
**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) August 10, 2017



U.S. AUTO PARTS NETWORK, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-33264
(Commission
File Number)

68-0623433
(IRS Employer
Identification No.)

16941 Keegan Avenue, Carson, CA 90746
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (310) 735-0085

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

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

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

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

Emerging growth company

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

Item 7.01. Regulation FD Disclosure.

On August 10, 2017, at the Canaccord Genuity 37th Annual Growth Conference in Boston, Massachusetts, U.S. Auto Parts

Network, Inc. (the “Company”) will be presenting and meeting with certain analysts, investors and others in one-on-one meetings regarding the Company. The information to be disclosed during these meetings is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information contained in Item 7.01 and in Item 9.01 and in Exhibit 99.1 attached to this report is being furnished to the Securities and Exchange Commission and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that Section, or incorporated by reference in any filing under the Exchange Act or the Securities Act of 1933, as amended, regardless of any general incorporation language contained in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 99.1 | Presentation of U.S. Auto Parts Network, Inc. |

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.

Dated: August 10, 2017

U.S. AUTO PARTS NETWORK, INC.

By: /s/ NEIL WATANABE
Neil Watanabe
Chief Financial Officer

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 99.1 | Presentation of U.S. Auto Parts Network, Inc. |

NASDAQ: PRTS

USAUTOPARTS

Investor Presentation

August 2017



This presentation contains “forward-looking” statements, within the meaning of the federal securities laws, that are based on our management’s beliefs and assumptions and on information currently available to management. Forward-looking statements include information concerning our possible or assumed future results of operations, expected growth and business strategies, key operating metrics, financing plans, competitive position, industry environment, potential product offerings, potential market and growth opportunities and the effects of competition.

Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “anticipates,” “believes,” “could,” “seeks,” “estimates,” “intends,” “may,” “plans,” “potential,” “predicts,” “projects,” “should,” “will,” “would” or similar expressions and the negatives of those terms. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements represent our management’s beliefs and assumptions only as of the date of this presentation. These statements do not guarantee future performance and speak only as of the date hereof, and qualify for the safe harbor provided by Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933. We refer all of you to the disclosures contained in the U.S. Auto Parts Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the Securities and Exchange Commission, including the risk factors set forth therein, for more detailed discussion on the factors that can cause actual results to differ materially from those projected in any forward-looking statements. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

This presentation includes certain non-GAAP financial measures as defined by SEC rules. We have provided a reconciliation of those measures to the most directly comparable GAAP measures in this presentation, where applicable, as well as in the appendix to this presentation.

All financial measures in this presentation refer solely to the Company’s core auto parts operating segment (“Base USAP”) and exclude the AutoMD operating segment (“AutoMD”), an online automotive repair information source which was classified as discontinued operations in March 2017, unless otherwise specified on a consolidated basis.

Company Overview



- ▶ **US Auto Parts is a leading pure-play internet retailer of aftermarket auto parts**
- ▶ **We operate online sites, marketplaces and wholesale channels** focused on the do-it-yourself (DIY) customer
- ▶ **Offer over 1 million SKUs** of high quality private label and branded aftermarket products
- ▶ **Reach over 8 million online customers** per month through our well-established network of websites

