The Company also has surety bonds primarily related to performance guarantees on supply agreements and construction contracts, and payment of duties and taxes totaling \$31,719 as of March 30, 2018.

In disposing of assets or businesses, the Company often provides representations, warranties and indemnities to cover various risks including unknown damage to the assets, environmental risks involved in the sale of real estate, liability to investigate and remediate environmental contamination at waste disposal sites and manufacturing facilities, and unidentified tax liabilities and legal fees related to periods prior to disposition. The Company does not have the ability to estimate the potential liability from such indemnities because they relate to unknown conditions. However, the Company has no reason to believe that these uncertainties would have a material adverse effect on the Company's business, financial condition, results of operations or cash flows.

In the normal course of business, the Company is liable for product performance and contract completion. In the opinion of management, such obligations will not have a material adverse effect on the Company's business, financial condition, results of operations or cash flows.

17. RELATED PARTY TRANSACTIONS

On January 22, 2018, the Company announced a stock repurchase transaction whereby the Company agreed to repurchase from the CD&R Investor, a related party, approximately 17.2 million shares of the Company's common stock, par value \$0.01 per share, at a per share price equal to \$21.77, for a total purchase price of \$375 million, subject to the terms and conditions set forth in the stock purchase agreement. Following the stock repurchase transaction and a secondary offering of the Company's common stock in February 2018, the CD&R Investor owned approximately 15.5% of the Company's outstanding common stock as of March 30, 2018.

18. SEGMENT INFORMATION

The Company has two operating segments, which are also its reportable segments. The Company's operating segments are organized based upon primary market channels and, in most instances, the end use of products.

Through its Electrical Raceway segment, the Company manufactures products that deploy, isolate and protect a structure's electrical circuitry from the original power source to the final outlet. These products, which include electrical conduit, armored cable, cable trays, mounting systems and fittings, are critical components of the electrical infrastructure for new construction and maintenance, repair and remodel markets. The vast majority of the Company's Electrical Raceway Net sales are made to electrical distributors, who then serve electrical contractors, and the Company considers both to be customers.

Through the MP&S segment, the Company provides products and services that frame, support and secure component parts in a broad range of structures, equipment and systems in electrical, industrial and construction applications. The Company's principal products in this segment are metal framing products and in-line galvanized mechanical tube. Through its metal framing business, the Company designs, manufactures and installs metal strut and fittings used to assemble mounting structures that support heavy equipment and electrical content in buildings and other structures.

Both segments use Adjusted EBITDA as the primary measure of profit and loss. Segment Adjusted EBITDA is the sum of income before income taxes, adjusted to exclude unallocated expenses, depreciation and amortization, interest expense, net, loss (gain) on extinguishment of debt, restructuring and impairments, stock-based compensation, consulting fees, multi-employer pension withdrawal, certain legal matters, transaction costs, gain on sale of a business, gain on sale of joint venture and other items, such as inventory reserves and adjustments and realized or unrealized gain (loss) on foreign currency transactions.

Intersegment transactions primarily consist of product sales at designated transfer prices on an arms-length basis. Gross profit earned and reported within the segment is eliminated in the Company's consolidated results. Certain manufacturing and distribution expenses are allocated between the segments due to the shared nature of activities. Recorded amounts represent a proportional amount of the quantity of product produced for each segment.

Three months ended						
(in thousands)	March 30, 2018			March 31, 2017		
	External Net Sales	Intersegment Sales	Adjusted EBITDA	External Net Sales	Intersegment Sales	Adjusted EBITDA
Electrical Raceway	\$ 324,706	\$ 81	\$ 56,404	\$ 270,627	\$ 368	\$ 46,687
MP&S	120,294	16	\$ 16,722	102,164	16	\$ 15,457
Eliminations	—	(97)		—	(384)	
Consolidated operations	<u>\$ 445,000</u>	<u>\$ —</u>		<u>\$ 372,791</u>	<u>\$ —</u>	

Six months ended						
(in thousands)	March 30, 2018			March 31, 2017		
	External Net Sales	Intersegment Sales	Adjusted EBITDA	External Net Sales	Intersegment Sales	Adjusted EBITDA
Electrical Raceway	\$ 640,711	\$ 599	\$ 112,564	\$ 512,566	\$ 814	\$ 88,804
MP&S	218,847	37	\$ 27,531	197,816	45	\$ 31,238
Eliminations	—	(636)		—	(859)	
Consolidated operations	<u>\$ 859,558</u>	<u>\$ —</u>		<u>\$ 710,382</u>	<u>\$ —</u>	

Presented below is a reconciliation of operating segment Adjusted EBITDA to Income before income taxes :

(in thousands)	Three months ended		Six months ended	
	March 30, 2018	March 31, 2017	March 30, 2018	March 31, 2017
Operating segment Adjusted EBITDA				
Electrical Raceway	\$ 56,404	\$ 46,687	\$ 112,564	\$ 88,804
MP&S	16,722	15,457	27,531	31,238
Total	73,126	62,144	140,095	120,042
Unallocated expenses ^(a)	(7,785)	(6,022)	(16,267)	(14,029)
Depreciation and amortization	(15,853)	(13,273)	(33,063)	(26,901)
Interest expense, net	(9,286)	(5,231)	(15,880)	(15,061)
Loss on extinguishment of debt	—	—	—	(9,805)
Restructuring and impairments	(576)	(412)	(838)	(801)
Stock-based compensation	(2,770)	(3,584)	(6,334)	(6,304)
Certain legal matters	(2,286)	(7,501)	(2,286)	(7,501)
Transaction costs	(1,263)	(138)	(1,908)	(1,698)
Gain on sale of a business	26,737	—	26,737	—
Gain on sale of joint venture	—	5,774	—	5,774
Other	(2,094)	(447)	(2,601)	10,483
Income before income taxes	<u>\$ 57,950</u>	<u>\$ 31,310</u>	<u>\$ 87,655</u>	<u>\$ 54,199</u>

(a) Represents unallocated selling, general and administrative activities and associated expenses including, in part, executive, legal, finance, human resources, information technology, business development and communications, as well as certain costs and earnings of employee-related benefits plans, such as stock-based compensation and a portion of self-insured medical costs.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following information should be read in conjunction with the unaudited condensed consolidated financial statements and related notes included in this report. The following discussion may contain forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those factors discussed below and included or referenced elsewhere in this report, particularly in the sections entitled "Forward-Looking Statements" and "Risk Factors".

