STANDEX INTERNATIONAL CORP/DE/
Form 10-K
August 28, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended June 30, 2017 Commission File Number 1-7233

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

DELAWARE *(State of incorporation)*	31-0596149 *(I.R.S. Employer Identification No.)*
11 KEEWAYDIN DRIVE, SALEM, NEW HAMPSHIRE *(Address of principal executive offices)*	03079 *(Zip Code)*

(603) 893-9701
(Registrant s telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE

SECURITIES EXCHANGE ACT OF 1934:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, Par Value $1.50 Per Share	New York Stock Exchange

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES [X] **NO** [ ]

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

YES [ ] **NO** [X]

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** [X] **NO** [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **YES** [X] **NO** [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

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

Large accelerated filer X Accelerated filer ___ Non-accelerated filer __ Smaller Reporting Company __

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES [ ] **NO** [X]

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant at the close of business on December 30, 2016 was approximately $1,108,193,137. Registrant s closing price as reported on the New York Stock Exchange for December 30, 2016 was $87.85 per share.

The number of shares of Registrant's Common Stock outstanding on August 22, 2017 was 12,775,165.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Registrant s 2017 Annual Meeting of Stockholders (the Proxy Statement) are incorporated by reference into Part III of this report.

Forward Looking Statement

Statements contained in this Annual Report on Form 10-K that are not based on historical facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of forward-looking terminology such as should, could, may, will, expect, estimate, anticipate, intend, continue, or similar terms or variations of those terms or the negative of those ter There are many factors that affect the Company s business and the results of its operations and that may cause the actual results of operations in future periods to differ materially from those currently expected or anticipated. These factors include, but are not limited to: materially adverse or unanticipated legal judgments, fines, penalties or settlements; conditions in the financial and banking markets, including fluctuations in exchange rates and the inability to repatriate foreign cash; domestic and international economic conditions, including the impact, length and degree of economic downturns on the customers and markets we serve and more specifically conditions in the food service equipment, automotive, construction, aerospace, energy, oil and gas, transportation, consumer appliance and general industrial markets; lower-cost competition; the relative mix of products which impact margins and operating *efficiencies in certain of our businesses; the impact of higher raw material and component costs, particularly steel, petroleum based products and refrigeration components; an inability to realize the expected cost savings from restructuring activities including effective completion of plant consolidations; cost reduction efforts including procurement savings and productivity enhancements, capital management improvements, strategic capital expenditures, and the implementation of lean enterprise manufacturing techniques; the inability to achieve the savings expected from global sourcing of raw materials and diversification efforts in emerging markets; the inability to attain expected benefits from strategic alliances or acquisitions and the inability to effectively consummate and integrate such acquisitions and achieve synergies envisioned by the Company; market acceptance of our products; our ability to design, introduce and sell new products and related product components; the ability to redesign certain of our products to continue meeting evolving regulatory requirements; the impact of delays initiated by our customers; and our ability to increase manufacturing production to meet demand. Another factor that could impact the Company is potential changes to future pension funding requirements. In addition, any forward-looking statements represent management's estimates only as of the day made and should not be relied upon as representing management's estimates as of any subsequent date. While the Company may elect to update forward-looking statements at some point in the future, the Company and management specifically disclaim any obligation to do so, even if management's estimates change.*

PART I

Item 1. Business

Standex International Corporation was incorporated in 1975 and is the successor of a corporation organized in 1955. As used in this report, the terms we, us, our, the Company and Standex mean Standex International Corporati its subsidiaries. We have paid dividends each quarter since Standex became a public corporation in November 1964.

Unless otherwise noted, references to years are to fiscal years.

We are a leading manufacturer of a variety of products and services for diverse commercial and industrial markets. We have 12 operating segments, aggregated and organized for reporting purposes into five segments: Food Service Equipment, Engraving, Engineering Technologies, Electronics and Hydraulics. Overall management, strategic development and financial control are maintained by the executive staff from our corporate headquarters located in Salem, New Hampshire.

Our long-term strategy is to build larger industrial platforms through a value creation system that assists management in meeting specific corporate and business unit financial and strategic performance goals in order to create, improve, and enhance shareholder value. The Standex Value Creation System is a standard methodology which provides consistent tools used throughout the company in order to achieve our organization s goals. The Standex Value Creation System employs four components: Balanced Performance Plan, Standex Growth Disciplines, Standex Operational Excellence, and Standex Talent Management. The Balanced Performance Plan process aligns annual goals throughout the business and provides a standard reporting, management and review process. It is focused on setting and meeting annual and quarterly targets that support our short and long term goals. The Standex Growth Disciplines use a set of tools and processes including market maps, growth lane ways, and market tests to identify opportunities to expand the business organically and through acquisitions. Standex Operational Excellence employs a standard playbook and processes, including LEAN, to eliminate waste and improve profitability, cash flow and customer satisfaction. Finally, the Standex Talent Management process is an organizational development process that provides training, development, and succession planning for our employees throughout our worldwide organization. The Standex Value Creation System ties all disciplines in the organization together under a common umbrella by providing standard tools and processes to deliver our business objectives.

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It is our objective to grow larger and more profitable business units through both organic initiatives and acquisitions. We seek to identify and implement organic growth initiatives such as new product development, geographic expansion, introduction of products and technologies into new markets and applications, key accounts and strategic sales channel partners. Also, we have a long-term objective to create sizable business platforms by adding strategically aligned or bolt on acquisitions to strengthen the individual businesses, create both sales and cost synergies with our core business platforms, and accelerate their growth and margin improvement. We look to create both sales and cost synergies within our core business platforms, accelerate growth and improve margins. We have a particular focus on identifying and investing in opportunities that complement our products and will increase the global presence and capabilities of our businesses. From time to time, we have divested, and likely will continue to divest, businesses that we feel are not strategic or do not meet our growth and return expectations.

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We create Customer Intimacy by utilizing the Standex Growth Disciplines to partner with our customers in order to develop and deliver custom solutions or engineered components that solve problems for our customers or otherwise meet their needs. This relationship generally provides us with the ability to identify new sales opportunities with our customers, increase profit over time and provide operating margins that enhance shareholder returns. Further, we have made a priority of developing new sales channels and leveraging strategic customer relationships.

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Standex Operational Excellence drives continuous improvement in the efficiency of our businesses. We recognize that our businesses are competing in a global economy that requires us to improve our competitive position. We have deployed a number of management competencies to drive improvements in cost structure of our business units including operational excellence through lean enterprise, the use of low cost manufacturing facilities in countries such as Mexico and China, the consolidation of manufacturing facilities to achieve economies of scale and leveraging of fixed infrastructure costs, alternate sourcing to achieve procurement cost reductions, and capital improvements to increase productivity in both the shop floor and back-office.

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The Company s strong historical cash flow has been a cornerstone for funding our capital allocation strategy. We use cash flow generated from operations to fund the strategic growth programs described above, including acquisitions and investments for organic growth, maintenance of our capital assets and to return cash to our shareholders through payment of dividends and stock buybacks.

Please visit our website at www.standex.com to learn more about us or to review our most recent SEC filings. The information on our website is for informational purposes only and is not incorporated into this Annual Report on Form 10-K.

Description of Segments

Food Service Equipment

The Food Service Equipment business is comprised of three groups. The Refrigeration Solutions group consists of two businesses that manufacture walk-in and cabinet coolers and freezers, one for commercial food facilities and one for industrial, life science and scientific applications. The Cooking Solutions group manufacturers cooking equipment such as ovens, fryers, warmers and grills used in commercial food preparation and service. The Specialty Solutions group consists of a manufacturer of specialty pumps used in beverage applications and a custom display merchandising manufacturer.

Our products are used throughout the entire commercial food service process from storage, to preparation, to cooking and to display. The equipment that we design and manufacture is utilized in restaurants, convenience stores, quick-service restaurants, supermarkets, drug stores and institutions such as hotels, hospitals, and both corporate and school cafeterias to meet the challenges of providing food and beverages that are fresh and appealing while at the same time providing for food safety, and energy efficiency. In the scientific markets, our product portfolio is used for research, testing and storage of pharmaceuticals, reagents, enzymes, plasma, whole blood, bone marrow, viruses, stem cells DNA and plant samples.

Food Service Equipment and Scientific products are manufactured in Hudson, WI; New Albany, MS; Summerville, SC; Nogales, Mexico; Simpsonville, SC; San Antonio, TX; Belleville, WI; and Mountmellick, Ireland. In addition, we have our culinary demonstration center in Allen, TX. Our products are sold predominantly in North America directly, through dealers, and through industry representatives in the Americas, Europe, Asia and Middle East.

Our product brands include:

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NorLake® walk-in coolers and freezers and reach-in and under counter refrigerated cabinets to meet food service needs;

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Master-Bilt® refrigerated reach-in and under counter refrigerated cabinets, cases, display units, and walk-in coolers and freezers;

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Lab Research products (LRP), American BioTech Supply (ABS), Cryosafe, CryoGuard and NorLake Scientific® cold storage equipment and protective apparel to meet pharmacy and scientific needs;

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APW Wyott®, Bakers Pride®, and Tri-Star commercial ovens, char broilers, ranges, griddles, toasters, warmers, roller grills and countertop merchandisers used in cooking, toasting, warming and merchandising food;

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BKI® and Barbecue King commercial cook and hold units, rotisseries, pressure fryers, ovens and baking equipment;

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Ultrafryer® commercial deep fryers for restaurant and commercial installations;

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Federal merchandizing display cases for bakery, deli and confectionary products; and

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Procon® pump systems used in beverage and industrial fluid handling applications.

Engraving

The Engraving segment consists of services and products. Mold-Tech is a world-wide leader in applying textures to molds on which manufacturers produce a final product with the desired surface textures on molded plastic parts, slush-molded and in-mold grained parts. Mold-Tech serves the global auto industry as well as consumer goods.

We simplify the supply chain for global Original Equipment Manufacturers, OEM , as a single source texture solutions supplier. We provide texturizing services for the production of automotive components, particularly for interior dashboards and upholstery, textiles for paper towels and hygiene products, consumer products and cosmetic appearances, and surfaces in electronics such as computers, cell phones and printers.

Our worldwide Mold-Tech locations enable us to better serve our customers within key geographic areas including in the United States, Canada, Europe, China, India, Southeast Asia, Korea, Australia, South Africa, and South America. Our products are primarily sold directly through our global sales network. The Engraving segment serves a number of industries including automotive, plastics, building products, synthetic materials, converting, textile and paper, computer, housewares, hygiene product tooling and aerospace industries.

Innovent is a specialized supplier of tools and machines used to produce diapers and products which contain absorbent materials between layers of non-woven fabric.

The Engraving segment brands include:

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Mold-Tech® which provides design and program management services texturizes molds used in the production of plastic parts and manufactures nickel shell slush mold tooling.

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Mullen® Burst Testers used worldwide to measure the burst strength of paper, textiles, and board fibers

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Innovent is an engineering and manufacturing company delivering innovative product and service solutions to hygiene, aerospace and other industrial clients around the world.

Our extensive worldwide network of 38 manufacturing and design centers provide uniform engravings to satisfy the needs of our global customers. We expect to continue to strengthen our market leadership position through continuously expanding the breadth of products and services we provide customers such as development of patterns by proprietary digital based process technology, engraving of molds with chemical and laser technology, welding and polishing and production of nickel shells.

Engineering Technologies

The Engineering Technologies segment, ETG , provides critical engineered parts in all workable metal alloys using various forming processes combined with the essential value added processes for innovative cost effective solutions. Our competitive advantage is to deliver components or assemblies that can be inserted directly into the production line with no or little surface finishing required. Our precision manufacturing capabilities include metal spinning, metal forming, press forming, stretch forming, hydroforming, heat treating and brazing, computer numerical control and electrical discharge machining, high speed milling, and other fabrication services in all thickness and size ranges for all workable metal alloys.

ETG solutions are in a wide variety of advanced applications, where the utilization of our broad metal forming capabilities with vertically integrated operations are used to reduce part count, decrease input material, and/or optimize the manufacturing process. These solutions are found in the aviation, defense, energy, industrial, medical, marine, oil and gas, and manned and unmanned space markets. Our components and assemblies have been present on major commercial aviation aircraft engines and nacelles as well as defense and navy nuclear programs. We provide complex assemblies and formed solutions for the energy and oil and gas OEM s, MRI machine formed components, and single piece formed and machined fuel and liquid oxygen tanks and tank domes for commercial and government space programs.

