

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event Reported): April 15, 2020

**HEICO CORPORATION**

(Exact name of registrant as specified in its charter)

**Florida**

(State or Other Jurisdiction of Incorporation)

**001-04604**

(Commission File Number)

**65-0341002**

(I.R.S. Employer Identification Number)

**3000 Taft Street, Hollywood, Florida 33021**

(Address of Principal Executive Offices) (Zip Code)

**(954) 987-4000**

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ 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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
<b>Common Stock, \$.01 par value per share</b>	<b>HEI</b>	<b>New York Stock Exchange</b>
<b>Class A Common Stock, \$.01 par value per share</b>	<b>HEIA</b>	<b>New York Stock Exchange</b>

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

**Item 2.02. Results of Operations and Financial Condition.**

On April 15, 2020, HEICO Corporation (the “Company”) issued a press release announcing the withdrawal of its 2020 financial guidance due to the COVID-19 crisis (the “Crisis”). The Company also announced certain other actions the Company has taken and intends to take in response to the economic uncertainty resulting from the Crisis. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information furnished pursuant to this Item 2.02, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

**Item 5.02. Departure of Directors or Certain Officers; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On April 15, 2020, the Company announced certain cost reduction efforts in light of the Crisis and the related impact on its business. As such, the following executive officers have reduced their salary by 20%, on a temporary basis during the Crisis.

<b><u>Name</u></b>	<b><u>Position</u></b>
Laurans A. Mendelson	Chairman of the Board; Chief Executive Officer; and Director
Eric. A. Mendelson	Co-President and Director; President and Chief Executive Officer of the HEICO Flight Support Group
Victor H. Mendelson	Co-President and Director; President and Chief Executive Officer of the HEICO Electronic Technologies Group
Thomas S. Irwin	Senior Executive Vice President
Carlos L. Macau, Jr.	Executive Vice President - Chief Financial Officer and Treasurer
Steven M. Walker	Chief Accounting Officer and Assistant Treasurer

In addition, the Company’s Board of Directors reduced their compensation by 20%, on a temporary basis during the Crisis.

## **Item 8.01. Other Events.**

In addition, this report is being filed to supplement the risk factors described in Item 1A. Risk Factors of the Company's Annual Report on Form 10-K for the year ended October 31, 2019.

### **The Company is subject to risks arising from the recent COVID-19 crisis (the "Crisis").**

The recent Crisis has spread across the globe and is impacting worldwide economic activity. A pandemic, including COVID-19 or other public health epidemic, poses the risk that HEICO or its employees, customers, suppliers, manufacturers and other commercial partners may be prevented from conducting business activities for an indefinite period of time, including due to the spread of the disease or shutdowns requested or mandated by governmental authorities. While it is not possible at this time to estimate the full impact that the Crisis could have on HEICO's business, the continued spread of COVID-19 could disrupt its customers' businesses, supply chain and the manufacture or shipment of its products, and its other activities, which could have a material adverse effect on its business, financial condition and results of operations.

### **Cautionary Statement Regarding Forward-Looking Statements.**

Certain statements in this Current Report on Form 8-K constitute forward-looking statements, which are subject to risks, uncertainties and contingencies. HEICO's actual results may differ materially from those expressed in or implied by those forward-looking statements as a result of factors including: the severity, magnitude and duration of the Crisis; HEICO's liquidity and the amount and timing of cash generation; the continued decline in commercial air travel caused by the Crisis, airline fleet changes or airline purchasing decisions, which could cause lower demand for our goods and services; product specification costs and requirements, which could cause an increase to our costs to complete contracts; governmental and regulatory demands, export policies and restrictions, reductions in defense, space or homeland security spending by U.S. and/or foreign customers or competition from existing and new competitors, which could reduce our sales; our ability to introduce new products and services at profitable pricing levels, which could reduce our sales or sales growth; product development or manufacturing difficulties, which could increase our product development and manufacturing costs and delay sales; our ability to make acquisitions and achieve operating synergies from acquired businesses; customer credit risk; interest, foreign currency exchange and income tax rates; economic conditions within and outside of the aviation, defense, space, medical, telecommunications and electronics industries, which could negatively impact our costs and revenues; and defense spending or budget cuts, which could reduce our defense-related revenue. Parties receiving this material are encouraged to review all of HEICO's filings with the Securities and Exchange Commission, including, but not limited to filings on Form 10-K, Form 10-Q and Form 8-K. HEICO undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except to the extent required by applicable law.