*A Value Leader in
Aftermarket Auto Parts*



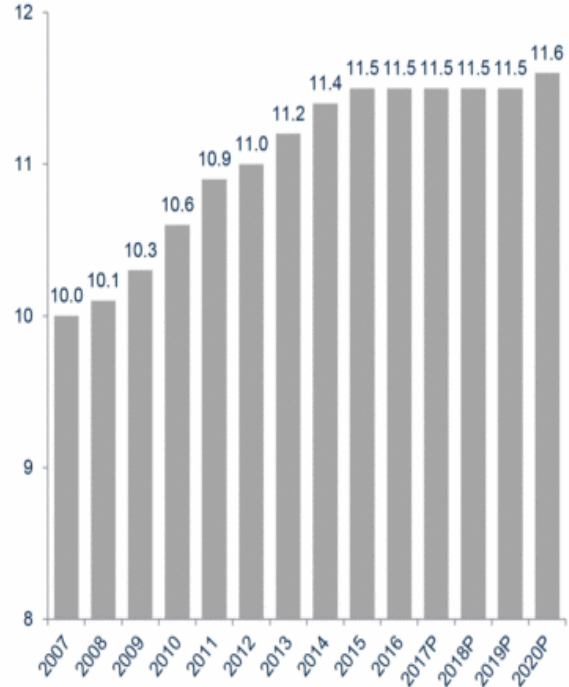
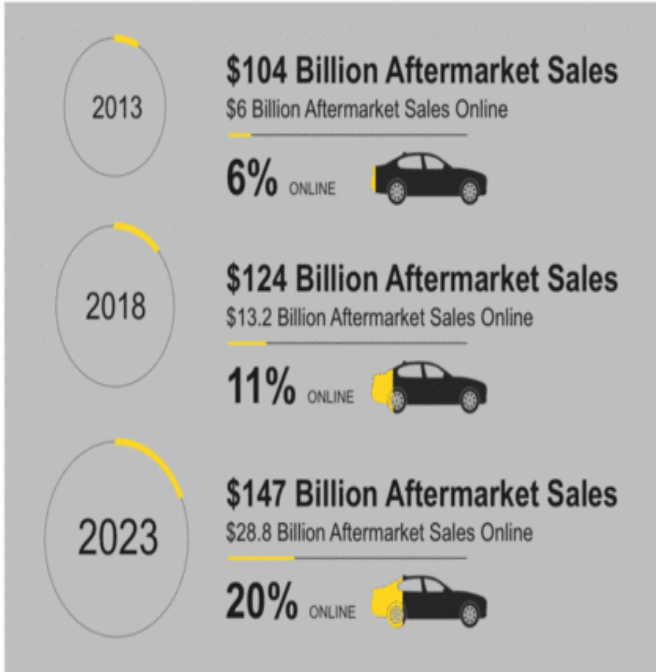
AUTO PARTS
WAREHOUSE



Aftermarket Auto Parts Sales Benefits From Macro Trends

Online aftermarket sales expected to be \$13.2B in 2018 and more than double by 2023

Average age of light vehicles on the road continues to remain strong



Source: US Auto Care Association

Source: IHS

How We Go To Market: Channels & Percent of Revenue

eCommerce Websites:

Network of flagship websites supported by our call center agents. Sites also generate advertising & sponsorship revenue.



91%

Online Marketplaces:

3rd party auction sites and shopping portals, enabling access to additional consumer segments.



Offline/Wholesale: Products distributed directly to commercial customers, mostly collision repair shops. Also our Kool-Vue™ branded products sold to wholesale distributors.

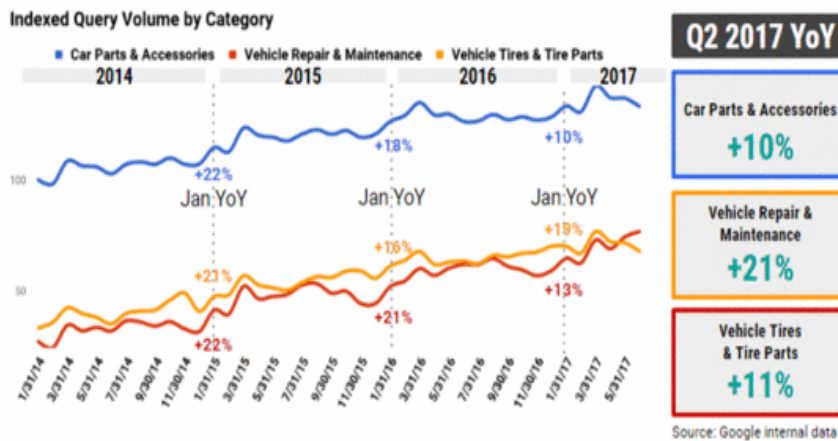


9%

Online Adoption of Aftermarket Auto Parts has Favorable Trends

- ▶ Growth for auto parts online has accelerated in Q2 2017 with parts & accessories searches 10% year over year.
- ▶ Significant growth occurred across all the aftermarket auto part categories in last 3 years.