The segment includes our Spincraft units, with locations in North Billerica, MA, New Berlin, WI, and Newcastle upon Tyne in the U.K, along with, Enginetics, which has a plant in Huber Heights, OH. Our sales are direct with the OEM s and the Tier One s in the particular markets, throughout the world, with the majority of our sales in North America and Europe.

Electronics

The Electronics segment is a manufacturer of custom magnetic sensing and power conversion components and assemblies. The magnetic sensing products employ technologies such as reed switches, hall effect, and magneto-resistive to produce reed relays, fluid level sensors, flow, pressure differential, proximity, as well as custom electronics assemblies containing these devices. The power conversion products include custom wound transformers and inductors for low and high frequency applications, value added assemblies and mechanical packaging and advanced planar transformers technology.

The Electronics segment is a global components solutions provider which designs and manufactures innovative engineered components and assemblies to solve our customers application needs with a Partner/Solve/Deliver® approach. The products are vital to a diverse array of markets to provide safe and efficient power transformation, monitoring and isolation, as well as critical feedback to control systems for function and safety. The end user is typically an OEM industrial equipment manufacturer. End-user markets include, but are not limited to transportation, smart-grid, alternative energy, appliances, HVAC, security, military, medical, aerospace, test and measurement, power distribution, and general industrial applications.

Components are manufactured in plants located in the USA, Mexico, the U.K., Germany, Japan and China. The business sells globally through a direct sales force, regional sales managers, field applications engineers, commissioned agents, representative groups, and distribution channels. With the most recent acquisition of the OKI Sensor Device corporation s reed switch business (now called Standex Electronics Japan), product sales are evenly split among North America, EMEA and APAC.

The brand names are Standex Electronics, Standex-Meder Electronics, Northlake Engineering, Standex Electronics Japan, and their top three reed switch product brands of MEDER, KENT, and KOFU switches. The Company continues to expand the business through organic growth with current customers, new customers, developing new products and technologies, geographic expansion, and strategic acquisitions.

Hydraulics

The Hydraulics segment is a global manufacturer of mobile hydraulic cylinders including single or double acting telescopic and piston rod hydraulic cylinders. Additionally, we manufacture a specialty pneumatic cylinder and promote complete wet line kits, which are complete hydraulic systems that include a pump, valves, hoses and fittings. The wet line kits are utilized on dump truck OEM applications that include the single acting telescopic cylinder. The pumps used on these applications have several different options in terms of controls and performance. These pumps are also sold into the aftermarket for competitive replacement.

Industries that use our products are construction equipment, refuse, airline support, mining, oil and gas, and other material handling applications. Our products are utilized by OEMs on vehicles such as dump trucks, dump trailers, bottom dumps, garbage trucks, container roll off vehicles, hook lift trucks, liquid waste handlers, compactors, balers, airport catering vehicles, container handling equipment for airlines, lift trucks, yard tractors, and underground mining vehicles.

We manufacture our cylinders in Hayesville, OH and Tianjin, China. Our products are sold directly to OEMs, as well as distributors, dealers, and aftermarket repair outlets primarily in North America with some sales in South America and Asia.

We provide Custom Hoists® branded single and double acting telescopic hydraulic cylinders and single stage, welded type piston rod hydraulic cylinders for use in the mobile hydraulics industry.

Responsiveness to new opportunities drives continuous top line growth. We leverage our full line of products for the dump truck and trailer market and deep expertise in their application to expand into new markets, targeting challenging custom applications. Our flexible design capability and global supply chain enable us to be successful in our expansion efforts. Our team is dedicated to superior customer service through our technical engineering support and on-time delivery.

Raw Materials

Raw materials and components necessary for the manufacture of our products are generally available from numerous sources. Generally, we are not dependent on a single source of raw materials and supplies. We do not foresee unavailability of materials or supplies which would have a significant adverse effect on any of our businesses, nor any of our segments, in the near term.

Seasonality

We are a diversified business with generally low levels of seasonality; however, our fiscal third quarter is typically the period with the lowest level of sales volume.

Patents and Trademarks

We hold approximately 42 United States patents and patents pending covering processes, methods and devices and approximately 41 United States trademarks with six additional trademark applications filed. Many counterparts of these patents have also been registered in various foreign countries. In addition, we have various foreign registered and common law trademarks.

Due to the diversity of our businesses and the markets served, the loss of any single patent or trademark would not, in our opinion, materially affect any individual segment.

While we believe that many of our patents are important, we credit our competitive position in our niche markets to customer intimacy, engineering capabilities, manufacturing techniques and skills, marketing and sales promotions, service and the delivery of quality products.

Customers

Our business is not dependent upon a single customer or a few large customers, the loss of any one of which would not have a material adverse effect on our operations. No customer accounted for more than 5% of our consolidated revenue in fiscal 2017 or any of the years presented.

Working Capital

Our primary source of working capital is the cash generated from continuing operations. No segments require any special working capital needs outside of the normal course of business.

Backlog

Backlog includes all active or open orders for goods and services that have a firm fixed customer purchase order with defined delivery dates. Backlog also includes any future deliveries based on executed customer contracts, so long as such deliveries are based on agreed upon delivery schedules. Backlog is not generally a significant factor in the Company s businesses because of our relatively short delivery periods and rapid inventory turnover with the exception of Engineering Technologies. Due to the nature of long term agreements in the Engineering Technologies segment, the timing of orders and delivery dates can vary considerably resulting in significant backlog changes from one period to another.

Backlog orders in place at June 30, 2017 and 2016 are as follows (in thousands):

	As of June 30, 2017		As of June 30, 2016	
	Total Backlog	**Backlog under 1 year**	**Total Backlog**	**Backlog under 1 year**
Food Service Equipment	$ 49,660	$ 47,039	$ 37,202	$ 35,395
Engraving	21,584	21,584	19,046	19,046
Engineering Technologies	92,154	61,329	90,241	60,520
Electronics	60,092	56,741	44,713	42,983
Hydraulics	6,846	6,846	4,951	4,951
Total	$ 230,336	$ 193,539	$ 196,153	$ 162,895

Backlog realizable within one year increased $30.6 million, or 18.8%, to $193.5 million at June 30, 2017 from $162.9 million at June 30, 2016. Backlog realizable under a year increased for each of our segments with Food Service Equipment Electronics, and Hydraulics each increasing over 30% year over year. Food Service Equipment backlog realizable within one year increased $11.7 million, or 32.9%. Without the impact of the newly acquired Horizon business, Food Service Equipment backlog realizable within one year increased 28.9%. Higher demand for Refrigeration, Federal Industries, and Procon products drove the majority of the Food Service Equipment increase. Engraving backlog realizable within one year increased $2.5 million, or 13.3%. Adjusting for the impact of the divestiture of the roll plate engraving business, Engraving backlog realizable within one year increased 39.0%. The increase is a result of increased demand and the effect of some automotive projects that were delayed to fiscal year 2018. Electronics backlog realizable under a year increased $13.8 million, or 32.0%. Without the impact of the Standex Electronics Japan acquisition, Electronics backlog realizable within one year decreased 4.9%.

Competition

Standex manufactures and markets products many of which have achieved a unique or leadership position in their market. However, we encounter competition in varying degrees in all product groups and for each product line. Competitors include domestic and foreign producers of the same and similar products. The principal methods of competition are product performance and technology, price, delivery schedule, quality of services, and other terms and conditions.

International Operations

We have international operations in all of our business segments. International operations are conducted at 58 locations, in Europe, Canada, China, India, Southeast Asia, Korea, Australia, Mexico, Brazil, and South Africa. See the Notes to Consolidated Financial Statements for international operations financial data. Our net sales from international operations increased from 27% in 2016 to 31% in 2017. International operations are subject to certain inherent risks in connection with the conduct of business in foreign countries including, exchange controls, price controls, limitations on participation in local enterprises, nationalizations, expropriation and other governmental action, restrictions of repatriation of earnings, and changes in currency exchange rates.

Research and Development

Developing new and improved products, broadening the application of established products, continuing efforts to improve our methods, processes, and equipment continues to drive our success. However, due to the nature of our manufacturing operations and the types of products manufactured, expenditures for research and development are not significant to any individual segment or in the aggregate. Research and development costs are quantified in the Notes to Consolidated Financial Statements. We develop and design new products to meet customer needs in order to offer enhanced products or to provide customized solutions for customers.

Environmental Matters

Based on our knowledge and current known facts, we believe that we are presently in substantial compliance with all existing applicable environmental laws and regulations and do not anticipate any instances of non-compliance that will have a material effect on our future capital expenditures, earnings or competitive position.

Financial Information about Geographic Areas

Information regarding revenues from external customers attributed to the United States, all foreign countries and any individual foreign country, if material, is contained in the Notes to Consolidated Financial Statements for Industry Segment Information.

Number of Employees

As of June 30, 2017, we employed approximately 5,500 employees of which approximately 2,900 were in the United States. About 350 of our U.S. employees were represented by unions. Approximately 26% of our production workforce is situated in low-cost manufacturing regions such as Mexico, Brazil and Asia.

Executive Officers of Standex

The executive officers of the Company as of June 30, 2017 were as follows:

Name	**Age**	**Principal Occupation During the Past Five Years**
David Dunbar	55	President and Chief Executive Officer of the Company since January 2014. President of the Valves and Controls global business unit of Pentair Ltd from 2009 through 2013.
Thomas D. DeByle	57	Vice President and Chief Financial Officer of the Company since March 2008.
Alan J. Glass	53	Vice President, Chief Legal Officer and Secretary of the Company since April 2016. Vice President, General Counsel and Secretary of CIRCOR International, Inc. from 2000 through 2016.
Ross McGovern	39	Vice President of Human Resources of the Company since August 2015. Director of Human Resources of Keurig Green Mountain 2015, Vice President of Human Resources of Datacolor from 2012 through 2015, and Global Human Resources Manager of R&D GE Healthcare, Medical Diagnostics, a subsidiary of General Electric from 2009 through 2011.
Sean Valashinas	45	Chief Accounting Officer and Assistant Treasurer of the Company since October 2007.
Anne De Greef-Safft	55	Segment President of Food Service Equipment since January 2015; President of Danaher s Gems, Setra, Sonix and Anderson Companies, where she directed the worldwide operations, marketing and sales, engineering, accounting and human resources functions of these businesses from 2009 through 2014.
Paul Burns	44	Vice President of Strategy and Business Development since July 2015, Director of Corporate Development and Global Mergers & Acquisitions at General Motors from 2013 through 2015, Director of Strategy and Business Development at Tyco Flow Control from 2011 through 2013.

The executive officers are elected each year at the first meeting of the Board of Directors subsequent to the annual meeting of stockholders, to serve for one-year terms of office. There are no family relationships among any of the directors or executive officers of the Company.

Long-Lived Assets

Long-lived assets are described and discussed in the Notes to Consolidated Financial Statements under the caption Long-Lived Assets.

Available Information

Standex s corporate headquarters are at 11 Keewaydin Drive, Salem, New Hampshire 03079, and our telephone number at that location is (603) 893-9701.

The U.S. Securities and Exchange Commission (the SEC) maintains an internet website at www.sec.gov that contains our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and proxy statements, and all amendments thereto. All reports that we file with the SEC may be read and copied at the SEC s Public Reference Room at 100 F Street, N.E., Washington, DC 20549. Information about the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. Standex s internet website address is www.standex.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and proxy statements, and all amendments thereto, are available free of charge on our website as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the SEC. In addition, our code of business conduct, our code of ethics for senior financial management, our corporate governance guidelines, and the charters of each of the committees of our Board of Directors (which are not deemed filed by this reference), are available on our website and are available in print to any Standex shareholder, without charge, upon request in writing to Chief Legal Officer, Standex International Corporation, 11 Keewaydin Drive, Salem, New Hampshire, 03079.

The certifications of Standex s Chief Executive Officer and Chief Financial Officer, as required by the rules adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, are filed as exhibits to this Form 10-K.

Item 1A. Risk Factors

An investment in the Company involves various risks, including those mentioned below and those that are discussed from time to time in our other periodic filings with the Securities and Exchange Commission. Investors should carefully consider these risks, along with the other information filed in this report, before making an investment decision regarding the Company. Any of these risks could have a material adverse effect on our financial condition, results of operations and/or value of an investment in the Company.

A deterioration in the domestic and international economic environment could adversely affect our operating results, cashflow and financial condition.