U.S. Federal Income Tax Reform

On December 22, 2017, Congress enacted H.R. 1, which reforms major aspects of the U.S. federal income tax law affecting the Company. See Note 7, "Income Taxes" to the Company's unaudited condensed consolidated financial statements for additional information.

Use of Non-GAAP Measures

Adjusted EBITDA and Adjusted EBITDA Margin

We use Adjusted EBITDA and Adjusted EBITDA Margin in evaluating the performance of our business, and we use each in the preparation of our annual operating budgets and as indicators of business performance and profitability. We believe Adjusted EBITDA and Adjusted EBITDA Margin allow us to readily view operating trends, perform analytical comparisons and identify strategies to improve operating performance.

We define Adjusted EBITDA as net income (loss) before: depreciation and amortization, interest expense, net, loss (gain) on extinguishment of debt, income tax expense (benefit), restructuring and impairments, stock-based compensation, consulting fees, multi-employer pension withdrawal, certain legal matters, transaction costs, gain on sale of a business, gain on sale of joint venture and other items, such as inventory reserves and adjustments and realized or unrealized gain (loss) on foreign currency transactions. We believe Adjusted EBITDA, when presented in conjunction with comparable accounting principles generally accepted in the United States of America ("GAAP") measures, is useful for investors because management uses Adjusted EBITDA in evaluating the performance of our business. We define Adjusted EBITDA Margin as Adjusted EBITDA as a percentage of Net sales.

Adjusted EBITDA is not considered a measure of financial performance under GAAP and the items excluded therefrom are significant components in understanding and assessing our financial performance. Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation or as an alternative to such GAAP measures as net income (loss), cash flows provided by or used in operating, investing or financing activities or other financial statement data presented in our consolidated financial statements as an indicator of financial performance or liquidity. Some of these limitations are:

- Adjusted EBITDA does not reflect changes in, or cash requirements for, working capital needs;
- Adjusted EBITDA does not reflect interest expense, net, or the requirements necessary to service interest or principal payments on debt;
- Adjusted EBITDA does not reflect income tax expense (benefit) or the cash requirements to pay taxes;
- Adjusted EBITDA does not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments; and
- although depreciation and amortization charges are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements.

Because Adjusted EBITDA is not a measure determined in accordance with GAAP and is susceptible to varying calculations, Adjusted EBITDA, as presented, may not be comparable to other similarly titled measures of other companies.

The following table sets forth a reconciliation of net income to Adjusted EBITDA for the three and six months ended March 30, 2018 and March 31, 2017

(in thousands)	Three months ended		Six months ended	
	March 30, 2018	March 31, 2017	March 30, 2018	March 31, 2017
Net income	\$ 42,558	\$ 18,935	\$ 69,747	\$ 36,317
Interest expense, net	9,286	5,231	15,880	15,061
Income tax expense	15,392	12,375	17,908	17,882
Depreciation and amortization	15,853	13,273	33,063	26,901
Loss on extinguishment of debt	—	—	—	9,805
Restructuring and impairments ^(a)	576	412	838	801
Stock-based compensation ^(b)	2,770	3,584	6,334	6,304
Transaction costs ^(c)	1,263	138	1,908	1,698
Certain legal matters ^(d)	2,286	7,501	2,286	7,501
Gain on sale of a business ^(e)	(26,737)	—	(26,737)	—
Gain on sale of joint venture ^(f)	—	(5,774)	—	(5,774)
Other ^(g)	2,094	447	2,601	(10,483)
Adjusted EBITDA	\$ 65,341	\$ 56,122	\$ 123,828	\$ 106,013

(a) Restructuring amounts represent exit or disposal costs including termination benefits and facility closure costs. Impairment amounts represent write-downs of goodwill, intangible assets and/or long-lived assets. See Note 5, "Restructuring Charges" to our unaudited condensed consolidated financial statements for further detail.

(b) Represents stock-based compensation expenses related to stock option awards, performance stock awards and restricted stock awards.

(c) Represents expenses related to our acquisition and divestiture-related activities and professional fees associated with share repurchases and secondary offerings. See Note 2, "Acquisitions" to our unaudited condensed consolidated financial statements for further detail.

(d) Represents costs associated with certain legal matters which, we believe, do not reflect our ongoing operations.

(e) Represents pre-tax gain on sale of the assets of FlexHead Industries, Inc. and SprinkFLEX, LLC on March 30, 2018.

(f) Represents pre-tax gain on sale of Abahsain-Cope Saudi Arabia Ltd. joint venture.

(g) Represents other items, such as inventory reserves and adjustments, realized or unrealized gain (loss) on foreign currency transactions and release of certain indemnified uncertain tax positions.