Aftermarket Auto Parts



Customer Value Proposition

Low Cost Products

- Cost-conscious customers are able to purchase our private label products at a significant cost savings. A study conducted by Jefferies Automotive Aftermarket Equity Research in conjunction with US Auto Parts mapping similar products, found that our private label product pricings when compared against the same branded product averaged more than 20% below the online competitors and over 40% below the brick and mortars.

Product Warranties

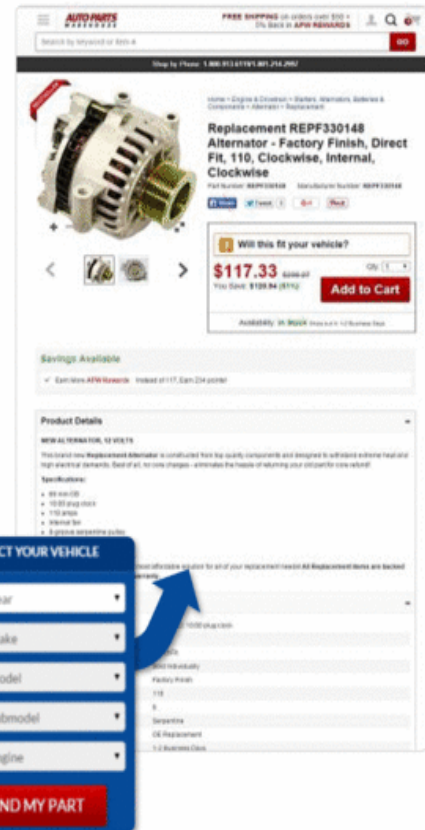
- We provide a limited warranty for all products sold including a full parts replacement

User-Friendly Websites

- Customers shop websites designed specifically for the auto parts segment driven by our complex catalogs allowing customers to quickly identify SKUs required and build complete jobs

Over 1M SKUs

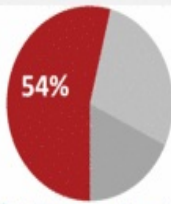
- Customers have one-stop shopping on over 1 million products across all major categories for auto parts: Collision, Engine/Under Car, and Performance and Accessories. We also have over 55K SKUs that are privately sourced at a significant cost savings through Asia



Price & Product Availability: The Two Most Important Factors for DIY Customers

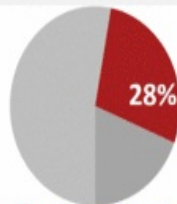
We Address the Market with an Expansive Product Offering

Q2-17 TTM
Revenue
Mix



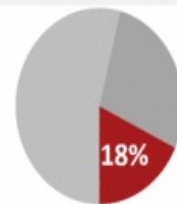
Collision Parts

| | | |
|------------|---------------|-----------------------|
| Lamps | Mirrors | Bumpers |
| Hoods | Tailgates | Doors |
| Grills | Wheels | Window Regulators |



Engine Parts

| | | |
|-----------------|--------------------------|-------------------------------|
| Brake Discs | Catalytic Converters | Radiators |
| Headers | Oxygen Sensors | Alternators |
| Exhaust | Driveshaft | Fuel Injection / Delivery |



Performance & Accessories

| | | |
|----------------------|-----------------|----------------------------|
| Seat Covers | Car Covers | Floor Mats / Carpeting |
| Cold Air Intakes | Vent Visors | Tonneau Covers |
| Nerf Bars | Bug Shields | Car Bras |