Recessionary economic conditions, with or without a tightening of credit, could adversely impact major markets served by our businesses, including cyclical markets such as automotive, aviation, energy and power, heavy construction vehicle, general industrial, consumer appliances and food service. An economic recession could adversely affect our business by:

reducing demand for our products and services, particularly in markets where demand for our products and services is cyclical;

causing delays or cancellations of orders for our products or services;

reducing capital spending by our customers;

increasing price competition in our markets;

increasing difficulty in collecting accounts receivable;

increasing the risk of excess or obsolete inventories;

increasing the risk of impairment to long-lived assets due to reduced use of manufacturing facilities;

increasing the risk of supply interruptions that would be disruptive to our manufacturing processes; and

reducing the availability of credit and spending power for our customers.

We rely on our credit facility to provide us with sufficient capital to operate our businesses.

We rely on our revolving credit facility, in part along with operating cash flow, to provide us with sufficient capital to operate our businesses. The availability of borrowings under our revolving credit facility is dependent upon our compliance with the covenants set forth in the facility, including the maintenance of certain financial ratios. Our ability to comply with these covenants is dependent upon our future performance, which is subject to economic conditions in our markets along with factors that are beyond our control. Violation of those covenants could result in our lenders restricting or terminating our borrowing ability under our credit facility, cause us to be liable for covenant waiver fees or other obligations, or trigger an event of default under the terms of our credit facility, which could result in acceleration of the debt under the facility and require prepayment of the debt before its due date. Even if new financing is available in the event of a default under our current credit facility, the interest rate charged on any new borrowing could be substantially higher than under the current credit facility, thus adversely affecting our overall financial condition. If our lenders reduce or terminate our access to amounts under our credit facility, we may not have sufficient capital to fund our working capital needs or we may need to secure additional capital or financing to fund our working capital requirements or to repay outstanding debt under our credit facility.

Our credit facility contains covenants that restrict our activities.

Our revolving credit facility contains covenants that restrict our activities, including our ability to:

incur additional indebtedness;

make investments, including acquisitions;

create liens;

pay cash dividends to shareholders unless we are compliant with the financial covenants set forth in the credit facility; and

sell material assets.

Our global operations subject us to international business risks.

We operate in 58 locations outside of the United States in Europe, Canada, China, Japan, India, Singapore, Korea, Australia, Mexico, Brazil, Turkey, Malaysia, and South Africa. If we are unable to successfully manage the risks inherent to the operation and expansion of our global businesses, those risks could have a material adverse effect on our results of operations, cashflow or financial condition. These international business risks include:

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fluctuations in currency exchange rates;

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changes in government regulations;

restrictions on repatriation of earnings;

import and export controls;

political, social and economic instability;

potential adverse tax consequences;

difficulties in staffing and managing multi-national operations;

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unexpected changes in zoning or other land-use requirements;

difficulties in our ability to enforce legal rights and remedies; and

changes in regulatory requirements.

Failure to achieve expected savings and synergies could adversely impact our operating profits and cash flows.

We focus on improving profitability through LEAN enterprise, low cost sourcing and manufacturing initiatives, improving working capital management, developing new and enhanced products, consolidating factories where appropriate, automating manufacturing processes, diversification efforts and completing acquisitions which deliver synergies to stimulate sales and growth. If we are unable to successfully execute these programs, such failure could adversely affect our operating profits and cash flows. In addition, actions we may take to consolidate manufacturing operations to achieve cost savings or adjust to market developments may result in restructuring charges that adversely affect our profits.

Violation of anti-bribery or similar laws by our employees, business partners or agents could result in fines, penalties, damage to our reputation or other adverse consequences.

We cannot assure that our internal controls, code of conduct and training of our employees will provide complete protection from reckless or criminal acts of our employees, business partners or agents that might violate United States or international laws relating to anti-bribery or similar topics. A violation of these laws could subject us to civil or criminal investigations that could result in substantial civil or criminal fines and penalties and which could damage our reputation.

We face significant competition in our markets and, if we are not able to respond to competition in our markets, our net sales, profits and cash flows could decline.

Our businesses operate in highly competitive markets. To compete effectively, we must retain long standing relationships with significant customers, offer attractive pricing, maintain product quality, develop enhancements to products that offer performance features that are superior to our competitors and which maintain our brand recognition, continue to automate our manufacturing capabilities, continue to grow our business by establishing relationships with new customers, diversify into emerging markets and penetrate new markets. If we are unable to compete effectively, our net sales, profitability and cash flows could decline. Pricing pressures resulting from competition may adversely affect our net sales and profitability.

If we are unable to successfully introduce new products and product enhancements, our future growth could be impaired.

Our ability to develop new products and innovations to satisfy customer needs or demands in the markets we serve can affect our competitive position and often requires significant investment of resources. Difficulties or delays in research, development or production of new products and services or failure to gain market acceptance of new products and technologies may significantly reduce future net sales and adversely affect our competitive position.

Increased prices or significant shortages of the commodities that we use in our businesses could result in lower net sales, profits and cash flows.

We purchase large quantities of steel, aluminum, refrigeration components, freight services, foam insulation and other metal commodities for the manufacture of our products. Historically, prices for commodities have fluctuated, and we are unable to enter into long term contracts or other arrangements to hedge the risk of price increases in many of these commodities. Significant price increases for these commodities could adversely affect our operating profits if we cannot timely mitigate the price increases by successfully sourcing lower cost commodities or by passing the increased costs on to customers. Shortages or other disruptions in the supply of these commodities could delay sales or increase costs.

An inability to identify or complete future acquisitions could adversely affect our future growth.

As part of our growth strategy, we intend to pursue acquisitions that provide opportunities for profitable growth for our businesses and enable us to leverage our competitive strengths. While we continue to evaluate potential acquisitions, we may not be able to identify and successfully negotiate suitable acquisitions, obtain financing for future acquisitions on satisfactory terms, obtain regulatory approval for certain acquisitions or otherwise complete acquisitions in the future. An inability to identify or complete future acquisitions could limit our future growth.

We may experience difficulties in integrating acquisitions.

Integration of acquired companies involves several risks, including:

inability to operate acquired businesses profitably;

failure to accomplish strategic objectives for those acquisitions;

unanticipated costs relating to acquisitions or to the integration of the acquired businesses;

difficulties in achieving planned cost savings synergies and growth opportunities; and

possible future impairment charges for goodwill and non-amortizable intangible assets that are recorded due to acquisitions.

Additionally, our level of indebtedness may increase in the future if we finance acquisitions with debt, which would cause us to incur additional interest expense and could increase our vulnerability to general adverse economic and industry conditions and limit our ability to service our debt or obtain additional financing. We cannot assure that future acquisitions will not have a material adverse effect on our financial condition, results of operations and cash flows.

Impairment charges could reduce our profitability.

We test goodwill and our other intangible assets with indefinite useful lives for impairment on an annual basis or on an interim basis if a potential impairment factor arises that indicates the fair value of the reporting unit may fall below its carrying value. Various uncertainties, including continued adverse conditions in the capital markets or changes in general economic conditions, could impact the future operating performance at one or more of our businesses which could significantly affect our valuations and could result in additional future impairments. The recognition of an impairment of a significant portion of goodwill would negatively affect our results of operations.

Materially adverse or unforeseen legal judgments, fines, penalties or settlements could have an adverse impact on our profits and cash flows.

We are and may, from time to time, become a party to legal proceedings incidental to our businesses, including, but not limited to, alleged claims relating to product liability, environmental compliance, patent infringement, commercial disputes and employment and regulatory matters. In accordance with United States generally accepted accounting principles, we establish reserves based on our assessment of contingent liabilities. Subsequent developments in legal proceedings may affect our assessment and estimates of loss contingencies, recorded as reserves, which could require us to record additional reserves or make material payments which could adversely affect our profits and cash flows.

Even the successful defense of legal proceedings may cause us to incur substantial legal costs and may divert management's time and resources away from our businesses.

The costs of complying with existing or future environmental regulations, and of correcting any violations of these regulations, could impact our profitability.

We are subject to a variety of environmental laws relating to the storage, discharge, handling, emission, generation, use and disposal of chemicals, hazardous waste and other toxic and hazardous materials used to manufacture, or resulting from the process of manufacturing, our products. We cannot predict the nature, scope or effect of regulatory requirements to which our operations might be subject or the manner in which existing or future laws will be administered or interpreted. We are also exposed to potential legacy environmental risks relating to businesses we no longer own or operate. Future regulations could be applied to materials, products or activities that have not been subject to regulation previously. The costs of complying with new or more stringent regulations, or with more vigorous enforcement of these or existing regulations, could be significant.

In addition, properly permitted waste disposal facilities used by us as a legal and legitimate repository for hazardous waste may in the future become mismanaged or abandoned without our knowledge or involvement. In such event, legacy landfill liability could attach to or be imposed upon us in proportion to the waste deposited at any disposal facility.

Environmental laws require us to maintain and comply with a number of permits, authorizations and approvals and to maintain and update training programs and safety data regarding materials used in our processes. Violations of these requirements could result in financial penalties and other enforcement actions. We could be required to halt one or more portions of our operations until a violation is cured. Although we attempt to operate in compliance with these environmental laws, we may not succeed in this effort at all times. The costs of curing violations or resolving enforcement actions that might be initiated by government authorities could be substantial.

The costs of complying with existing or future regulations applicable to our products, and of correcting any violations of such regulations, could impact our profitability.

Certain of our products are subject to regulations promulgated by administrative agencies such as the Department of Energy, Occupations Health and Safety Administration and the Food and Drug Administration. Such regulations, among other matters, specify requirements regarding energy efficiency and product safety. Regulatory violations could result in financial penalties and other enforcement actions. We could be required to halt production of one or more products until a violation is cured. Although we attempt to produce our products in compliance with these requirements, the costs of curing violations or resolving enforcement actions that might be initiated by administrative agencies could be substantial.

Strategic divestitures and contingent liabilities from businesses that we sell could adversely affect our results of operations and financial condition.

From time to time, we have sold and may continue to sell business that we consider to be either underperforming or no longer part of our strategic vision. The sale of any such business could result in a financial loss and/or write-down of goodwill which could have a material adverse effect on our results for the financial reporting period during which such sale occurs. In addition, in connection with such divestitures, we have retained, and may in the future retain responsibility for some of the known and unknown contingent liabilities related to certain divestitures such as lawsuits, tax liabilities, product liability claims, and environmental matters.

The trading price of our common stock has been volatile, and investors in our common stock may experience substantial losses.

The trading price of our common stock has been volatile and may become volatile again in the future. The trading price of our common stock could decline or fluctuate in response to a variety of factors, including:

our failure to meet the performance estimates of securities analysts;

changes in financial estimates of our net sales and operating results or buy/sell recommendations by securities analysts;

fluctuations in our quarterly operating results;

substantial sales of our common stock;

changes in the amount or frequency of our payment of dividends or repurchases of our common stock;

general stock market conditions; or

other economic or external factors.

Decreases in discount rates and actual rates of return could require future pension contributions to our pension plans which could limit our flexibility in managing our Company.

The discount rate and the expected rate of return on plan assets represent key assumptions inherent in our actuarially calculated pension plan obligations and pension plan expense. If discount rates and actual rates of return on invested plan assets were to decrease significantly, our pension plan obligations could increase materially. Although our pension plans have been frozen, the size of future required pension contributions could require us to dedicate a greater portion of our cash flow from operations to making contributions, which could negatively impact our financial flexibility.

Our business could be negatively impacted by cybersecurity threats, information systems and network interruptions, and other security threats or disruptions.

Our information technology networks and related systems are critical to the operation of our business and essential to our ability to successfully perform day-to-day operations. Cybersecurity threats are persistent, evolve quickly, and include, but are not limited to, computer viruses, ransomware, attempts to access information, denial of service and other electronic security breaches. These events could disrupt our operations or customers and other third party IT systems in which we are involved and could negatively impact our reputation among our customers and the public which could have a negative impact on our financial conditions, results of operations, or liquidity.

Various restrictions in our charter documents, Delaware law and our credit agreement could prevent or delay a change in control that is not supported by our board of directors.

We are subject to several provisions in our charter documents, Delaware law and our credit facility that may discourage, delay or prevent a merger, acquisition or change of control that a stockholder may consider favorable. These anti-takeover provisions include:

maintaining a classified board and imposing advance notice procedures for nominations of candidates for election as directors and for stockholder proposals to be considered at stockholders' meetings;

a provision in our certificate of incorporation that requires the approval of the holders of 80% of the outstanding shares of our common stock to adopt any agreement of merger, the sale of substantially all of the assets of the Company to a third party or the issuance or transfer by the Company of voting securities having a fair market value of $1 million or more to a third party, if in any such case such third party is the beneficial owner of 10% or more of the outstanding shares of our common stock, unless the transaction has been approved prior to its consummation by all of our directors;

requiring the affirmative vote of the holders of at least 80% of the outstanding shares of our common stock for stockholders to amend our amended and restated by-laws;

covenants in our credit facility restricting mergers, asset sales and similar transactions; and

the Delaware anti-takeover statute contained in Section 203 of the Delaware General Corporation Law.