Results of Operations

The results of operations for the three months ended March 30, 2018 and March 31, 2017 were as follows:

(\$ in thousands)	Three months ended			
	March 30, 2018	March 31, 2017 As Adjusted*	Change	% Change
Net sales	\$ 445,000	\$ 372,791	\$ 72,209	19.4%
Cost of sales	335,843	285,182	50,661	17.8%
Gross profit	109,157	87,609	21,548	24.6%
Selling, general and administrative	60,118	51,725	8,393	16.2%
Intangible asset amortization	7,765	5,493	2,272	41.4%
Operating income	41,274	30,391	10,883	35.8%
Interest expense, net	9,286	5,231	4,055	77.5%
Other income, net	(25,962)	(6,150)	(19,812)	322.1%
Income before income taxes	57,950	31,310	26,640	85.1%
Income tax expense	15,392	12,375	3,017	24.4%
Net income	\$ 42,558	\$ 18,935	\$ 23,623	124.8%
Non-GAAP financial data				
Adjusted EBITDA	\$ 65,341	\$ 56,122	\$ 9,219	16.4%
Adjusted EBITDA Margin	14.7%	15.1%		

* Adjusted due to the adoption of ASU 2017-07. See Note 1, "Basis of Presentation and Summary of Significant Accounting Policies" for additional information.

Net sales

	Change (%)
Volume	3.4%
Average selling prices	6.5%
Foreign exchange	0.9%
Acquisitions	8.5%
Net sales	19.4%

Net sales increased \$72.2 million , or 19.4% to \$445.0 million for the three months ended March 30, 2018 compared to \$372.8 million for the three months ended March 31, 2017 . Net sales increased \$31.7 million due to the acquisitions of Marco Cable Management ("Marco"), Flexicon Limited ("Flexicon"), Calpipe Industries LLC ("Calpipe") and Communications Integrators, Inc. ("Cii") over the past twelve months. Additionally, net sales increased \$24.3 million due to higher net average selling prices resulting from the pass-through impact of higher input costs of copper and steel, higher freight costs, and increased market prices for PVC electrical conduit and fittings products. Lastly, net sales increased \$12.7 million partly due to higher volume of products sold within the Mechanical Products & Solutions segment, partially offset by lower volume of armored cable and fittings products sold within the Electrical Raceway segment.

Cost of sales

	Change (%)
Volume	2.8%
Average input costs	4.0%
Foreign exchange	0.9%
Acquisitions	7.2%
Other	2.9%
Net sales	17.8%

Cost of sales increased by \$50.7 million , or 17.8% to \$335.8 million for the three months ended March 30, 2018 compared to \$285.2 million for the three months ended March 31, 2017 . The increase was primarily due to \$20.5 million of additional costs related to the acquisitions over the past twelve months. Cost of sales also increased \$11.4 million due to higher input costs of steel and copper, higher freight costs of \$8.2 million and \$7.9 million of higher volume of products sold.

Selling, general and administrative

Selling, general and administrative expenses increased \$8.4 million , or 16.2% to \$60.1 million for the three months ended March 30, 2018 compared to \$51.7 million for the three months ended March 31, 2017 . The increase was primarily due to \$6.6 million of higher selling, general and administrative costs resulting from the acquisitions of Marco, Flexicon, Calpipe and Cii over the past twelve months and \$1.7 million of higher incentive-based compensation expense.

Intangible asset amortization

Intangible asset amortization expense increased \$2.3 million , or 41.4% to \$7.8 million for the three months ended March 30, 2018 compared to \$5.5 million for the three months ended March 31, 2017 resulting from the acquisitions over the past twelve months. See Note 2, "Acquisitions" to our unaudited condensed consolidated financial statements for further detail .

Interest expense, net

Interest expense, net, increased \$4.1 million , or 77.5% to \$9.3 million for the three months ended March 30, 2018 compared to \$5.2 million for the three months ended March 31, 2017 . The increase is primarily due to our debt refinancing transactions on February 2, 2018 , which resulted in additional borrowings of \$425.0 million , partially offset by lower interest rates. See Note 13, "Debt" to our unaudited condensed consolidated financial statements for further detail .

Other income, net

Other income, net increased \$19.8 million to \$26.0 million for the three months ended March 30, 2018 compared to \$6.2 million primarily due to a gain on the sale of assets of the Flexhead businesses of \$26.7 million , partially offset by a gain on sale of joint venture during the three months ended March 31, 2017 . See Note 3, "Divestitures" and Note 6, "Other Income, net" to our unaudited condensed consolidated financial statements for further detail .

Income tax expense

The Company's income tax rate decreased to 26.6% for the three months ended March 30, 2018 compared to 39.5% for the three months ended March 31, 2017 . The decrease in the effective tax rate was primarily due to the reduction of the federal statutory rate from 35% to 24.5% as a result of the enactment of new tax legislation, H.R.1. on December 22, 2017.

Net income

Net income increased by \$23.6 million , or 124.8% to \$42.6 million for the three months ended March 30, 2018 compared to \$18.9 million for the three months ended March 31, 2017 primarily due to a pre-tax gain on the sale of the Flexhead businesses of \$26.7 million and higher operating income of \$10.9 million . Partially offsetting the increase is a pre-tax gain on sale of a joint venture of \$5.8 million during the three months ended March 31, 2017 , higher interest expense of \$4.1 million and higher income tax expense of \$3.0 million .

Adjusted EBITDA

Adjusted EBITDA increased by \$9.2 million , or 16.4% to \$65.3 million for the three months ended March 30, 2018 compared to \$56.1 million for the three months ended March 31, 2017 . The increase was primarily due to incremental Adjusted EBITDA from acquisitions over the past twelve months, increased volume and improved productivity costs, partially offset by higher average input costs of steel, copper and freight net of higher selling prices and higher incentive-based compensation expense during the three months ended March 31, 2017 .