Private Label 97%

Branded 3%

60%

40%

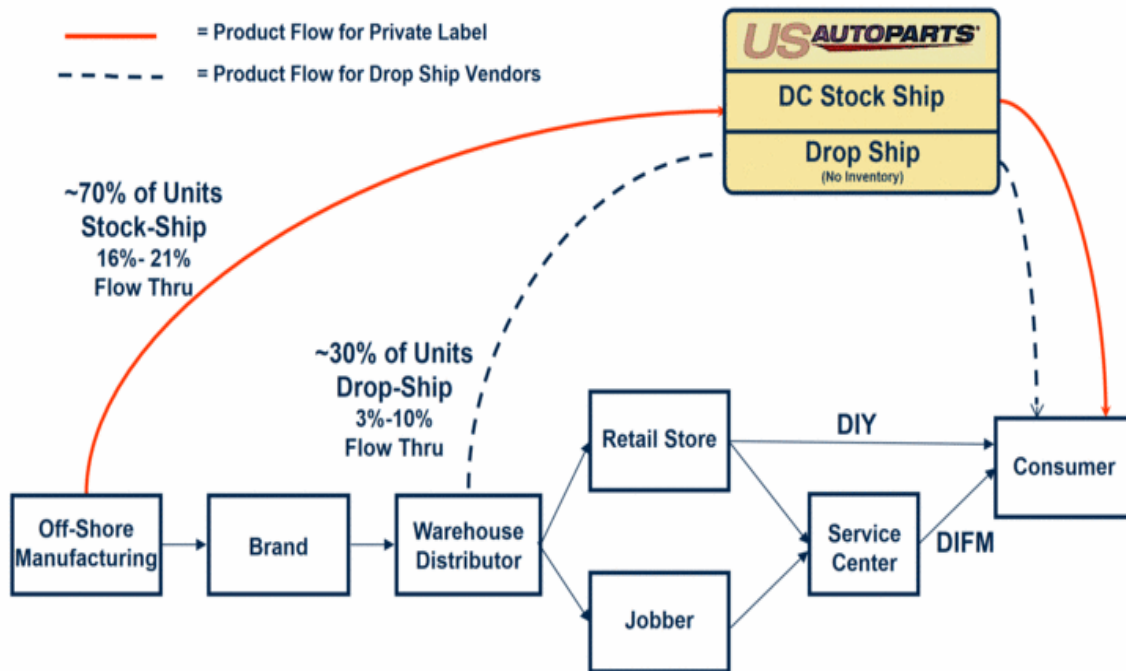
3%

97%

Note: All percentages of sales revenue is estimated using Q2-17 TTM

Over 1 Million SKUs Across Several Categories

USAP has built a vertically integrated e-commerce business



Projected Margin Profile

- ▶ Incremental flow through from private label business is driving higher margins
- ▶ Minimal fixed costs creates significant leverage in our business model
- ▶ We believe revenue mix will continue to shift to private label

| | Private Label | Branded | Total |
|--------------------------------|------------------|-----------------|------------------|
| FY-16 Growth Rate ¹ | 12% | (8%) | 4% |
| Projected 2017 Revenue Mix | 68% - 70% | 30% - 32% | 100% |
| Projected Gross Margins | 33% - 36% | 15% - 20% | 29% - 30% |
| Projected Variable OPEX Costs | 15% - 17% | 10% - 12% | 14% - 16% |
| Incremental Fixed Cost | 0% | 0% | 0% |
| Incremental Flow Thru | 16% - 21% | 3% - 10% | 13% - 16% |

