

# TRUEBLUE, INC.

## FORM 8-K (Current report filing)

Filed 10/01/13 for the Period Ending 09/30/13

Address	1015 A STREET TACOMA, WA 98402
Telephone	253-383-9101
CIK	0000768899
Symbol	TBI
SIC Code	7363 - Help Supply Services
Industry	Business Services
Sector	Services
Fiscal Year	12/31

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 8-K**

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**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**Date of report (Date of earliest event reported): September 30, 2013**

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**TRUEBLUE, INC.**

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**(Exact Name of Registrant as Specified in Its Charter)**

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**Washington  
(State or Other Jurisdiction of Incorporation)**

**001-14543  
(Commission File Number)**

**91-1287341  
(IRS Employer Identification No.)**

**1015 A Street, Tacoma, Washington  
(Address of Principal Executive Offices)**

**98402  
(Zip Code)**

**(253) 383-9101  
(Registrant's Telephone Number, Including Area Code)**

**Not Applicable  
(Former Name or Former Address, if Changed Since Last Report)**

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions ( *see* General Instruction A.2. below):

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- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 8.01. Other Events**

On September 30, 2013, a wholly-owned subsidiary (the “**Purchaser**”) of TrueBlue, Inc. (the “**Company**”) entered into an Asset Purchase Agreement (the “**Purchase Agreement**”) with The Work Connection, Inc., a Minnesota corporation, and certain of its affiliates (collectively, the “**Sellers**”), whereby the Company acquired substantially all of their assets.

The Sellers collectively do business as the “The Work Connection,” a light industrial staffing provider founded in 1986 with 37 branches located predominantly in the Midwest.

The purchase price for the assets was approximately (a) \$19.9 million in cash, and (b) the assumption of certain liabilities. The Purchase Agreement further provides for payment by the Purchaser of certain working capital adjustments of approximately \$3.6 million, subject to a post-closing adjustment, and also contains customary terms and conditions contained in agreements of this type, including representations and warranties by both parties; non-compete and non-solicitation covenants against the Sellers; and customary and reciprocal indemnification provisions.

On September 30, 2013, the Company issued a press release announcing the transaction, which is included as Exhibit 99.1 to this Form 8 -K.

Attached as Exhibit 99.2 to this Form 8-K is a slide presentation relating to The Work Connection acquisition.

**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits**

99.1 Press Release of the Company dated September 30, 2013

99.2 Slide Presentation relating to The Work Connection acquisition

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## SIGNATURES

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

TRUEBLUE, INC.  
(Registrant)

Date: October 1, 2013

By: /s/ DERREK L. GAFFORD

Derrek L. Gafford  
Chief Financial Officer and Executive Vice President

**TrueBlue Acquires The Work Connection  
Strategic Growth Opportunity Expands Light Industrial Business**

**TACOMA, WA. – Sept. 30, 2013** – TrueBlue, Inc. (NYSE: TBI) announced today it has acquired substantially all of the assets of The Work Connection (TWC), a light industrial staffing provider founded in 1986 with 37 branches located predominately in the Midwest.

TrueBlue CEO Steve Cooper said that TWC's operations will be merged with those of Spartan Staffing during the fourth quarter of this year to expand TrueBlue's light industrial service line, adding that it's a good fit because both companies share a commitment to service, they serve many of the same industries and there is minimal overlap in offices.

"We are excited about the addition of TWC's talented employees and expertise to TrueBlue," said Cooper. Cooper also noted that TWC Co-Founder Jeffrey Z. Wold will join TrueBlue as part of the management team.

"TWC has a successful track record of delivering specialized staffing solutions to customers for more than 25 years," Cooper said. "Light industrial staffing is a core part of our business. This acquisition strategically expands our presence in several key markets and allows us to better serve current customers and attract new ones."

Cooper expects long-term growth for the blue-collar staffing industry and said TrueBlue will continue to expand through a combination of acquisitions and growth from existing service lines.

"Our strong balance sheet puts us in position to acquire other quality companies," he said. "We will continue to look for opportunities that will expand our geographic reach and enhance our ability to serve customers' needs."

The acquisition of TWC is expected to contribute an additional \$90 million in revenue in 2014. The base purchase price for TWC was approximately \$20 million, paid in cash. An additional amount was paid to reimburse the Seller for certain working capital adjustments. The transaction was completed today.