Section 203 of the Delaware General Corporation Law prohibits a merger, consolidation, asset sale or other similar business combination between the Company and any stockholder of 15% or more of our voting stock for a period of three years after the stockholder acquires 15% or more of our voting stock, unless (1) the transaction is approved by our board of directors before the stockholder acquires 15% or more of our voting stock, (2) upon completing the transaction the stockholder owns at least 85% of our voting stock outstanding at the commencement of the transaction, or (3) the transaction is approved by our board of directors and the holders of 66 2/3% of our voting stock, excluding shares of our voting stock owned by the stockholder.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We have a total of 98 facilities, of which we operate 84 manufacturing plants and warehouses located throughout the United States, Europe, Canada, Australia, Southeast Asia, Korea, Japan, China, India, Brazil, South Africa, and Mexico. The Company owns 21 of the facilities and the balance are leased. For the year ended June 30, 2017 the approximate building space utilized by each segment is as follows:

		Area in Square Feet (in thousands)		
Segment location	**Number of Facilities**	**Leased**	**Owned**	**Total**
EMEA[1]	2	20	-	20
Other Americas	4	32	185	217
United States	15	386	790	1,176
Food Service Equipment	21	438	975	1,413
Asia Pacific	16	165	-	165
EMEA[1]	15	302	36	338
Other Americas	2	43	-	43
United States	6	17	224	241
Engraving	39	527	260	787
EMEA[1]	3	80	-	80
United States	7	273	171	444
Engineering Technologies	10	353	171	524
Asia Pacific	6	76	-	76
EMEA[1]	5	8	89	97
Other Americas	2	61	-	61
United States	4	29	61	90
Electronics	17	174	150	324
Asia Pacific	2	75	-	75
Other Americas	1	1	-	1
United States	5	15	101	116
Hydraulics	8	91	101	192
United States	3	150	22	172
Corporate & Other	3	150	22	172
Total	**98**	**1,733**	**1,679**	**3,412**

(1) EMEA consists primarily of Europe, Middle East and S. Africa.

In general, the buildings are in sound operating condition and are considered to be adequate for their intended purposes and current uses.

We own substantially all of the machinery and equipment utilized in our businesses.

Item 3. Legal Proceedings

Discussion of legal matters is incorporated by reference to Part II, Item 8, Note 12, CONTINGENCIES, in the Notes to the Consolidated Financial Statements.

Item 4. Mine Safety Disclosures

Not Applicable

PART II

Item 5. Market for Standex Common Stock

Related Stockholder Matters and Issuer Purchases of Equity Securities

The principal market in which the Common Stock of Standex is traded is the New York Stock Exchange under the ticker symbol SXI . The high and low sales prices for the Common Stock on the New York Stock Exchange and the dividends paid per Common Share for each quarter in the last two fiscal years are as follows:

	Common Stock Price Range				Dividends Per Share	
	2017		2016			
Year Ended June 30	**High**	**Low**	**High**	**Low**	**2017**	**2016**
First quarter	$ 93.29	$ 80.90	$ 83.20	$ 66.98	$ 0.14	$ 0.12
Second quarter	97.55	74.35	93.10	72.94	0.16	0.14
Third quarter	101.24	85.80	82.45	65.53	0.16	0.14
Fourth quarter	100.30	84.30	89.29	75.59	0.16	0.14

The approximate number of stockholders of record on July 31, 2017 was 1,663.

Additional information regarding our equity compensation plans is presented in the Notes to Consolidated Financial Statements under the caption Stock-Based Compensation and Purchase Plans and Item 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Issuer Purchases of Equity Securities [1]
Quarter Ended June 30, 2017

Period	(a) Total Number of Shares (or units) Purchased	(b) Average Price Paid per Share (or unit)	(c) Total Number of Shares (or units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Appropriate Dollar Value) of Shares (or units) that May Yet Be Purchased Under the Plans or Programs
April 1 - April 30, 2017	-	$ -	-	$ 90,126,230
May 1 - May 31, 2017	2,655	91.72	2,655	$ 89,882,702
June 1 - June 30, 2017	1,370	90.06	1,370	$ 89,759,320
TOTAL	4,025	$ 91.16	4,025	$ 89,759,320

[1] The Company has a Stock Buyback Program (the Program) which was originally announced on January 30, 1985 and most recently amended on April 26, 2016. Under the Program, the Company was authorized to repurchase up to an aggregate of $100 million of its shares. Under the program, purchases may be made from time to time on the open market, including through 10b5-1 trading plans, or through privately negotiated transactions, block transactions, or other techniques in accordance with prevailing market conditions and the requirements of the Securities and Exchange Commission. The Board s authorization is open-ended and does not establish a timeframe for the purchases. The Company is not obligated to acquire a particular number of shares, and the program may be discontinued at any time at the Company s discretion.

The following graph compares the cumulative total stockholder return on the Company s Common Stock as of the end of each of the last five fiscal years, with the cumulative total stockholder return on the Standard & Poor s Small Cap 600 (Industrial Segment) Index and on the Russell 2000 Index, assuming an investment of $100 in each at their closing prices on June 30, 2012 and the reinvestment of all dividends.

Item 6. Selected Consolidated Financial Data

Selected financial data for the five years ended June 30, is as follows:

See Item 7 for discussions on comparability of the below.

	2017	2016	2015	2014	2013
SUMMARY OF OPERATIONS (in thousands)					
Net sales					
Food Service Equipment	$ 380,970	$ 381,867	$ 408,706	$ 377,848	$ 367,008
Engraving	105,943	124,120	110,781	109,271	93,380
Engineering		82,235	97,018	79,642	74,838
Technologies	90,506				
Electronics	136,689	118,319	114,196	114,881	108,085
Hydraulics	41,150	45,045	41,441	34,538	30,079
Total	$ 755,258	$ 751,586	$ 772,142	$ 716,180	$ 673,390
Gross profit	$ 252,754	$ 252,253	$ 247,486	$ 238,269	$ 218,191
Operating income (loss)					
Food Service Equipment	$ 33,436	$ 40,142	$ 37,456	$ 38,203	$ 37,533
Engraving	25,584	29,579	24,250	22,145	15,596
Engineering					
Technologies	9,662	8,258	13,097	12,676	13,241
Electronics	27,663	21,104	20,884	19,732	16,147
Hydraulics	6,712	7,947	7,013	5,781	4,968
Restructuring [(1)]	(5,825)	(4,232)	(3,443)	(10,077)	(2,666)
Gain on sale of real estate	652	-	-	-	-
Acquisition related expenses	(7,843)	-	-	-	-
Other operating income (expense), net	-	(7,458)	438	3,462	-
Corporate and Other	(25,015)	(24,996)	(21,051)	(26,054)	(22,924)
Total	65,026	$ 70,344	$ 78,644	$ 65,868	$ 61,895
Interest expense	(4,043)	(2,871)	(3,161)	(2,249)	(2,469)

Other non-operating (loss) income	949	1,052	634	4,184	(128)
Provision for income taxes	(15,355)	(16,295)	(20,874)	(18,054)	(15,244)
Income from continuing operations	46,577	52,230	55,243	49,749	44,054
Income/(loss) from discontinued operations	(32)	(174)	(500)	(6,883)	794
Net income	$ 46,545	$ 52,056	$ 54,743	$ 42,866	$ 44,848

(1) See discussion of restructuring activities in Note 16 of the consolidated financial statements.

	2017	2016	2015	2014	2013
PER SHARE DATA					
Basic					
Income from continuing operations	$ 3.68	$ 4.12	$ 4.37	$ 3.94	$ 3.51
Income/(loss) from discontinued operations	-	(0.01)	(0.04)	(0.55)	0.06
Total	$ 3.68	$ 4.11	$ 4.33	$ 3.39	$ 3.57
Diluted					
Income from continuing operations	$ 3.65	$ 4.09	$ 4.31	$ 3.89	$ 3.45
Income/(loss) from discontinued operations	-	(0.01)	(0.04)	(0.54)	0.06
Total	$ 3.65	$ 4.08	$ 4.27	$ 3.35	$ 3.51
Dividends declared	$ 0.62	$ 0.54	$ 0.46	$ 0.38	$ 0.31

	2017	2016	2015	2014	2013
BALANCE SHEET (in thousands)					
Total assets	$ 867,676	$ 690,457	$ 659,063	$ 577,785	$ 509,947
Accounts receivable	127,060	103,974	110,478	107,674	97,995
Inventories	119,401	105,402	108,305	97,065	81,811
Accounts payable	96,487	77,099	80,764	85,206	67,552
Goodwill	242,690	157,354	154,732	125,965	111,905
Long-term debt	$ 191,976	$ 92,114	$ 101,753	$ 44,681	$ 49,446

Total debt	191,976	92,114	101,753	44,681	49,446
Less cash	88,566	121,988	96,128	74,260	51,064
Net debt (cash)	$ 103,410	$ (29,874)	$ 5,625	$ (29,579)	$ (1,618)
Stockholders' equity	$ 408,664	$ 369,959	$ 348,570	$ 340,726	$ 290,988
KEY STATISTICS	**2017**	**2016**	**2015**	**2014**	**2013**
Gross profit margin	33.5%	33.6%	32.1%	33.3%	32.4%
Operating income margin	8.6%	9.4%	10.2%	9.2%	9.2%

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

We are a leading manufacturer of a variety of products and services for diverse commercial and industrial markets. We have twelve operating segments, aggregated and organized for reporting purposes into five reportable segments: Food Service Equipment, Engraving, Engineering Technologies, Electronics and Hydraulics. Overall management, strategic development and financial control are maintained by the executive staff from our corporate headquarters located in Salem, New Hampshire.

Our long-term strategy is to build larger industrial platforms through a value creation system that assists management in meeting specific corporate and business unit financial and strategic performance goals in order to create, improve, and enhance shareholder value. The Standex Value Creation System is a standard methodology which provides consistent tools used throughout the company in order to achieve our organization s goal of transforming from its historic roots as a holding company to an efficient operating company. The Standex Value Creation System employs four components: Balanced Performance Plan, Standex Growth Disciplines, Standex Operational Excellence, and Standex Talent Management. The Balanced Performance Plan process aligns annual goals throughout the business and provides a standard reporting, management and review process. It is focused on setting and meeting annual and quarterly targets that support our short and long term goals. The Standex Growth Disciplines use a set of tools and processes including market maps, growth lane ways, and market tests to identify opportunities to expand the business organically and through acquisitions. Standex Operational Excellence employs a standard playbook and processes, including LEAN, to eliminate waste and improve profitability, cash flow and customer satisfaction. Finally, the Standex Talent Management process is an organizational development process that provides training, development, and succession planning for our employees throughout our worldwide organization. The Standex Value Creation System ties all disciplines in the organization together under a common umbrella by providing standard tools and processes to deliver our business objectives.

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It is our objective to grow larger and more profitable business units through both organic initiatives and acquisitions. We seek to identify and implement organic growth initiatives such as new product development, geographic expansion, introduction of products and technologies into new markets and applications, key accounts and strategic sales channel partners. Also, we have a long-term objective to create sizable business platforms by adding strategically aligned or bolt on acquisitions to strengthen the individual businesses, create both sales and cost synergies with our core business platforms, and accelerate their growth and margin improvement. We look to create both sales and cost synergies within our core business platforms, accelerate growth and improve margins. We have a particular focus on identifying and investing in opportunities that complement our products and will increase the global presence and capabilities of our businesses. From time to time, we have divested, and likely will continue to divest, businesses that we feel are not strategic or do not meet our growth and return expectations.

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As part of our ongoing strategy, we acquired all of the outstanding shares of Oki Sensor Device Corporation from OKI Electric Industry Co., Ltd. during the third quarter of fiscal year 2017. Located in Kofu City, Japan, OKI Sensor Device Corporation is the world s leading designer and supplier of magnetic reed switches. Now named Standex Electronics Japan Corporation, (Standex Electronics Japan) the acquisition enhances the Company s access to important Asian markets and enables the Company to offer a world class suite of reed switches and related magnetic solutions while continuing to serve Standex Electronics Japan s diverse distribution channels. Standex Electronics Japan s results are reported within our Electronics segment.