**Item 9.01. Financial Statements and Exhibits.****(d) Exhibits**

<b><u>Exhibit</u></b>	<b><u>Description</u></b>
99.1	<a href="#">Press release dated April 15, 2020</a>
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

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**SIGNATURE**

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

HEICO CORPORATION

Date: April 15, 2020

By: /s/ CARLOS L. MACAU, JR.

Carlos L. Macau, Jr.

Executive Vice President - Chief Financial  
Officer and Treasurer

April 15, 2020

Victor H. Mendelson (305) 374-1745 ext. 7590

Carlos L. Macau, Jr. (954) 987-4000 ext. 7570

## **HEICO CORPORATION PROVIDES COVID-19 VIEWS AND OUTLOOK UPDATE**

### ***Will focus on Historical Strengths, Product Development and Team Members***

Hollywood, FL -- HEICO Corporation (NYSE: HEI.A and HEI) today provided an update on its views of the COVID-19 crisis (the "Crisis"), actions the Company is taking to address the Crisis and its thoughts on the Company's outlook consistent with a request issued by the Securities and Exchange Commission's Chairman and the Director of its Division of Corporate Finance to all listed companies last week. Laurans A. Mendelson, HEICO's Chairman & Chief Executive Officer, along with Company Co-Presidents, Eric A. Mendelson and Victor H. Mendelson, made the following comments:

"First, we are deeply grateful to our remarkable Team Members for their continued extraordinary dedication. We are truly blessed to continue to have the finest and most talented people at all of our businesses. Given that our Team Members are HEICO's most important facet, we are not following the mass-layoff practices adopted by many other companies. Instead, our companies continually evaluate their outlooks and needs on an individual basis, adjusting their work requirements as appropriate. Unfortunately, this led to some layoffs, temporary reduced work hours and temporary pay reductions at subsidiaries negatively impacted by the dramatic decline in commercial air travel. We know it is a difficult time for many Team Members and deeply regret the instances that forced us to take such actions. Just five short weeks ago, we were doing the opposite and look forward to being able to do that again.

Believing that sacrifice should be shared, we asked our corporate staff to absorb temporary pay reductions, which they willingly accepted. The three of us, along with Carlos L. Macau, Jr., our Executive Vice President and Chief Financial Officer, Thomas S. Irwin, our Senior Executive Vice President, and Joseph W. Pallot, our General Counsel, will be taking a 20% salary reduction. Further, all members of our Board of Directors will reduce their compensation by the same percentage.

HEICO's Team Members are the key to our business, which means our Team Members' health and safety is paramount. Nearly all of our approximately 70 facilities remain in operation, as they are deemed "essential businesses" by governmental entities because they produce products-usually of a defense and/or medical nature -- even if some are operating at greatly reduced levels or with much less business. As our Team Members,

customers and investors know, HEICO operates in a very decentralized and entrepreneurial method so that each of our facilities is a relatively small and close-knit operation whereby facility management knows the entire team well and the operation is very much like a family. They are able to undertake customized actions designed to maximize health and safety much better than a single approach dictated from the Company's headquarters.

HEICO's corporate staff has assisted our subsidiaries in obtaining personal protective equipment, cleaning supplies and other gear, and has assisted our subsidiaries in exchanging useful practices information through daily and weekly conference calls, and other methods. Further, our corporate human resources and legal staff has provided non-stop guidance to our subsidiaries on the myriad ways to help our Team Members and on legislative changes (including federal, state and local rules).

With HEICO's support, our subsidiaries implemented varying health and safety measures at their facilities, including: requiring face mask use; requiring glove use; requiring hand sanitizer and sanitizing wipe use; increasing work station distances; staggering work shifts; rotating work shifts to varying weeks; increasing work-from-home capabilities and having all people who can work remotely do so; restricting access to various facility areas to certain Team Members only; prohibiting non-Team Member access to facilities; closing break rooms; removing internal doors; increased facility sanitizing; Team Member temperature taking; prohibiting attendance when displaying any signs of illness; and various other steps.

With respect to our sales and income, half of HEICO's revenue is derived from Defense, Space, Medical and other high-end electronic and industrial markets. That half of HEICO's business has not been fundamentally impacted by the Crisis and business remains materially consistent with pre-crisis expectations. However, we do experience, and expect to continue experiencing, periodic operational disruptions resulting from supply chain disturbances, staffing challenges, temporary facility closures, transportation interruptions and other conditions which slow production or increase costs. While these issues have not yet been material, it is impossible to predict their future impact and our current experience indicates the likely effect will be to delay orders and shipments measured in weeks and months, and to temporarily increase some costs, as opposed to profoundly changing our business overall.