**About TrueBlue**

TrueBlue, Inc. is a leading provider of blue-collar staffing. In 2012, TrueBlue connected approximately 350,000 people to work through the following brands: Labor Ready, Spartan Staffing, CLP Resources, PlaneTechs, and Centerline, and served approximately 140,000 businesses in the retail, service, wholesale, manufacturing, transportation, aviation, and construction industries. TrueBlue, Inc. is headquartered in Tacoma, Wash. For more information, visit TrueBlue's website at [www.trueblue.com](http://www.trueblue.com).

**Forward-looking Statements**

This document contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "may," "will," "should," "expects," "intends," "projects," "plans," "believes," "estimates," "targets," "anticipates," and similar expressions are used to identify these forward-looking statements. Examples of forward-looking statements include statements relating to our future financial condition and operating results, as well as any other statement that does not directly relate to any historical or current fact. Forward-looking statements are based on our current expectations and assumptions, which

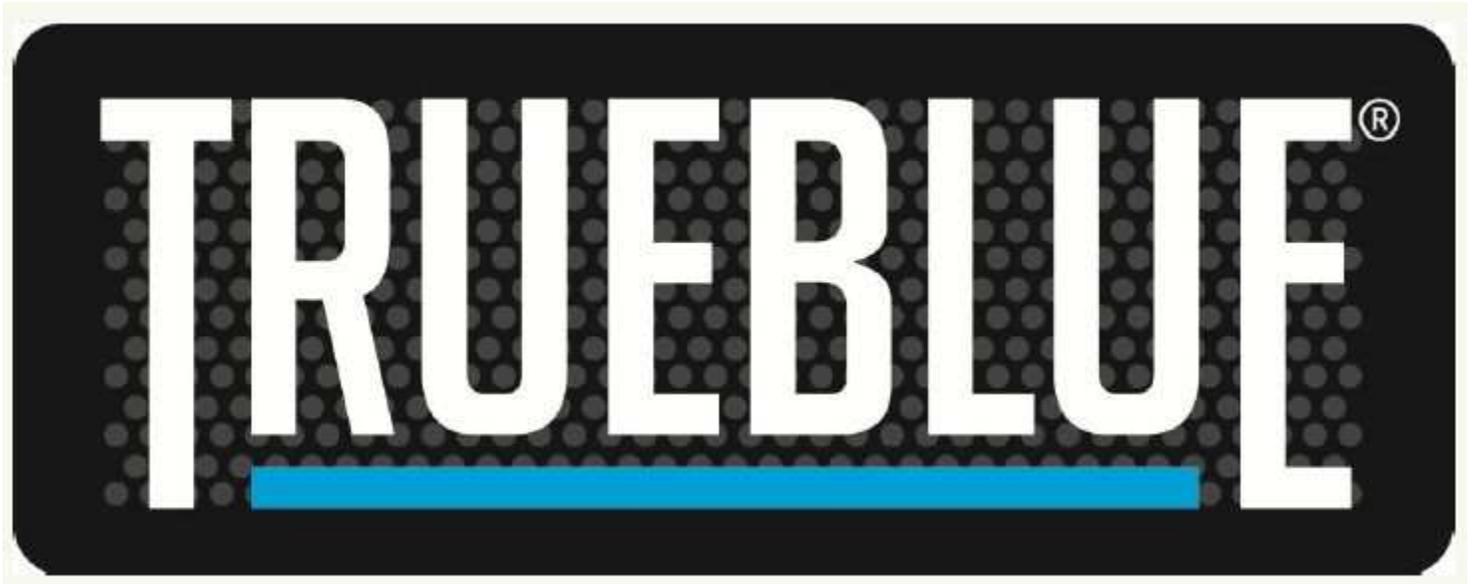
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may not prove to be accurate. These statements are not guarantees and are subject to risks, uncertainties, and changes in circumstances that are difficult to predict. Many factors could cause actual results to differ materially and adversely from these forward-looking statements, such as our ability to successfully complete and integrate The Work Connection and other acquisitions that we may make from time to time. Other examples of such factors can be found in our reports filed with the SEC, including the information under the heading 'Risk Factors' in our Annual Report on Form 10-K for the fiscal year ended Dec. 28, 2012 and in our quarterly reports on Form 10-Q subsequently filed. Any forward-looking statement speaks only as of the date on which it is made, and we assume no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise, except as required by law.