Segment results

Electrical Raceway

(\$ in thousands)	Three months ended			
	March 30, 2018	March 31, 2017	Change	% Change
Net sales	\$ 324,787	\$ 270,995	\$ 53,792	19.8%
Adjusted EBITDA	\$ 56,404	\$ 46,687	\$ 9,717	20.8%
Adjusted EBITDA Margin	17.4%	17.2%		

Net sales

	Change (%)
Volume	(1.6)%
Average selling prices	8.5 %
Foreign exchange	1.2 %
Acquisitions	11.7 %
Net sales	19.8 %

Net sales increased \$53.8 million , or 19.8% , to \$324.8 million for the three months ended March 30, 2018 compared to \$271.0 million for the three months ended March 31, 2017 . The increase was due primarily to \$31.7 million of additional sales resulting from acquisitions over the past twelve months and \$23.1 million resulting from the pass-through impact of higher average input costs of copper and increased market prices for PVC electrical conduit and fittings products. The increase in sales was partially offset by lower volume of \$4.3 million primarily of armored cable and fittings and flexible electrical conduit and fittings product categories.

Adjusted EBITDA

Adjusted EBITDA for the three months ended March 30, 2018 increased \$9.7 million , or 20.8% , to \$56.4 million from \$46.7 million for the three months ended March 31, 2017 . Adjusted EBITDA margins remained relatively flat at 17.4% . The increase in Adjusted EBITDA was largely due to increased market prices for PVC electrical conduit and fittings products and incremental Adjusted EBITDA resulting from acquisitions over the past twelve months, partially offset by an increase in average input costs that exceeded our increase in average selling prices for armored cable and fittings products.

Mechanical Products & Solutions

(\$ in thousands)	Three months ended			
	March 30, 2018	March 31, 2017	Change	% Change
Net sales	\$ 120,310	\$ 102,180	\$ 18,130	17.7%
Adjusted EBITDA	\$ 16,722	\$ 15,457	\$ 1,265	8.2%
Adjusted EBITDA Margin	13.9%	15.1%		

Net sales

	Change (%)
Volume	16.4%
Average selling prices	1.2%
Other	0.1%
Net sales	17.7%

Net sales increased \$18.1 million , or 17.7% , for the three months ended March 30, 2018 to \$120.3 million compared to \$102.2 million for the three months ended March 31, 2017 . The increase was primarily due to \$16.8 million of higher volume of products sold within the mechanical pipe and metal framing and fittings product categories.

Adjusted EBITDA

Adjusted EBITDA increased \$1.3 million , or 8.2% , to \$16.7 million for the three months ended March 30, 2018 compared to \$15.5 million for the three months ended March 31, 2017 . Adjusted EBITDA margins decreased to 13.9% for the three months ended March 30, 2018 compared to 15.1% for the three months ended March 31, 2017 . Adjusted EBITDA increased primarily due to higher volume of products sold, partially offset by an increase in average input costs which exceeded the increase in average selling prices.

The results of operations for the six months ended March 30, 2018 and March 31, 2017 were as follows:

(\$ in thousands)	Six months ended			
	March 30, 2018	March 31, 2017 As Adjusted*	Change	% Change
Net sales	\$ 859,558	\$ 710,382	\$ 149,176	21.0 %
Cost of sales	653,534	531,109	122,425	23.1 %
Gross profit	206,024	179,273	26,751	14.9 %
Selling, general and administrative	111,713	95,652	16,061	16.8 %
Intangible asset amortization	16,452	11,082	5,370	48.5 %
Operating income	77,859	72,539	5,320	7.3 %
Interest expense, net	15,880	15,061	819	5.4 %
Loss on extinguishment of debt	—	9,805	(9,805)	(100.0)%
Other income, net	(25,676)	(6,526)	(19,150)	293.4 %
Income before income taxes	87,655	54,199	33,456	61.7 %
Income tax expense	17,908	17,882	26	0.1 %
Net income	\$ 69,747	\$ 36,317	\$ 33,430	92.1 %
Non-GAAP financial data				
Adjusted EBITDA	\$ 123,828	\$ 106,013	\$ 17,815	16.8 %
Adjusted EBITDA Margin	14.4%	14.9%		

* Adjusted due to the adoption of ASU 2017-07. See Note 1, "Basis of Presentation and Summary of Significant Accounting Policies" for additional information.

Net sales

	Change (%)
Volume	5.7%
Average selling prices	6.1%
Foreign exchange	0.7%
Acquisitions	8.5%
Net sales	21.0%

Net sales increased \$149.2 million , or 21.0% to \$859.6 million for the six months ended March 30, 2018 compared to \$710.4 million for the six months ended March 31, 2017 . Net sales increased \$60.1 million due to higher sales resulting from the acquisitions of Marco, Flexicon, Calpipe and Cii over the past twelve months and \$43.3 million from higher average selling prices resulting from the pass-through impacts of rising input costs of copper and steel, higher freight costs and increased market prices for PVC electrical conduit and fittings products. Additionally, net sales increased \$40.2 million due to higher volume of products sold across all product categories.

Cost of sales

	Change (%)
Volume	5.6%
Average input costs	7.0%
Foreign exchange	0.8%
Acquisitions	7.0%
Other	2.7%
Net sales	23.1%

Cost of sales increased by \$122.4 million , or 23.1% to \$653.5 million for the six months ended March 30, 2018 compared to \$531.1 million for the six months ended March 31, 2017 . The increase was primarily due to \$37.1 million of additional costs related to acquisitions over the past twelve months, higher input costs of steel and copper of \$37.0 million and \$29.5 million due to higher volume of products sold across all product categories.