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During our second quarter of 2017, we acquired Horizon Scientific, Inc., (Horizon Scientific) a South Carolina-based supplier of laboratory refrigerators and freezers, as well as cryogenic equipment for the scientific, bio-medical and pharmaceutical markets. We have included the operating results of Horizon Scientific in our Food Service Equipment segment in our Condensed Consolidated Financial Statements. Horizon Scientific expands our access to higher-margin refrigeration markets in the growing scientific sector that provides solutions for exacting temperature storage requirements. Horizon Scientific s products complement the scientific offerings in our Nor-Lake division.

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During the first quarter of fiscal year 2017, we sold our U.S. Roll Plate and Machinery (RPM) business, as it was not strategic, and did not meet our growth and return expectations. This divestiture also allows our Engraving management to focus on higher growth and better return businesses within the segment. In preparation for this sale during the fourth quarter of 2016, we adjusted the net assets of the business to their net realizable value.

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We create Customer Intimacy by utilizing the Standex Growth Disciplines to partner with our customers in order to develop and deliver custom solutions or engineered components. By partnering with our customers during long-term product development cycles, we become an extension of their development teams. Through this Partner, Solve, Deliver ® methodology, we are able to secure our position as a preferred long-term solution provider for our products and components. This strategy results in increased sales and operating margins that enhance shareholder returns.

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Standex Operational Excellence drives continuous improvement in the efficiency of our businesses, both on the shop floor and in the office environment. We recognize that our businesses are competing in a global economy that requires us to improve our competitive position. We have deployed a number of management competencies to drive improvements in the cost structure of our business units including operational excellence through lean enterprise, the use of low cost manufacturing facilities in countries such as Mexico and China, the consolidation of manufacturing facilities to achieve economies of scale and leveraging of fixed infrastructure costs, alternate sourcing to achieve procurement cost reductions, and capital improvements to increase productivity.

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The Company s strong historical cash flow has been a cornerstone for funding our capital allocation strategy. We use cash flow generated from operations to fund the strategic growth programs described above, including acquisitions and investments for organic growth, investments in capital assets to improve productivity and lower costs and to return cash to our shareholders through payment of dividends and stock buybacks.

Restructuring expenses reflect costs associated with the Company s efforts of continuously improving operational efficiency and expanding globally in order to remain competitive in the end-user markets we serve. The Company incurs costs for actions to size its businesses to a level appropriate for current economic conditions, improve its cost structure, enhance our competitive position and increase operating margins. Such expenses include costs for moving facilities to locations that allow for lower fixed and variable costs, starting up plants after relocation, downsizing operations because of changing economic conditions, and other costs resulting from asset redeployment decisions. Shutdown costs include severance, benefits, stay bonuses, lease and contract terminations, asset write-downs, costs of moving fixed assets, and moving and relocation costs. Vacant facility costs include maintenance, utilities, property taxes and other costs.

Because of the diversity of the Company s businesses, end user markets and geographic locations, management does not use specific external indices to predict the future performance of the Company, other than general information about broad macroeconomic trends. Each of our individual business units serves niche markets and attempts to identify trends other than general business and economic conditions which are specific to its business and which could impact their performance. Those units report pertinent information to senior management, which uses it to the extent relevant to assess the future performance of the Company. A description of any such material trends is described below in the applicable segment analysis.

We monitor a number of key performance indicators (KPIs) including net sales, income from operations, backlog, effective income tax rate, gross profit margin, and operating cash flow. A discussion of these KPIs is included below. We may also supplement the discussion of these KPIs by identifying the impact of foreign exchange rates, acquisitions, and other significant items when they have a material impact on a specific KPI.

We believe the discussion of these items provides enhanced information to investors by disclosing their impact on the overall trend which provides a clearer comparative view of the KPI, as applicable. For discussion of the impact of foreign exchange rates on KPIs, the Company calculates the impact as the difference between the current period KPI calculated at the current period exchange rate as compared to the KPI calculated at the historical exchange rate for the prior period. For discussion of the impact of acquisitions, we isolate the effect on the KPI amount that would have existed regardless of our acquisition. Sales resulting from synergies between the acquisition and existing operations of the Company are considered organic growth for the purposes of our discussion.

Unless otherwise noted, references to years are to fiscal years.

Consolidated Results from Continuing Operations (in thousands):

	2017	2016	2015
Net sales	$ 755,258	$ 751,586	$ 772,142
Gross profit margin	33.5%	33.6%	32.1%
Restructuring costs	5,825	4,232	3,443
Other income/(expense) operating	(7,843)	(7,458)	438
Income from operations	65,026	70,344	78,644
Backlog (realizable within 1 year)	$ 193,539	$ 162,895	$ 168,157

	2017	2016	2015
Net sales	$ 755,258	$ 751,586	$ 772,142
Components of change in sales:			
Effect of acquisitions	38,498	11,672	38,155
Effect of exchange rates	(6,195)	(15,011)	(16,423)
Effect of business divestitures	(17,446)	2,791	9,096
Organic sales growth	(11,185)	(20,008)	25,134

Net sales for the fiscal year 2017 increased by $3.7 million, or 0.5%, when compared to the prior year. Incremental sales increases of $38.5 million from our recent acquisitions were partially offset by organic sales declines of $11.2 million, or 1.5%, the impact of $17.4 million, or 2.3%, from the divestiture of the RPM business, and an unfavorable impact of $6.2 million, or 0.8%, due to the effect of exchanges rates. The organic sales decrease was primarily driven by lower sales in Food Service, Refrigeration and Cooking Solutions.

Net sales for the fiscal year 2016 decreased slightly by $20.6 million, or 2.7%, when compared to the prior year. The decrease is driven by $20.0 million, or 2.7% of organic sales declines and $15.0 million, or 1.9%, of unfavorable foreign exchange partially offset by $11.7 million, or 1.5% from the Northlake and Enginetics acquisitions. The organic sales decrease was primarily driven by lower sales to the refrigeration and oil and gas markets, partially offset by higher sales to the automotive and other markets.

Gross Profit Margin

During 2017, gross margin remained essentially flat at 33.5% as compared to 33.6% in 2016. Excluding the effects of purchase accounting in both years, our gross margins increased 29 basis points compared to prior year. During fiscal year 2017, we incurred $3.1 million of purchase accounting charges related to the Standex Electronics Japan and Horizon Scientific acquisitions as compared to charges of $0.4 million in the prior year for the Northlake acquisition.

During 2016, gross margin increased to 33.6% as compared to 32.1% in 2015. The increase was the result of higher sales in the Engraving segment, which typically carry higher margins than sales in our other segments and operational improvements in our Food Service Equipment segment as our Operational Excellence initiatives generated positive gross margin results. We also experienced gross margin improvements due to reduced purchase accounting charges of $1.3 million. During fiscal year 2016 we incurred $0.4 million of purchase accounting charges related to the Northlake acquisition as compared to charges of $1.7 million in the prior year for the Enginetics and Ultrafryer acquisitions.

Restructuring Charges and Acquisition Related Expenses

For fiscal year 2017, we incurred restructuring costs of $5.8 million which were spent in three primary areas. First, Engineering Technologies incurred $3.6 million of expense related to manufacturing footprint optimization at the Enginetics, Huber Heights, Ohio facility which allowed us to close its East Lake, Ohio facility. We vacated and sublet the East Lake facility for approximately the same aggregate lease costs for which we are obligated under the lease. Second, we spent $1.2 million to gain organizational efficiencies within the Food Service Equipment segment. Finally, we spent $0.5 million in order to move our Electronics facility in China due to government directives related to all businesses in the area where our facility was located.

Also during fiscal year 2017, we incurred acquisition related expenses of $7.8 million comprised of three items. First, we recognized $2.1 million for deferred compensation earned by the Horizon Scientific seller during the year. The payments are contingent on the seller remaining an employee of the Company and are therefore treated as compensation expense. Second, we spent $2.7 million on investment banker fees for services provided in connection with the Standex Electronics Japan transaction. Third, we incurred $3.0 million for third party due diligence and legal expenses related to Standex Electronics Japan and other acquisition activity.

Selling, General, and Administrative Expenses

Selling, general, and administrative expenses, (SG&A) for the fiscal year 2017 were $174.1 million, or 23.0%, of sales compared to $170.2 million, or 22.6%, of sales during the prior year. The increase in SG&A is primarily due to $5.6 million and $2.6 million of on-going SG&A expenses related to the Horizon Scientific and Standex Electronics Japan businesses, respectively, which were not in prior year. These increases were partially offset by declines of $2.5 million from the divestiture of the RPM business, lower administrative compensation costs of $2.0 million, and lower variable expenses including commission and distribution costs.

Selling, general, and administrative expenses, (SG&A) for the fiscal year 2016 were $170.2 million or 22.6% of sales compared to $165.8 million or 21.5% of sales during the prior year. The increase in SG&A was due to higher health care expenses, compensation, along with SG&A embedded in the Northlake business partially offset by declines in distribution expense.

Income from Operations

Income from operations for the fiscal year 2017 was $65.0 million, compared to $70.3 million during the prior year. The decrease of $5.5 million is primarily to due acquisition related costs of $7.8 million, an increase in restructuring costs of $1.6 million, and overall organic sales volume declines. These decreases were partially offset by the positive performance of our Horizon Scientific and Standex Electronic Japan acquisitions. Discussion of the performance of each of our reportable segments is more fully explained in the segment analysis that follows.

Income from operations for the fiscal year 2016 decreased by $8.3 million or 10.6%, when compared to the prior year. The decrease was a result of a $7.3 million non-cash loss incurred to adjust the net realizable value of the Roll Plate and Machinery business, increases in health care and compensation expenses, partially offset by gross profit improvements due to business segment mix. Discussion of the performance of each of our reportable segments is more fully explained in the segment analysis that follows.

Interest Expense

Interest expense for the fiscal year 2017 was $4.0 million, an increase of $1.2 million as compared to the prior year. Interest expense increases were due to higher borrowing costs and an increase in outstanding borrowings, primarily to fund acquisition activity.

Interest expense for the fiscal year 2016 was $2.9 million, a decrease of $0.3 million as compared to the prior year. The decrease was primarily due to lower average borrowings outstanding during the year.

Income Taxes

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2017 was $15.4 million, or an effective rate of 24.8%, compared to $16.3 million, or an effective rate of 23.8% for the year ended June 30, 2016, and $20.9 million, or an effective rate of 27.4% for the year ended June 30, 2015. Changes in the effective tax rates from period to period may be significant as they depend on many factors including, but not limited to, the amount of the Company's income or loss, the mix of income earned in the US versus outside the US, the effective tax rate in each of the countries in which we earn income, and any one-time tax issues which occur during the period.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2017 was impacted by the following items: (i) a provision of $0.4 million related to non-deductible transaction costs, (ii) a benefit of $0.6 million related to the R&D tax credit, and (iii) a benefit of $5.3 million due to the mix of income earned in jurisdictions with beneficial tax rates.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2016 was impacted by the following items: (i) a net benefit of $0.9 million related to a bargain-sale of idle property to a charitable organization, and (ii) a benefit of $0.7 million related to the R&D tax credit, and (iii) a benefit of $4.9 million due to the mix of income earned in jurisdictions with beneficial tax rates.

The Company's income tax provision from continuing operations for the fiscal year ended June 30, 2015 was impacted by the following items: (i) a benefit of $0.5 million related to the R&D tax credit that expired during the fiscal year on December 31, (ii) a benefit of $4.0 million due to the mix of income earned in jurisdictions with beneficial tax rates.

Capital Expenditures

During 2017, capital expenditures increased to $25.8 million or 3.4% of net sales, as compared to $17.9 million, or 2.4%, of net sales in the prior year. Capital spending is focused on growth initiatives, cost reduction, and upgrades to extend the capabilities of our capital assets. In general, we anticipate our capital expenditures over the long term will be approximately 2% to 3% of net sales. We expect 2018 capital spending to be between $27.0 and $29.0 million which includes amounts not spent in 2017 and an incremental $2.8 million for Standex Electronics Japan.

Backlog

Backlog includes all active or open orders for goods and services that have a firm fixed customer purchase order with defined delivery dates. Backlog also includes any future deliveries based on executed customer contracts, so long as such deliveries are based on agreed upon delivery schedules. Backlog is not generally a significant factor in the Company s businesses because of our relatively short delivery periods and rapid inventory turnover with the exception of Engineering Technologies. Due to the nature of long term agreements in the Engineering Technologies segment, the timing of orders and delivery dates can vary considerably resulting in significant backlog changes from one period to another.