#### Contacts

Derrek Gafford, EVP & CFO  
253-680-8214

Stacey Burke, VP of Corporate Communications  
253-680-8291



## The Work Connection Acquisition



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## FORWARD-LOOKING STATEMENTS

Certain statements made by us in this presentation that are not historical facts or that relate to future plans, events or performances are forward-looking statements that reflect management's current outlook for future periods, including statements regarding future financial performance. These forward-looking statements are based upon our current expectations, and our actual results may differ materially from those described or contemplated in the forward—looking statements. Factors that may cause our actual results to differ materially from those contained in the forward-looking statements, include without limitation the following: 1) national and global economic conditions, including the impact of changes in national and global credit markets and other changes on our customers; 2) our ability to continue to attract and retain customers and maintain profit margins in the face of new and existing competition; 3) new laws and regulations that could have a materially adverse effect on our operations and financial results; 4) significant labor disturbances which could disrupt industries we serve; 5) increased costs and collateral requirements in connection with our insurance obligations, including workers' compensation insurance; 6) the adequacy of our financial reserves; 7) our continuing ability to comply with financial covenants in our lines of credit and other financing agreements; 8) our ability to attract and retain competent employees in key positions or to find temporary employees to fulfill the needs of our customers; 9) our ability to successfully complete and integrate acquisitions that we may make from time to time; and 10) other risks described in our filings with the Securities and Exchange Commission, including our most recent Form 10-K and Form 10-Q filings.

### **Use of estimates and forecasts:**

Any references made to 2013 and 2014 are included for informational purposes only and are not an update or reaffirmation. Any other reference to future financial estimates are included for informational purposes only and subject to factors discussed in our 10-K and 10-Q filings.



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## THE WORK CONNECTION – BUSINESS OVERVIEW

- \$90 million of go-forward annual revenue
- 37 branches operating in nine states
- Strongest presence in the Midwest
- Diversified client base
- Similar to Spartan Staffing, TrueBlue's light industrial service line



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## STRATEGIC BENEFITS

- Market share growth in core blue-collar staffing business
- Increased range and reach in light industrial staffing business
- Geographic expansion contiguous to Spartan footprint
- Attractive purchase price at 4 X EBITDA\*
- Addition of new talent with strong industry experience
- Excellent cultural fit

\* Based on 2014 estimate. See Operating Income to EBITDA Reconciliation slide.



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## INTEGRATION PLANS

- The Work Connection to be merged into Spartan service line
- Integration will be substantially complete by the end of 2013
- Minimal branch consolidations



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## DEAL SUMMARY

- Purchase Price: \$20 Million
- Additional Consideration: Working Capital Adjustments
- Structure: Asset Purchase  
\$5 Million Tax Asset



## FINANCIAL EXPECTATIONS

In millions

	<u>Q4 2013</u>	<u>2014</u>
Revenue	\$20.0	\$90.0
Adjusted EBITDA*	\$ 1.0	\$ 5.0
Non-recurring Acquisition Costs	\$ 0.5	\$ 0.5

\* Adjusted EBITDA is a non-GAAP financial measure which excludes depreciation and amortization from income from operations. Adjusted EBITDA is a key measure used by management in evaluating performance. Adjusted EBITDA should not be considered a measure of financial performance in isolation or as an alternative to operating income (loss) in the Statement of Operations in accordance with GAAP, and, as presented, may not be comparable to similarly titled measures of other companies. See next slide for a reconciliation of operating income (loss) to Adjusted EBITDA.



## THE WORK CONNECTION OPERATING INCOME TO EBITDA RECONCILIATION

In millions	<u>Q4 2013</u>	<u>2014</u>
Income from Operations	\$0.2	\$3.3
Depreciation & Amortization	<u>\$0.3</u>	<u>\$1.2</u>
EBITDA*	\$0.5	\$4.5
Non-recurring Costs	<u>\$0.5</u>	<u>\$0.5</u>
Adjusted EBITDA*	\$1.0	\$5.0

\*EBITDA and Adjusted EBITDA are non-GAAP financial measure which excludes depreciation and amortization from income from operations. EBITDA and Adjusted EBITDA are key measures used by management in evaluating performance. EBITDA and Adjusted EBITDA should not be considered a measure of financial performance in isolation or as an alternative to operating income (loss) in the Statement of Operations in accordance with GAAP, and, as presented, may not be comparable to similarly titled measures of other companies.