Selling, general and administrative

Selling, general and administrative expenses increased \$16.1 million , or 16.8% to \$111.7 million for the six months ended March 30, 2018 compared to \$95.7 million for the six months ended March 31, 2017 . The increase was primarily due to \$12.8 million of higher selling, general and administrative costs resulting from acquisitions over the past twelve months and \$3.1 million resulting from higher incentive-based compensation.

Intangible asset amortization

Intangible asset amortization expense increased \$5.4 million , or 48.5% to \$16.5 million for the six months ended March 30, 2018 compared to \$11.1 million for the six months ended March 31, 2017 resulting from the amortization of intangible assets acquired related to acquisitions during the second half of fiscal 2017. See Note 2, "Acquisitions" to our unaudited condensed consolidated financial statements for further detail .

Interest expense, net

Interest expense, net, increased \$0.8 million , or 5.4% to \$15.9 million for the six months ended March 30, 2018 compared to \$15.1 million for the six months ended March 31, 2017 . Interest expense increased \$4.3 million due to our debt transactions on February 2, 2018 , which resulted in additional borrowings of \$425.0 million , partially offset by lower interest rates. Additionally, interest expense increased \$0.7 million due to increased borrowings against our ABL Credit Facility, partially offset by a decrease of \$4.2 million resulting from borrowings against our Second Lien Term Loan Facility during fiscal 2017. See Note 13, "Debt" to our unaudited condensed consolidated financial statements for further detail .

Loss on extinguishment of debt

The \$9.8 million loss on extinguishment of debt in the six months ended March 31, 2017 related to the December 22, 2016 redemption of a portion of the Second Lien Term Loan Facility. There was no loss on extinguishment of debt during the six months ended March 30, 2018 .

Other income, net

Other income, net increased \$19.2 million to \$25.7 million for the six months ended March 30, 2018 compared to \$6.5 million for the six months ended March 31, 2017 resulting primarily from the gain on the sale of the assets of the Flexhead businesses of \$26.7 million , partially offset by a gain on sale of joint venture of \$5.8 million for the six months ended March 31, 2017 . See Note 3, "Divestitures" and Note 6, "Other Income, net" to our unaudited condensed consolidated financial statements for further detail .

Income tax expense

The Company's income tax rate decreased to 20.4% for the six months ended March 30, 2018 compared to 33.0% for the six months ended March 31, 2017 . The decrease in the effective tax rate was primarily due to the tax rate reduction together with the one-time tax benefit of the revaluation of the Company's net deferred tax liabilities as a result of the enactment of new tax legislation, H.R.1., on December 22, 2017.

Net income

Net income increased by \$33.4 million , or 92.1% to \$69.7 million for the six months ended March 30, 2018 compared to \$36.3 million for the six months ended March 31, 2017 primarily due to a pre-tax gain on the sale of assets of the Flexhead businesses of \$26.7 million , higher operating income of \$5.3 million and a loss on extinguishment of debt of \$9.8 million for the six months ended March 31, 2017 , partially offset by a \$5.8 million gain on sale of a joint venture for the six months ended March 31, 2017 .

Adjusted EBITDA

Adjusted EBITDA increased by \$17.8 million , or 16.8% to \$123.8 million for the six months ended March 30, 2018 compared to \$106.0 million for the six months ended March 31, 2017 . The increase was primarily due to increased market prices for PVC electrical conduit and fittings products, and incremental Adjusted EBITDA from acquisitions over the past twelve months, partially offset by input costs greater than average selling prices for the MP&S segment and for armored cable and fittings products within the Electrical Raceway segment.

Segment results

Electrical Raceway

(\$ in thousands)	Six months ended			
	March 30, 2018	March 31, 2017	Change	% Change
Net sales	\$ 641,310	\$ 513,380	\$ 127,930	24.9%
Adjusted EBITDA	\$ 112,564	\$ 88,804	\$ 23,760	26.8%
Adjusted EBITDA Margin	17.6%	17.3%		

Net sales

	Change (%)
Volume	3.5%
Average selling prices	8.7%
Foreign exchange	1.0%
Acquisitions	11.7%
Net sales	24.9%

Net sales increased \$127.9 million , or 24.9% , to \$641.3 million for the six months ended March 30, 2018 compared to \$513.4 million for the six months ended March 31, 2017 . The increase was due primarily to \$60.1 million of additional sales resulting from acquisitions over the past twelve months and \$44.9 million resulting from increased market prices for PVC electrical conduit and fittings products and the pass-through impact of higher input costs of copper and steel. Additionally, net sales increased \$17.8 million due to a higher volume of products sold across all product categories of the Electrical Raceway segment.

Adjusted EBITDA

Adjusted EBITDA for the six months ended March 30, 2018 increased \$23.8 million , or 26.8% , to \$112.6 million from \$88.8 million for the six months ended March 31, 2017 . The increase was largely due to increased market prices for PVC electrical conduit and fittings products and incremental Adjusted EBITDA resulting from acquisitions over the past twelve months, partially offset by an increase in average input costs which exceeded our increase in average selling prices.

Mechanical Products & Solutions

(\$ in thousands)	Six months ended			
	March 30, 2018	March 31, 2017	Change	% Change
Net sales	\$ 218,884	\$ 197,861	\$ 21,023	10.6 %
Adjusted EBITDA	\$ 27,531	\$ 31,238	\$ (3,707)	(11.9)%
Adjusted EBITDA Margin	12.6%	15.8%		

Net sales

	Change (%)
Volume	11.2 %
Average selling prices	(0.8)%
Other	0.2 %
Net sales	10.6 %

Net sales increased \$21.0 million , or 10.6% , for the six months ended March 30, 2018 to \$218.9 million compared to \$197.9 million for the six months ended March 31, 2017 . The increase was primarily due to \$22.2 million of higher volume of products sold across all product categories.