Backlog orders in place at June 30, 2017 and 2016 are as follows (in thousands):

	As of June 30, 2017		As of June 30, 2016	
	Total Backlog	Backlog under 1 year	Total Backlog	Backlog under 1 year
Food Service Equipment	$ 49,660	$ 47,039	$ 37,202	$ 35,395
Engraving	21,584	21,584	19,046	19,046
Engineering Technologies	92,154	61,329	90,241	60,520
Electronics	60,092	56,741	44,713	42,983
Hydraulics	6,846	6,846	4,951	4,951
Total	$ 230,336	$ 193,539	$ 196,153	$ 162,895

Backlog realizable within one year increased $30.6 million, or 18.8%, to $193.5 million at June 30, 2017 from $162.9 million at June 30, 2016. Backlog realizable under a year increased for each of our segments with Food Service Equipment, Electronics, and Hydraulics each increasing over 30% year over year. Food Service Equipment backlog realizable within one year increased $11.7 million, or 32.9%. Without the impact of the newly acquired Horizon Scientific business, Food Service Equipment backlog realizable within one year increased 28.9%. Higher demand for Refrigeration and Specialty Solutions drove the majority of the Food Service Equipment increase. Engraving backlog realizable within one year increased $2.5 million, or 13.3%. Adjusting for the impact of the divestiture of the Standex Engraving business, Engraving backlog realizable within one year increased 39.0%. The increase is a result of increased demand and the effect of some automotive projects that were delayed to fiscal year 2018. Electronics backlog realizable under a year increased $13.8 million, or 32.0%. Without the impact of the Standex Electronics Japan acquisition, Electronics backlog realizable within one year decreased 4.9%

Segment Analysis (in thousands)

Food Service Equipment

	2017 compared to 2016			2016 compared to 2015		
(in thousands except percentages)	2017	2016	% Change	2016	2015	% Change
Net sales	$ 380,970	$ 381,867	(0.2%)	$ 381,867	$ 408,706	(6.6%)
Income from operations	33,436	40,142	(16.7%)	40,142	37,456	7.2%
Operating income margin	8.8%	10.5%		10.5%	9.2%	

Net sales for fiscal year 2017 decreased $0.9 million, or 0.2% when compared to the prior year. The Horizon Scientific acquisition added $23.4 million or 6.1%, while organic sales declined by $24.2 million or 6.3%. The organic sales decline was driven by a 7.4% decrease in Refrigeration and a 9.9% decrease in Cooking Solutions, partially offset by a 2.7% increase in Specialty Solutions. Four factors contributed to the organic Refrigeration sales decline: (i) continued loss of market share into the dollar store market, (ii) delayed growth in the pharmacy sector due to merger delays, and (iii) second half manufacturing issues which, in the short term, lengthened our delivery lead-times and (iv) increasing importance of buying groups as a sales channel and their resultant lower margins. Sales from the Cooking Solutions group decreased due to non-recurring rollouts in the supermarket channel, lower sales on rationalized low-margin products and lower sales to a few major dealers. Specialty Solutions sales increased due to strong volume in our beverage segment and modest growth in merchandising. Looking forward, we anticipate continued momentum in our Specialty Solutions group while we focus on enhancing profitability through product rationalization and tighter customer focus.

Net sales for fiscal year 2016 decreased $26.8 million, or 6.6% when compared to the prior year. The reduction was primarily in the Refrigeration Solutions group where sales decreased by 12.2%. Three factors contributed to the Refrigeration sales decline: (i) loss of market share into the dollar store market, (ii) reduced sales to major chains due to reduced capital spending, and (iii) reduced sales in Canada due to the strength of the U.S. dollar. Sales from the Cooking Solutions group increased, by 0.5% year over year due to growth in sales to retail supermarkets. Specialty Solutions sales decreased 1.1% as our European pump business was impacted by a weak Euro early in the year.

Income from operations for fiscal year 2017 decreased $6.7 million, or 16.7%, when compared to the prior year, and operating income margin decreased from 10.5% to 8.8%. Fiscal year results were primarily impacted by sales declines in the Refrigeration Solutions group due to the factors discussed above. We are currently evaluating our options to realign our Refrigeration and Cooking Solutions plant operations to improve efficiencies and reduce costs of standard products in these businesses. In addition, we are restructuring the Food Service Equipment group to streamline reporting and further reduce costs and improve operating margins. Details of the costs and expected savings related to these initiatives will be available in the first quarter of fiscal year 2018. Finally, our focus in fiscal year 2018 is to continue driving growth in the differentiated products within cooking, scientific, pump and merchandising businesses.

Income from operations for fiscal year 2016 increased $2.7 million, or 7.2%, when compared to the prior year, and operating income margin grew from 9.2% to 10.5%, up 130 basis points. Operating efficiencies, portfolio focus, paring of low-margin products and expense controls have increased our leverage and have positively impacted income from operations for the segment.

Engraving

	2017 compared to 2016			**2016 compared to 2015**		
(in thousands except percentages)	**2017**	**2016**	**% Change**	**2016**	**2015**	**% Change**
Net sales	$ 105,943	$ 124,120	-14.6%	$ 124,120	$ 110,781	12.0%
Income from operations	25,584	29,579	-13.5%	29,579	24,250	22.0%
Operating income margin	24.1%	23.8%		23.8%	21.9%	

Net sales for fiscal year 2017 decreased by $18.2 million or 14.6%, compared to the prior year. Excluding the impact of the prior year divesture of the Roll Plate and machinery business and foreign exchange, net sales grew $2.0 million or 1.6%. Overall, Mold Tech increased its global market share for new automotive model introductions. Asia Pacific and Europe sales grew $4.2 million in fiscal year 2017, partially offset by lower sales volume in North America which was due to delayed new automotive launches. Sales at our Innovent business declined by $3.0 million due to the prior year completion of a key customer product roll-out which did not repeat in 2017. We expect Mold-Tech sales growth in all regions in fiscal year 2018 including the recovery of the delayed new automotive model launches in North

America.

Net sales for fiscal year 2016 increased by $13.3 million or 12.0%, compared to the prior year. Sales growth excluding foreign exchange losses of $8.7 million was driven by sales gains at Mold-Tech for new automotive model introductions along with market share gains throughout the world. The Engraving segment also experienced sales gains in its Roll Plate and Machinery business and core forming tooling business.

In fiscal 2017, we completed the sale of our U.S. Roll Plate and Machinery business as it was not strategic and did not meet our growth and return expectations. This divestiture allows the Company s management to focus on higher growth and better return businesses within the Engraving segment. In preparation of this sale, during the fourth quarter of 2016, we recorded a $7.3 million non-cash loss to adjust the net assets of this business to their net realizable value. This expense is recorded as a component of Other Operating Income (Expense), net.

Income from operations in fiscal year 2017 decreased by $4.0 million, or 13.5%, when compared to the prior year. Net of the Roll Plate and Machinery business, income from operations decreased by $2.8 million, or 9.8%. The operating income decline is driven by decreased automotive volume in North America, the impact of the sales decline at Innovent, increased investments in growth laneways and new technologies to fuel future opportunities.

Income from operations in fiscal year 2016 increased by $5.3 million, or 22%, when compared to the prior year. The operating income improvement was driven by increased volume in all regions, partially offset by unfavorable foreign exchange and market declines in South America.

Engineering Technologies

	2017 compared to 2016			**2016 compared to 2015**		
(in thousands except percentages)	**2017**	**2016**	**% Change**	**2016**	**2015**	**% Change**
Net sales	$ 90,506	$ 82,235	10.1%	$ 82,235	$ 97,018	(15.2%)
Income from operations	9,662	8,258	17.0%	8,258	13,097	(36.9%)
Operating income margin	10.7%	10.0%		10.0%	13.5%	

Net sales in the fiscal year 2017 increased $8.3 million or 10.1% when compared to the prior year. Sales distribution by market in 2017 was as follows: 43% aviation, 29% space, 14% oil and gas, 5% medical, and 9% other markets. Although energy sales rebounded from historical lows, we continued our conversion of this business to an aviation focused business. Aviation sales increased 2.8% from the prior year, despite delays experienced by key customers on new engine platforms. Space market sales increased 15.8% from the prior year driven by higher sales in both the satellite launch and vehicle markets. Defense related sales improved 11.6% from the prior year. Sales in the energy markets were up $4.6 million primarily due to contract awards in the land based energy market. We expect continued strong growth in the aviation market from the various platforms with nacelle lipskin & inlet duct products, along with aircraft engine components with the various OEM s and Tier One customers.

Net sales in the fiscal year 2016 decreased $14.8 million or 15.2% when compared to the prior year. Sales distribution by market in 2016 was as follows: 46% aviation, 27% space, 10% oil and gas, 8% medical, and 9% other markets. Sales in the land based gas turbine and oil and gas markets were down over 60% from the prior year level. The decline was a result of reduced demand in the oil and gas industry due to lower oil prices. Total space sales decreased by 20.5% due to the completion of project based contracts in the manned space market. Sales in the unmanned space market were up 18.0% compared to the prior year. Aviation sales increased 29.7% from the prior year due to strong customer demand and recent contract awards.

Income from operations in the fiscal year 2017 increased $1.4 million or 17.0% when compared to the prior year. The increase in operating income was due to higher sales volume, and a favorable product mix in the energy and space markets compared to the prior year period.

Income from operations in the fiscal year 2016 decreased $4.8 million, or 36.9%, when compared to the prior year. Operating income results were negatively impacted by the significant sales declines in both the energy and oil and gas related markets. This impact was partially offset by improved margins in the aviation market along with cost reduction programs implemented as a result of lower volume.

Electronics

	2017 compared to 2016			2016 compared to 2015		
(in thousands except percentages)	**2017**	**2016**	**% Change**	**2016**	**2015**	**% Change**
Net sales	$ 136,689	$ 118,319	15.5%	$ 118,319	$ 114,196	3.6%
Income from operations	27,663	21,104	31.1%	21,104	20,884	1.1%
	20.2%	17.8%		17.8%	18.3%	

Operating income margin

Net sales in the fiscal year 2017 increased $18.4 million, 15.5%, when compared to the prior year. Organic sales growth was $5.2 million, or 4.3%, and acquisitions contributed $15.1 million or 12.7%. Organic sales growth was primarily driven by increases in expanding sensor applications in Europe, while North America and Asia remained relatively flat. Northlake, acquired October 1, 2015, added $2.7 million of incremental sales in fiscal year 2017. Standex Electronics Japan, acquired March 31, 2017, added $12.4 million. Foreign exchange rates adversely affected sales by $1.9 million. We expect continued momentum in fiscal year 2018 as our investments in organic growth laneways mature and as we realize the synergies from our Standex Electronics Japan acquisition.

Net sales in the fiscal year 2016 increased $4.1 million, 3.6%, when compared to the prior year. Organic sales growth was $0.7 million, or 0.6%, while the Northlake acquisition contributed $7.5 million. Foreign exchange rates adversely affected sales by $4.1 million. Sales growth in local currency was particularly strong in Europe driven by volume increases in the sensor components. We experienced sales declines in both Asia and North America due to general market softness, particularly earlier in the fiscal year.

Income from operations in the fiscal year 2017 increased $6.6 million, or 31.1%, when compared to the prior year. The operating improvements were a result of operating efficiencies, acquisitions, and product mix as well as higher organic sales growth. Purchase accounting related to acquisitions had a negative impact of $1.6 million.

Income from operations in the fiscal year 2016 increased $0.2 million, or 1.1%, when compared to the prior year. The operating improvements were a result of a facility consolidation into our Northlake site partially offset by $0.4 million of purchase accounting charges associated with the Northlake acquisition.

Hydraulics

	2017 compared to 2016			**2016 compared to 2015**		
(in thousands except percentages)	**2017**	**2016**	**% Change**	**2016**	**2015**	**% Change**
Net sales	$ 41,150	$ 45,045	(8.6%)	$ 45,045	$ 41,441	8.7%
Income from operations	6,712	7,947	(15.5%)	7,947	7,013	13.3%
Operating income margin	16.3%	17.6%		17.6%	16.9%	

Net sales in fiscal year 2017 decreased $3.9 million, or 8.6% compared to the prior year. Sales distribution by channel in 2017 was as follows: 37% dump trailer and truck, 22% refuse, 24% after-market, 6% export, and 11% other markets. The decrease in sales primarily resulted from a significant reduction in demand from the traditional North American dump trailer and truck markets. In the last quarter of the year, however, we did see an increase in the order rate for the dump truck and trailer market from several of our OEM s. In addition, we see positive trends in the Hydraulics segment due to the introduction of several new applications in the refuse and construction space.

Net sales in fiscal year 2016 increased $3.6 million, or 8.7% compared to the prior year. Sales distribution by market in 2016 was as follows: 40% dump trailer and truck, 22% refuse, 22% after market, 6% export, and 10% other markets. Strong demand in the traditional North American dump trailer and truck markets was the largest contributor for the net sales increase in addition to market share gains experienced in the refuse market.