For example, we believe many of our defense and medical component design, manufacturing and supply operations are crucial suppliers to markets with continuing strong needs, and have been so advised in writing by customers, including the United States Department of Defense. While it has not had a material impact on our consolidated revenues, demand for our components used in medical equipment, such as ventilators, x-ray systems, sterilization equipment and personal protective equipment, has increased.

The other half of our sales are derived from commercial aviation products and services. It is well known that commercial air travel suffered a global dramatic decline in March 2020 and most people expect that to last until either the virus materially ceases to be a factor in daily life or until a medical solution to the virus occurs, which could be simultaneously. We share those views. Once that occurs-- and we don't know when that will be-- we believe that, based on prior travel downturns and a sensible view of human behavior, commercial air travel will resume within a reasonable time at a rate comparable to prior to the Crisis.

As much of HEICO's commercial aviation revenue is derived from sales of products and services which save aircraft operators, like airlines, significant costs compared to their alternatives, we believe our commercial aviation aftermarket revenues will recover faster than the overall market because aircraft operators will need to avail themselves of our cost-saving solutions and because of our robust product development programs.

We have managed through three other major commercial aviation downturns, though this is the deepest one. In prior downturns, we continued our aircraft replacement parts product development activities in order to offer our customers greater savings opportunities during the downturn and afterward. This strategy successfully provided us with a robust growth rate in the recovery and we plan to follow the same strategy in this downturn.

In our last earnings press release issued on February 25, 2020, we provided sales and earnings estimates for fiscal 2020, but noted that it excluded any impact from the Crisis, as it was at such an early stage. Given developments over the past few weeks, we, like many other public companies, feel it is impossible to predict with precision our sales and income for the balance of this fiscal year and, therefore, withdraw our fiscal year 2020 guidance. We will provide an update on our views with our next earnings report for this year's second quarter, ending on April 30, 2020.

As disclosed in our last Form 10-Q filed on February 27, 2020, HEICO entered the Crisis with a strong cash position, low-debt to trailing-twelve-month EBITDA ratio and strong liquidity. The Company has continued to generate cash and remains focused on cash generation, though no assurance can be given about continued levels of cash generation. Paying our Team Members and other partners, including our vendors, on a timely basis remains a HEICO hallmark. In addition, we will continue to seek and make acquisitions as appropriate to ensure HEICO's strength and growth.

HEICO remains committed to serving its customers, its Team Members, partners and shareholders. We are grateful for your continued support and to your help in resuming HEICO's growth."



HEICO Corporation is engaged primarily in the design, production, servicing and distribution of products and services to certain niche segments of the aviation, defense, space, medical, telecommunications and electronics industries through its Hollywood, Florida-based Flight Support Group and its Miami, Florida-based Electronic Technologies Group. HEICO's customers include a majority of the world's airlines and overhaul shops, as well as numerous defense and space contractors and military agencies worldwide, in addition to medical, telecommunications and electronics equipment manufacturers. For more information about HEICO, please visit our website at <http://www.heico.com>.

Certain statements in this press release constitute forward-looking statements, which are subject to risks, uncertainties and contingencies. HEICO's actual results may differ materially from those expressed in or implied by those forward-looking statements as a result of factors including: the severity, magnitude and duration of the Crisis; HEICO's liquidity and the amount and timing of cash generation; the continued decline in commercial air travel caused by the Crisis, airline fleet changes or airline purchasing decisions, which could cause lower demand for our goods and services; product specification costs and requirements, which could cause an increase to our costs to complete contracts; governmental and regulatory demands, export policies and restrictions, reductions in defense, space or homeland security spending by U.S. and/or foreign customers or competition from existing and new competitors, which could reduce our sales; our ability to introduce new products and services at profitable pricing levels, which could reduce our sales or sales growth; product development or manufacturing difficulties, which could increase our product development and manufacturing costs and delay sales; our ability to make acquisitions and achieve operating synergies from acquired businesses; customer credit risk; interest, foreign currency exchange and income tax rates; economic conditions within and outside of the aviation, defense, space, medical, telecommunications and electronics industries, which could negatively impact our costs and revenues; and defense spending or budget cuts, which could reduce our defense-related revenue. Parties receiving this material are encouraged to review all of HEICO's filings with the Securities and Exchange Commission, including, but not limited to filings on Form 10-K, Form 10-Q and Form 8-K. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except to the extent required by applicable law.