Adjusted EBITDA

Adjusted EBITDA decreased \$3.7 million , or 11.9% , to \$27.5 million for the six months ended March 30, 2018 compared to \$31.2 million for the six months ended March 31, 2017 . Adjusted EBITDA decreased primarily due to a higher volume of lower margin products sold partially offset by improved manufacturing productivity.

Liquidity and Capital Resources

We believe we have sufficient liquidity to support our ongoing operations and to invest in future growth and create value for stockholders. Our cash and cash equivalents were \$76.9 million as of March 30, 2018 , of which \$40.3 million was held at non-U.S. subsidiaries. Those cash balances at foreign subsidiaries may be subject to local country taxes if we were to repatriate such cash to the United States. Our cash and cash equivalents increased \$31.2 million from September 30, 2017 primarily due to proceeds from the sale of FlexHead Industries, Inc. and SprinkFLEX, LLC.

In general, we require cash to fund working capital, acquisitions, capital expenditures, debt repayment, interest payments, taxes and share repurchases. We have access to the ABL Credit Facility to fund operational needs. As of March 30, 2018 , there were no outstanding borrowings under the ABL Credit Facility and \$9.9 million of letters of credit issued under the ABL Credit Facility. The borrowing base was estimated to be \$288.5 million and approximately \$278.6 million was available under the ABL Credit Facility as of March 30, 2018 . Outstanding letters of credit count as utilization of the commitments under the ABL Credit Facility and reduce the amount available for borrowings.

The agreements governing the First Lien Term Loan Facility and the ABL Credit Facility (collectively, the "Credit Facilities") contain covenants that limit or restrict AII's ability to incur additional indebtedness, repurchase debt, incur liens, sell assets, make certain payments (including dividends) and enter into transactions with affiliates. AII has been in compliance with the covenants under the agreements for all periods presented.

We may from time to time repurchase our debt or take other steps to reduce our debt. These actions may include open market repurchases, negotiated repurchases or opportunistic refinancing of debt. The amount of debt, if any, that may be repurchased or refinanced will depend on market conditions, trading levels of our debt, our cash position, compliance with debt covenants and other considerations. Our affiliates may also purchase our debt from time to time, through open market purchases or other transactions.

Our use of cash may fluctuate during the year and from year to year due to differences in demand and changes in economic conditions primarily related to the prices of commodities we purchase.

Capital expenditures have historically been necessary to expand and update the production capacity and improve the productivity of our manufacturing operations. Our ongoing liquidity needs are expected to be funded by cash on hand, net cash provided by operating activities and, as required, borrowings under the Credit Facilities. We expect that cash provided from operations and available capacity under the ABL Credit Facility will provide sufficient funds to operate our business, make expected capital expenditures and meet our liquidity requirements for at least the next twelve months, including payment of interest and principal on our debt.

Limitations on Distributions and Dividends by Subsidiaries

Atkore and AII are each holding companies, and as such have no independent operations or material assets other than ownership of equity interests in their respective subsidiaries. Each company depends on its respective subsidiaries to distribute funds to them so that they may pay obligations and expenses, including satisfying obligations with respect to indebtedness. The ability of our subsidiaries to make distributions and dividends to us depends on their operating results, cash requirements and financial and general business conditions, as well as restrictions under the laws of our subsidiaries' jurisdictions.

The agreements governing the Credit Facilities significantly restrict the ability of our subsidiaries, including AII, to pay dividends, make loans or otherwise transfer assets from AII and, in turn, to us. Further, AII's subsidiaries are permitted under the terms of the Credit Facilities to incur additional indebtedness that may restrict or prohibit the making of distributions, the payment of dividends or the making of loans by such subsidiaries to AII and, in turn, to us. The First Lien Term Loan Facility requires AII to meet a certain consolidated coverage ratio on an incurrence basis in connection with additional indebtedness. The ABL Credit Facility contains limits on additional indebtedness based on various conditions for incurring the additional debt.

The table below summarizes cash flow information derived from our statements of cash flows for the periods indicated:

(in thousands)	Six months ended	
	March 30, 2018	March 31, 2017
Cash flows provided by (used in):		
Operating activities	\$ 53,218	\$ 25,097
Investing activities	22,946	(5,315)
Financing activities	(45,901)	(141,229)

Operating activities

During the six months ended March 30, 2018 , the Company was provided \$53.2 million by operating activities compared to \$25.1 million during the six months ended March 31, 2017 . The \$28.1 million increase in cash provided was primarily due to \$13.3 million of lower tax payments resulting from lower income tax rates, higher operating income and lower working capital days from the prior year.

Investing activities

During the six months ended March 30, 2018 , the Company was provided \$22.9 million by investing activities compared to using \$5.3 million during the six months ended March 31, 2017 . The \$28.3 million increase in cash provided by investing activities is primarily due to \$42.0 million of proceeds received for the sale of the assets of the Flexhead businesses. The increase in cash provided is partially offset by \$8.8 million of increased capital expenditures representing our enhancements of our manufacturing and distribution operations as well as replacement and maintenance of existing equipment and facilities and \$3.3 million of cash used for the purchase of the assets of Cii.

Financing Activities

During the six months ended March 30, 2018 , the Company used \$45.9 million for financing activities compared to \$141.2 million used during the six months ended March 31, 2017 . The use of cash was primarily related to \$381.8 million of share repurchases and net repayments of \$85.0 million on the ABL Credit Facility. The decrease in cash used is partially offset by \$425.0 million of additional borrowing under the First Lien Term Loan Facility.