Income from operations in the fiscal year 2017 decreased $1.2 million or 15.5% when compared to the prior year due mostly to the reduction of volume requirements for cylinders in the North American dump trailer and truck markets.

Income from operations in the fiscal year 2016 increased $0.9 million or 13.3% when compared to the prior year due to market growth, increased sales volume and cost containment efforts.

Corporate, Restructuring and Other

	2017 compared to 2016			**2016 compared to 2015**		
(in thousands except percentages)	**2017**	**2016**	**% Change**	**2016**	**2015**	**% Change**
Corporate	$ (25,015)	$ (24,996)	0.1%	$ (24,996)	$ (21,051)	18.7%
Restructuring	(5,825)	(4,232)	37.6%	(4,232)	(3,443)	22.9%
Acquisition-related costs	(7,843)	(7,458)	5.2%	(7,458)	438	-1,802.7%

Corporate expenses in fiscal year 2017 were flat when compared to the prior year.

Corporate expenses in fiscal year 2016 increased $3.9 million or 18.7% when compared to the prior year. The increase is due to increased health care expenses, compensation, and professional services.

The restructuring and acquisition-related costs have been discussed above in the Company Overview.

Discontinued Operations

In pursuing our business strategy, we have divested certain businesses and recorded activities of these businesses as discontinued operations.

On March 30, 2012, the Air Distribution Products Group, (ADP) was sold to a private equity buyer for consideration of $16.1 million consisting of $13.1 million in cash and a $3.0 million promissory note from the buyer. The note was secured by a mortgage on the ADP real estate sold in the transaction in Detroit Lakes, MN, Medina, NY, and Powder Springs, GA. During the first quarter 2016, the private equity buyer of ADP sold one of the facilities securing the note. The Company released all mortgages on the properties and accepted an advanced payment of $2.8 million during October 2015 in order to reduce repayment risk and settle all obligations under the note. The Company recorded a $0.2 million loss in discontinued operations during the first quarter 2016 related to this transaction.

During 2014, the Company received notice that its obligations under a guarantee provided to the buyers of ADP were triggered as a result of its withdrawal from both of the multi-employer pension plans in which ADP previously participated. The last of these obligations were settled in July of fiscal year 2016 by a $0.5 million payment to the final multi-employer plan.

The following table summarizes the Company s discontinued operations activity, by operation, for the years ended June 30, (in thousands):

	Year Disposed	2017	2016	2015
Income (loss) before taxes:				
American Foodservice Company	2014	$ (8)	$ 3	$ (492)
Air Distribution Products Group	2012	(38)	(225)	(137)
Other loss from discontinued operations		(13)	(7)	(130)
Income (loss) before taxes from discontinued operations		(59)	(229)	(759)
(Provision) benefit for tax		27	55	259
Net income (loss) from discontinued operations		$ (32)	$ (174)	$ (500)

Liquidity and Capital Resources

At June 30, 2017, our total cash balance was $88.6 million, of which $76.6 million was held by foreign subsidiaries. The repatriation of cash balances from certain of our subsidiaries could have adverse tax consequences or be subject to capital controls; however, those balances are generally available without legal restrictions to fund ordinary business operations. Our current plans are not expected to require a repatriation of cash to fund our U.S. operations and, as a result, we intend to indefinitely reinvest our foreign earnings to fund our overseas growth. If the undistributed earnings of our foreign subsidiaries are needed for operations in the United States, we would be required to accrue and pay U.S. taxes upon repatriation.

Cash Flow

Net cash provided by operating activities from continuing operations for the year ended June 30, 2017 was $64.0 million, compared to $81.2 million for the same period in 2016. The decrease is primarily due to increases in accounts receivable and inventory as well as a decrease in net income from continuing operations of $5.7 million. Net cash used for investing activities from continuing operations for the year ended June 30, 2017 was $179.1 million, consisting primarily of $26.4 million for capital expenditure and $153.8 million to acquire the Horizon Scientific and Standex Electronics Japan businesses. Net cash used by financing activities for continuing operations for the year ended June 30, 2017, was $84.7 million consisting of debt borrowings of $99.5 million, cash dividends of $7.9 million, and repurchased treasury stock of $7.8 million.

Net cash provided by operating activities from continuing operations for the year ended June 30, 2016 was $81.2 million, compared to $66.2 million for the same period in 2015. Changes to net cash provided by operating activities of $15.1 million primarily related to net working capital changes of $17.8 million between periods. Net cash used in investing activities from continuing operations for the year ended June 30, 2016 was $31.6 million, consisting primarily of $17.9 million for capital expenditure and $13.7 million to acquire Northlake Engineering, Inc. Net cash used by financing activities for continuing operations for the year ended June 30, 2016, was $20.7 million consisting of debt repayments of $10.0 million, cash dividends of $6.8 million, and repurchased treasury stock of $5.6 million.

Capital Structure

During fiscal year 2015, the Company entered into an Amended and Restated Credit Agreement (Credit Facility , or facility). This five-year Credit Facility expires in December 2019 and has a borrowing limit of $400 million, which can be increased by an amount of up to $100 million, in accordance with specified conditions contained in the agreement. The facility also includes a $10 million sublimit for swing line loans and a $30 million sublimit for letters of credit.

Under the terms of the Credit Facility, we will pay a variable rate of interest and a commitment fee on borrowed amounts as well as a commitment fee on unused amounts under the facility. The amount of the commitment fee will depend upon both the undrawn amount remaining available under the facility and the Company s funded debt to EBITDA (as defined in the agreement) ratio at the last day of each quarter. As our funded debt to EBITDA ratio increases, the commitment fee will increase.

Funds borrowed under the facility may be used for the repayment of debt, working capital, capital expenditures, acquisitions (so long as certain conditions, including a specified funded debt to EBITDA leverage ratio is maintained), and other general corporate purposes. As of June 30, 2017, the Company has used $8.9 million against the letter of credit sub-facility and had the ability to borrow $193.4 million under the facility based on our current EBITDA. The facility contains customary representations, warranties and restrictive covenants, as well as specific financial covenants. The Company s current financial covenants under the facility are as follows:

Interest Coverage Ratio - The Company is required to maintain a ratio of Earnings Before Interest and Taxes, as Adjusted (Adjusted EBIT per the Credit Facility), to interest expense for the trailing twelve months of at least 3.0:1. Adjusted EBIT per the Credit Facility specifically excludes extraordinary and certain other defined items such as cash restructuring and acquisition-related charges up to $7.5 million, and unlimited non-cash charges including gains or losses on sale of property and goodwill adjustments. At June 30, 2017, the Company s Interest Coverage Ratio was 22.37:1.

Leverage Ratio - The Company s ratio of funded debt to trailing twelve month Adjusted EBITDA per the facility, calculated as Adjusted EBIT per the Credit Facility plus depreciation and amortization, may not exceed 3.5:1. At June 30, 2017, the Company s Leverage Ratio was 1.79:1.

As of June 30, 2017, we had borrowings under our facility of $192.5 million and the effective rate of interest for outstanding borrowings under the facility was 2.41%. Our primary cash requirements in addition to day-to-day operating needs include interest payments, capital expenditures, acquisitions, share repurchases, and dividends. Our primary sources of cash for these requirements are cash flows from continuing operations and borrowings under the facility. We expect 2018 capital spending to be between $27.0 and $29.0 million which includes amounts not spent in 2017, and expect that depreciation and amortization expense will be between $18.0 and $19.0 million and $8.0 and $9.0 million, respectively.

In order to manage our interest rate exposure, at June 30, 2017 we are party to $100.0 million of active floating to fixed rate swaps. These swaps convert our interest payments from LIBOR to a weighted average rate of 1.60%.

The following table sets forth our capitalization at June 30, (in thousands):

		2017		**2016**
Long-term debt, net of issuance cost	$	191,976	$	92,114
Less cash and cash equivalents		88,566		121,988
Net (cash) debt		103,410		(29,874)
Stockholders equity		408,664		369,959
Total capitalization	$	512,074	$	340,085

Stockholders equity increased year over year by $38.7 million, primarily as a result of current year net income of $46.5 million and a favorable change of $6.1 million in unrealized pension losses, partially offset by $7.9 million for dividends paid and an increase of $3.5 million in OCI fair value derivatives. The Company's net (cash) debt to capital percentage changed to 20.2% net cash to capital for the year ended June 30, 2017 from (8.8%) net debt to capital for the year ended June 30, 2016. The change in net debt to capital is primarily driven by increased borrowings and cash generated through operations.

We participate in two multi-employer pension plans and sponsor five defined benefit plans including two in the U.S. and one in Germany, U.K. and Ireland. The Company s pension plan is frozen for U.S. employees and participants in the plan ceased accruing future benefits. The fair value of the Company's U.S. pension plan assets was $195.3 million at June 30, 2017 and the projected benefit obligation in the U.S. was $260.0 million at that time. As a result of past contributions, our primary U.S. defined benefit plan is not expected to be 100% funded under ERISA rules at June 30, 2017, but we do not expect to make mandatory contributions to the plan until 2020. We expect to pay $1.4 million in prescribed contributions to our U.K. defined benefit plan and other unfunded defined benefit plans in both the U.S. and Europe during fiscal year 2018.

We have evaluated the current and long-term cash requirements of our defined benefit and defined contribution plans as of June 30, 2017 and determined our operating cash flows from continuing operations and available liquidity are expected to be sufficient to cover the required contributions under ERISA and other governing regulations.

We have an insurance program in place to fund supplemental retirement income benefits for six retired executives. Current executives and new hires are not eligible for this program. At June 30, 2017, the underlying policies had a cash surrender value of $20.4 million and are reported net of loans of $10.4 million for which we have the legal right of offset.

Contractual obligations of the Company as of June 30, 2017 are as follows (in thousands):

Payments Due by Period

Less

Mored" means a Dividend Period that is not a Standard Dividend Period. "Specific Redemption Provisions" means, with respect to any Special Dividend Period of more than one year, either, or any combination of (i) a Non-Call Period and (ii) a Premium Call Period. "Standard Dividend Period" means a Dividend Period of seven days. "Submission Deadline" means 1:00 p.m., New York City time, on any Auction Date or such other time on any Auction Date by which Broker-Dealers are required to submit Orders to the Auction Agent as specified by the Auction Agent from time to time. "Submitted Bid" has the meaning set forth in "Additional Information

Concerning the Auction for Series C Preferred - Determination of Sufficient Clearing Bids, Winning Bids, Winning Bid Rate and Applicable Rate."

"Submitted Bid Order" has the meaning set forth in "Additional Information Concerning the Auction for Series C Preferred - Determination of Sufficient Clearing Bids, Winning Bids, Winning Bid Rate and Applicable Rate."

"Submitted Hold Order" has the meaning set forth in "Additional Information Concerning the Auction for Series C Preferred - Determination of Sufficient Clearing Bids, Winning Bids, Winning Bid Rate and Applicable Rate."

"Submitted Order" has the meaning set forth in "Additional Information Concerning the Auction for Series C Preferred - Determination of Sufficient Clearing Bids, Winning Bids, Winning Bid Rate and Applicable Rate."

"Submitted Sell Order" has the meaning set forth in "Additional Information Concerning the Auction for Series C Preferred - Determination of Sufficient Clearing Bids, Winning Bids, Winning Bid Rate and Applicable Rate."

"Sufficient Clearing Bids" has the meaning set forth in "Additional Information Concerning the Auction for Series C Preferred - Determination of Sufficient Clearing Bids, Winning Bids, Winning Bid Rate and Applicable Rate."

"Treasury Index Rate" means the average yield to maturity for actively traded marketable U.S. Treasury fixed interest rate securities having the same number of 30-day periods to maturity as the length of the applicable Dividend Period, determined, to the extent necessary, by linear interpolation based upon the yield for such securities having the next shorter and next longer number of 30-day periods to maturity treating all Dividend Periods with a length greater than the longest maturity for such securities as having a length equal to such longest maturity, in all cases based upon data set forth in the most recent weekly statistical release published by the Board of Governors of the Federal Reserve System (currently in H.15 (519)); provided, however, if the most recent such statistical release shall not have been published during the 15 days preceding the date of computation, the foregoing computations shall be based upon the average of comparable data as quoted to the Fund by at least three recognized dealers in U.S. Government Obligations selected by the Fund. "U.S. Government Obligations" means direct obligations of the United States or by its agencies or instrumentalities that are entitled to the full faith and credit of the United States and that, other than United States Treasury Bills, provide for the periodic payment of interest and the full payment of principal at maturity or call for redemption. "Valuation Date" means the last Business Day of each week, or such other date as the Fund and Rating Agencies may agree to for purposes of determining the Series C Preferred Basic Maintenance Amount. "Winning Bid Rate" means the lowest rate specified in the Submitted Orders which, if (i) each Submitted Hold Order or Submitted Sell Order from Existing Holders specifying such lowest rate and all other Submitted Hold Orders or Submitted Sell Orders (as the case may be) from Existing Holders specifying lower rates were accepted and (ii) each Submitted Buy Order from Potential Holders specifying such lowest rate and all other Submitted Buy Orders from Potential Holders specifying lower rates were accepted, would result in the Existing Holders described in clause (i) above continuing to hold an aggregate number of Series C Preferred shares which, when added to the number of Series C Preferred shares to be purchased by the Potential Holders described in clause (ii) above and the number of Series C Preferred shares subject to Submitted Hold Orders, would be equal to the number of Series C Preferred shares. PART C OTHER INFORMATION Item 24. Financial Statements and Exhibits (1) Financial Statements: Financial Statements included in Part A

(Prospectus) of this Registration Statement and Amendment: (a) Financial Highlights for each of the years ended December 31, 1992-2001. Financial Statements included in Part B (Statement of Additional Information) of this Registration Statement and Amendment: (b) Portfolio of Investments, December 31, 2001(1) (c) Statement of Assets and Liabilities, December 31, 2001(1) (d) Statement of Operations for the year ended December 31, 2001(1) (e) Statement of Changes in Net Assets(1) (f) Notes to Financial Statements(1) (g) Report of Independent Accountants (2) (a) (1) Articles of Incorporation(2) (2)(A) Articles Supplementary relating to 7.25% Tax Advantaged Cumulative Preferred Stock(2) (B) Form of Articles of Amendment of The Gabelli Equity Trust Inc. relating to the 7.25% Tax Advantaged Cumulative Preferred Stock (3) (3) Articles Supplementary relating to 7.20% Tax Advantaged Series B Cumulative Preferred Stock(3) (4) Articles Supplementary relating to Series C Auction Rate Cumulative Preferred Stock(7) (b) Amended and Restated By-Laws as of May 16, 2001(3) (c) Not Applicable (d) Specimen Stock Certificate: Series C Auction Rate Cumulative Preferred Stock(7) (e) Automatic Dividend Reinvestment and Voluntary Cash Purchase Plan(2) (f) Not Applicable (g) Investment Advisory Agreement between the Fund and Gabelli Funds LLC(4) (h) Form of Underwriting Agreement(8) (i) Not Applicable (j) Custodial Contract between the Fund and Boston Safe Deposit and Trust Company(2) (k) (1) Registrar, Transfer Agency and Service Agreement between the Fund and State Street Bank and Trust Company(4) (2) Transfer Agent and Registrar Services Fee Agreement between the Fund and State Street Bank and Trust Company(4) (3) Auction Agency Agreement(8) (4) Form of Broker-Dealer Agreement(8) (5) Form of DTC Agreement(7) (l) Opinion and Consent of Counsel(8) (m) Not

Applicable (n) Consent of PricewaterhouseCoopers LLP(7) (o) Not Applicable (p) Not Applicable (q) Not Applicable (r) Code of Ethics(5) (s) Power of Attorney(6) ----------------------- (1) Incorporated by reference from Registrant's Annual Report for the year ended December 31, 2001, File No. 811-04700, as filed with the Securities and Exchange Commission on March 8, 2002 (EDGAR Accession No. 0000935069-02-000275). (2) Incorporated by reference from the Registrant's Pre-Effective Amendment No. 2 to the Fund's Registration Statement on Form N-2 Nos. 333-45951 and 811-4700; as filed with the Securities and Exchange Commission on February 10, 1998 (EDGAR Accession No. 0000950123-99-003497). (3) Incorporated by reference from the Registrant's Pre-Effective Amendment No. 1 to the Fund's Registration Statement on Form N-2 Nos. 333-47012 and 811-4700; as filed with the Securities and Exchange Commission on June 11, 2001 (EDGAR Accession No. 0000950172-01-500365). (4) Incorporated by reference from the Registrant's Pre-Effective Amendment No. 1 to the Fund's Registration Statement on Form N-2, File Nos. 333-62323 and 811-4700, as filed with the Securities and Exchange Commission on October 13, 1995 (EDGAR Accession No. 0000950123-95-002829). (5) Incorporated by reference from Registrant's Pre-Effective Amendment No. 2 to the Fund's Registration Statement on Form N-2, File Nos. 333-47012 and 811-4700; as filed with the Securities and Exchange Commission on December 12, 2000 (EDGAR Accession No. 0000950123-00-011158). (6) Incorporated by reference from Registrant's Pre-Effective Amendment No. 1 to the Fund's Registration Statement on Form N-2, File Nos. 333-86554 and 811-4700; as filed with the Securities and Exchange Commission on June 4, 2002 (EDGAR Accession No.

0000950172-02-001205). (7) Filed herewith. (8) To be filed by supplement. Item 25. Marketing Arrangements See Exhibit 2(h) to this registration statement. Item 26. Other Expenses of Issuance and Distribution The following table sets forth the estimated expenses to be incurred in connection with the offering described in this Registration Statement: Securities and Exchange Commission Registration fees.... $ [__]* New York Stock Exchange listing fee..................... $ 0 Moody's rating fee..................................... $ [__]* S&P rating fee... $ [__]* Printing and engraving expenses........................ $ [__]* Auditing fees and expenses............................. $ [__]* Legal fees and expenses................................ $ [__]* Blue Sky fees and expenses............................. $ [__]* Miscellaneous.. $ 0 Total.. $ [__]* ======== --------- * To be furnished by amendment. Item 27. Persons Controlled by or Under Common Control with Registrant One or more of the directors of Registrant are also directors or trustees of one or more of the following registered investment companies: The Gabelli Asset Fund, The Gabelli Growth Fund and The Gabelli Westwood Funds, each a Massachusetts Business Trust, The Gabelli Money Market Funds and The Gabelli Utility Trust, each a Delaware Business Trust, The Gabelli Global Multimedia Trust Inc., The Gabelli Value Fund Inc., The Gabelli Investor Funds, Inc., Gabelli Capital Series Funds, Inc., The Gabelli Global Series Funds, Inc., The Gabelli Convertible Securities Fund, Inc., Gabelli International Growth Fund, Inc., Gabelli Gold Fund, Inc. and Gabelli Equity Series Funds, Inc., each a Maryland corporation. Registrant disclaims that it is under common control with any of such other entities. Item 28. Number of Holders of Securities as of May 31, 2002 Number of Title of Class Record Holders Common

Stock, par value $.001 per share.......... 12,841 7.25% Tax Advantaged Cumulative Preferred Stock, par value $.001 per share..... 65 7.20% Tax Advantaged Series B Cumulative Preferred Stock, par value $.001 per share..... 28 Item 29. Indemnification The response of this Item is incorporated by reference to the caption "Capital Stock - Limitation of Officers' and Directors' Liability" set forth in the Prospectus. Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Securities Act"), may be permitted to the directors, officers and controlling persons of the Fund, pursuant to the foregoing provisions or otherwise, the Fund has been advised that in the opinion of the Securities Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities under the Securities Act (other than payment by the Fund of expenses incurred or paid by a director, officer or controlling person of the Fund in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Fund will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue. Item 30. Business and Other Connections of the Investment Adviser Registrant is fulfilling the requirement of this Item 30 to provide a list of the officers and directors of its investment adviser, together with information as to any other business, profession, vocation or employment of a substantial nature engaged in by that entity or those of its officers and directors during the past two years, by incorporating by reference the information contained in the Form ADV filed with the Securities and Exchange Commission pursuant to the Investment Advisers Act of 1940 by Gabelli Funds, LLC (SEC File No. 333-42780). Item 31. Location of Accounts and Records Gabelli Funds, LLC One Corporate Center Rye, New York 10580-1422 (with respect to its services as Investment Adviser and administrator) Equiserve Trust Company 150 Royall Street Canton, Massachusetts 02021 (with respect to its services as transfer agent and registrar) Boston Safe Deposit and Trust Company One Boston Place Boston, Massachusetts 02108 (with respect to its services as custodian) PFPC, Inc. 101 Federal Street Boston, Massachusetts 02110 (with respect to its services as sub-Administrator) Item 32. Management Services Not applicable. Item 33. Undertakings 1. Registrant undertakes to suspend the offering of shares until the Prospectus is amended, if subsequent to the effective date of this registration statement, its net asset value declines more than ten percent from its net asset value, as of the effective date of the registration statement or its net asset value increases to an amount greater than its net proceeds as stated in the Prospectus. 2. Not applicable. 3. Not applicable. 4. Not applicable. 5. Registrant undertakes that, for the purpose of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of the Registration Statement in reliance upon Rule 430A and contained in the form of prospectus filed by the Registrant pursuant to Rule 497(h) will be deemed to be a part of the Registration Statement as of the time it was declared effective. Registrant undertakes that, for the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus will be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time will be deemed to be the initial bona fide offering thereof. 6. Registrant undertakes to send by first class mail or other means designed to ensure equally prompt delivery, within two Business Days of receipt of a written or oral request, any SAI constituting Part B of this Registration Statement. SIGNATURES Pursuant to the requirements of the Securities Act of 1933 and Investment Company Act of 1940, the Registrant has duly caused this amendment to its Registration Statement to be signed on its behalf by the undersigned, thereto duly authorized, in the City of Rye, State of New York on the 18th day of June, 2002. THE GABELLI EQUITY TRUST INC. By: /s/ Bruce N. Alpert -------------------------------- Bruce N. Alpert Principal Executive Officer Pursuant to the requirements of the Securities Act of 1933 this amendment to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated. Name Title Date * Chairman of the Board, June 18, 2002 -------------------------------------- President & Chief Mario J. Gabelli Investment Officer * Director June 18, 2002 -------------------------------------- Dr. Thomas E. Bratter * Director June 18, 2002 -------------------------------------- Anthony J. Colavita * Director June 18, 2002 -------------------------------------- James P. Conn * Director June 18, 2002 -------------------------------------- Frank J. Fahrenkopf, Jr. * Director June 18, 2002 -------------------------------------- Arthur V. Ferrara * Director June __, 2002 -------------------------------------- Karl Otto Pohl * Director June 18, 2002 -------------------------------------- Anthony R. Pustorino * Director June 18, 2002 -------------------------------------- Salvatore J. Zizza /s/ Bruce N. Alpert Vice President & June 18, 2002 ------------------------------------ Treasurer Bruce N. Alpert /s/ Bruce N. Alpert June 18, 2002 ------------------------------------ Bruce N. Alpert as attorney in fact *

Pursuant to a Power of Attorney incorporated by reference as Exhibit S hereto SCHEDULE OF EXHIBITS TO FORM N-2 Exhibit Number Exhibit Exhibit A (1) Articles of Incorporation* (2)(A) Articles Supplementary relating to 7.25% Tax Advantaged Cumulative Preferred Stock* (B) Form of Articles of Amendment of The Gabelli Equity Trust Inc. relating to the 7.25% Tax Advantaged Cumulative Preferred Stock* (3) Articles Supplementary relating to 7.20% Tax Advantaged Series B Cumulative Preferred Stock* (4) Articles Supplementary relating to Series C Auction Rate Cumulative Preferred Stock Exhibit B Amended and Restated By-Laws as of May 16, 2001* Exhibit C Not Applicable Exhibit D Specimen Stock Certificate, Series C Auction Rate Cumulative Preferred Stock Exhibit E Automatic Dividend Reinvestment and Voluntary Cash Purchase Plan* Exhibit F Not Applicable Exhibit G Investment Advisory Agreement* Exhibit H Form of Underwriting Agreement** Exhibit I Not Applicable Exhibit J Custodian Agreement* Exhibit K (1) Registrar, Transfer Agency and Service Agreement between the Fund and State Street Bank and Trust Company* (2) Transfer Agent and Registrar Services Fee Agreement between the Fund and State Street Bank and Trust Company* (3) Auction Agency Agreement** (4) Form of Broker-Dealer Agreement** (5) Form of DTC Agreement Exhibit L Opinion and Consent of Counsel** Exhibit M Not Applicable Exhibit N Consent of PricewaterhouseCoopers LLP Exhibit O Not Applicable Exhibit P Not Applicable Exhibit Q Not Applicable Exhibit R Code of Ethics* Exhibit S Power of Attorney* -------------------------- * Previously filed and incorporated by reference. ** To be filed by supplement.