During the six months ended March 31, 2017 , the Company redeemed \$649.9 million of the First Lien Term Loan facility and the Second Lien Term Loan facility, partially offset by cash provided from the net borrowing of \$498.8 million under the First Lien Term Loan Facility.

Contractual Obligations and Commitments

On February 2, 2018, AII entered into the (i) First Amendment to Amended and Restated First Lien Credit Agreement, by and among AII, Deutsche Bank AG New York Branch, as administrative agent and collateral agent, and the other financial institutions party thereto to, among other things, decrease the interest margins applicable to the ABR Loans and Eurodollar Loans to LIBOR plus 2.75%, and (ii) Increase Supplement (the "Increase Supplement") to, among other things, incur incremental first lien secured term loans in aggregate principal amount of \$425.0 million . The Company used the proceeds from the Increase Supplement to 1) repurchase approximately 17.2 million shares of common stock from the CD&R Investor for a total purchase price of approximately \$375 million, 2) repay \$42.0 million of outstanding loans under the ABL Credit Facility and 3) pay \$5.8 million in related fees and expenses. The revisions to the First Lien Term Loan were accounted for as a debt modification, resulting in immediate expensing of related financing costs of \$0.9 million within other income, net on the condensed consolidated statements of operations .

The following table presents our contractual obligations and commitments for the First Lien Term Loan Facility as of March 30, 2018 .

(in thousands)	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
First Lien Term Loan Facility due December 22, 2023	\$ 9,200	\$ 18,400	\$ 18,400	\$ 871,700	\$ 917,700
Interest payments ^(a)	47,618	92,650	90,833	22,287	253,388
Total	\$ 56,818	\$ 111,050	\$ 109,233	\$ 893,987	\$ 1,171,088

(a) Interest expense is estimated based on the outstanding loan balances assuming principal payments are made according to the payment schedule and interest rates as of March 30, 2018 (5.06% for the First Lien Term Loan Facility).

There have been no other material changes in our contractual obligations and commitments since the filing of our Annual Report.

Change in Critical Accounting Policies and Estimates

There have been no material changes in our critical accounting policies and estimates since the filing of our Annual Report on Form 10-K.

Recent Accounting Standards

See Note 1, "Basis of Presentation and Summary of Significant Accounting Policies" to our unaudited condensed consolidated financial statements .

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements and cautionary statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are based on management's beliefs and assumptions and information currently available to management. Some of the forward-looking statements can be identified by the use of forward-looking terms such as "believes," "expects," "may," "will," "shall," "should," "would," "could," "seeks," "aims," "projects," "is optimistic," "intends," "plans," "estimates," "anticipates" or other comparable terms. Forward-looking statements include, without limitation, all matters that are not historical facts. They appear in a number of places throughout this Quarterly Report on Form 10-Q and include, without limitation, statements regarding our intentions, beliefs, assumptions or current expectations concerning, among other things, financial position; results of operations; cash flows; prospects; growth strategies or expectations; customer retention; the outcome (by judgment or settlement) and costs of legal, administrative or regulatory proceedings, investigations or inspections, including, without limitation, collective, representative or class action litigation; and the impact of prevailing economic conditions.

Forward-looking statements are subject to known and unknown risks and uncertainties, many of which may be beyond our control. We caution you that forward-looking statements are not guarantees of future performance or outcomes and that actual performance and outcomes, including, without limitation, our actual results of operations, financial condition and liquidity, and the development of the market in which we operate, may differ materially from those made in or suggested by the forward-looking statements contained in this quarterly report. In addition, even if our results of operations, financial condition and cash flows, and the development of the market in which we operate, are consistent with the forward-looking statements contained in this quarterly report, those results or developments may not be indicative of results or developments in subsequent periods. A number of important factors, including, without limitation, the risks and uncertainties discussed or referenced under the caption "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, could cause actual results and outcomes to differ materially from those reflected in the forward-looking statements. Additional factors that could cause actual results and outcomes to differ from those reflected in forward-looking statements include, without limitation:

- declines in, and uncertainty regarding, the general business and economic conditions in the United States and international markets in which we operate;
- weakness or another downturn in the United States non-residential construction industry;
- changes in prices of raw materials;
- pricing pressure, reduced profitability, or loss of market share due to intense competition;
- availability and cost of third-party freight carriers and energy;
- high levels of imports of products similar to those manufactured by us;
- changes in federal, state, local and international governmental regulations and trade policies;

- adverse weather conditions;
- failure to generate sufficient cash flow from operations or to raise sufficient funds in the capital markets to satisfy existing obligations and support the development of our business;
- increased costs relating to future capital and operating expenditures to maintain compliance with environmental, health and safety laws;
- reduced spending by, deterioration in the financial condition of, or other adverse developments with respect to, one or more of our top customers;
- increases in our working capital needs, which are substantial and fluctuate based on economic activity and the market prices for our main raw materials, including as a result of failure to collect, or delays in the collection of, cash from the sale of manufactured products;
- work stoppage or other interruptions of production at our facilities as a result of disputes under existing collective bargaining agreements with labor unions or in connection with negotiations of new collective bargaining agreements, as a result of supplier financial distress, or for other reasons;
- challenges attracting and retaining key personnel or high-quality employees;
- changes in our financial obligations relating to pension plans that we maintain in the United States;
- reduced production or distribution capacity due to interruptions in the operations of our facilities or those of our key suppliers;
- loss of a substantial number of our third-party agents or distributors or a dramatic deviation from the amount of sales they generate;
- security threats, attacks, or other disruptions to our information systems, or failure to comply with complex network security, data privacy and other legal obligations or the failure to protect sensitive information;
- possible impairment of goodwill or other long-lived assets as a result of future triggering events, such as declines in our cash flow projections or customer demand;
- safety and labor risks associated with the manufacture and in the testing of our products;
- product liability, construction defect and warranty claims and litigation relating to our various products, as well as government inquiries and investigations, and consumer, employment, tort and other legal proceedings;
- our ability to protect our intellectual property and other material proprietary rights;
- risks inherent in doing business internationally;
- our inability to introduce new products effectively or implement our innovation strategies;
- the inability of our customers to pay off the credit lines extended to them by us in a timely manner and the negative impact on customer relations resulting from our collections efforts with respect to non-paying or slow-paying customers;
- our inability to continue importing raw materials, component parts and/or finished goods;
- changes as a result of comprehensive tax reform;
- the incurrence of liabilities and the issuance of additional debt or equity in connection with acquisitions, joint ventures or divestitures and the failure of indemnification provisions in our acquisition agreements to fully protect us from unexpected liabilities;
- failure to manage acquisitions successfully, including identifying, evaluating, and valuing acquisition targets and integrating acquired companies, businesses or assets;
- the incurrence of liabilities in connection with violations of the FCPA and similar foreign anti-corruption laws;
- the incurrence of additional expenses, increase in complexity of our supply chain and potential damage to our reputation with customers resulting from regulations related to "conflict minerals";
- disruptions or impediments to the receipt of sufficient raw materials resulting from various anti-terrorism security measures;
- restrictions contained in our debt agreements;
- failure to generate cash sufficient to pay the principal of, interest on, or other amounts due on our debt;
- the significant influence the CD&R Investor will have continued to have over corporate decisions; and
- other risks and factors described in this report and from time to time in documents that we file with the SEC.

You should read this Quarterly Report on Form 10-Q completely and with the understanding that actual future results may be materially different from expectations. All forward-looking statements attributable to us or persons acting on our behalf that are made in this quarterly report are qualified in their entirety by these cautionary statements. These forward-looking statements are made only as of the date of this Quarterly Report on Form 10-Q, and we do not undertake any obligation, other than as may be required by law, to update or revise any forward-looking or cautionary statements to reflect changes in assumptions, the occurrence of events, unanticipated or otherwise, and changes in future operating results over time or otherwise.

Comparisons of results for current and any prior periods are not intended to express any future trends, or indications of future performance, unless expressed as such, and should only be viewed as historical data.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes to the quantitative and qualitative disclosures about market risks previously disclosed in our Annual Report on Form 10-K.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this report. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes to our internal control over financial reporting in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) under the Exchange Act during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

For a discussion of certain litigation involving the Company, see Note 15, "Commitments and Contingencies" to our unaudited condensed consolidated financial statements .

Item 1A. Risk Factors

Other than as set forth in our Quarterly Report on Form 10-Q for the quarter ended December 29, 2017, there have been no material changes to the risk factors previously disclosed in our Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

On December 15, 2017, we filed a definitive proxy statement with the SEC announcing that we expect to hold our 2019 Annual Meeting of Stockholders (the "2019 Annual Meeting") on February 5, 2019. We have set a new deadline for the receipt of stockholder proposals submitted pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, for inclusion in our proxy materials for the 2019 Annual Meeting. In order to be considered for inclusion, such proposals must be received by us at our principal executive offices no later than August 21, 2018. Stockholders wishing to bring a proposal or nominate a director at the 2019 Annual Meeting (but not include it in our proxy materials) must provide written notice of such proposal to our Secretary at our principal executive offices between October 3, 2018 and November 2, 2018 and comply with the other provisions of our second amended and restated by-laws.

Item 6. Exhibits

- 31.1# [Certification of Chief Executive Officer Pursuant to Exchange Act Rule 13a - 14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
 - 31.2# [Certification of Chief Financial Officer Pursuant to Exchange Act Rule 13a - 14, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
 - 32.1# [Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
 - 32.2# [Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
 - 101.INS# [XBRL Instance Document](#)
 - 101.SCH# XBRL Taxonomy Schema Linkbase Document
 - 101.CAL# [XBRL Taxonomy Calculation Linkbase Document](#)
 - 101.DEF# [XBRL Taxonomy Definition Linkbase Document](#)
 - 101.LAB# [XBRL Taxonomy Labels Linkbase Document](#)
 - 101.PRE# [XBRL Taxonomy Presentation Linkbase Document](#)
-

Filed herewith

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 thereunto duly authorized.

ATKORE INTERNATIONAL GROUP INC.

(Registrant)

Date: May 8, 2018

By: /s/ James A. Mallak

Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a) OF THE EXCHANGE ACT, AS AMENDED,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, John P. Williamson , certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Atkore International Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 8, 2018

/s/ John. P. Williamson

John P. Williamson

President and Chief Executive Officer (Principal Executive Officer)

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a) OF THE EXCHANGE ACT, AS AMENDED,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James A. Mallak , certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Atkore International Group Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: May 8, 2018

/s/ James A. Mallak

James A. Mallak

Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, John P. Williamson , the Chief Executive Officer of Atkore International Group Inc. , certify that (i) the Quarterly Report on Form 10-Q for the quarter ended March 30, 2018 , fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Atkore International Group Inc.

Dated: May 8, 2018

/s/ John. P. Williamson

John P. Williamson

President and Chief Executive Officer (Principal Executive Officer)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, James A. Mallak , the Chief Financial Officer of Atkore International Group Inc. , certify that (i) the Quarterly Report on Form 10-Q for the quarter ended March 30, 2018 , fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (ii) the information contained in such Quarterly Report on Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Atkore International Group Inc.

Dated: May 8, 2018

/s/ James A. Mallak

James A. Mallak

Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)