1) Excludes non-operating channel segments

2) Projections above are based on management assumptions as of August 10th, 2017

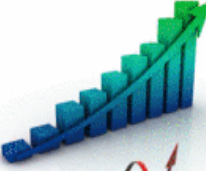


Financial Highlights

Company Profile



▶ Revenues over \$300M



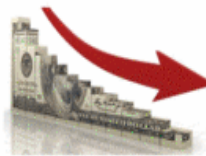
▶ FY-2016 Net Income of \$3M



▶ FY-2016 Adjusted EBITDA of \$14M



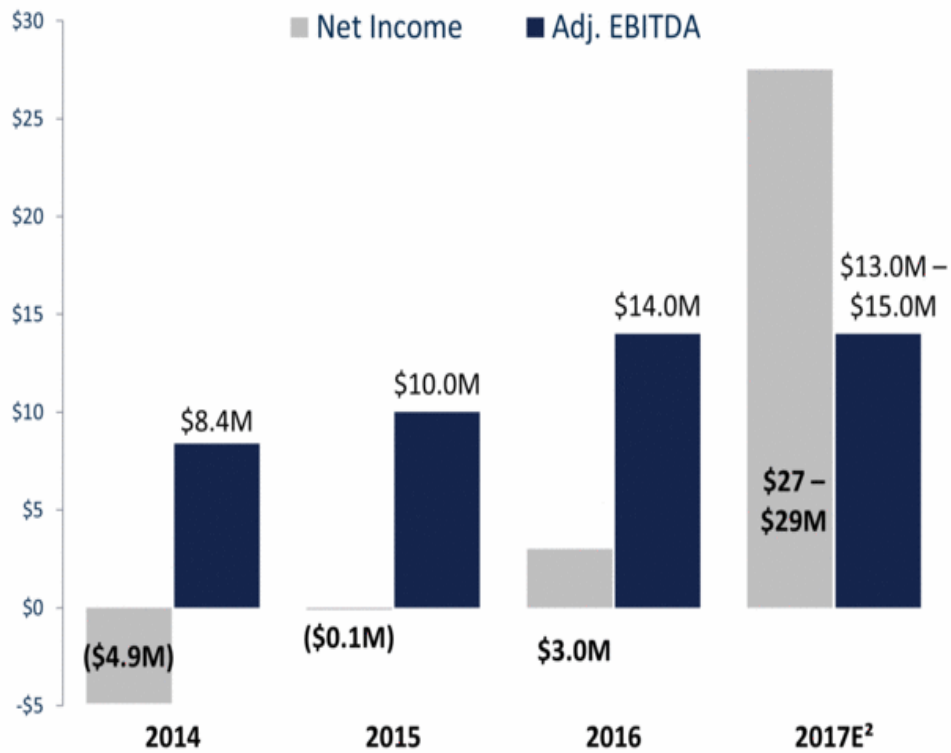
▶ Positive Free Cash Flow with no revolver debt over last 5 consecutive quarters



▶ Public Company since 2007 – NASDAQ (PRTS)

1) Non-GAAP financial measure EBITDA consists of net income before (a) interest expense, net; (b) income tax provisions; (c) amortization of intangible assets; (d) depreciation and amortization. See Appendix for a reconciliation of Adjusted EBITDA to net income

Strong Net Income & Adjusted EBITDA¹ Growth Trends for U.S. Auto Parts

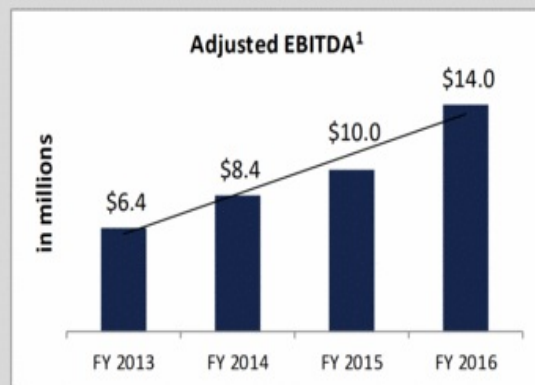
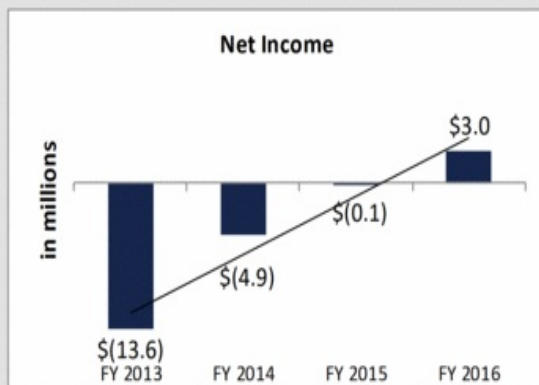
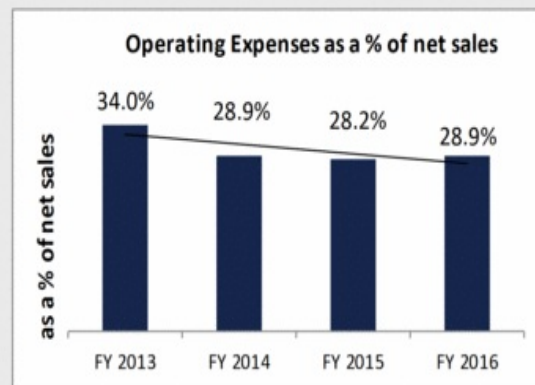
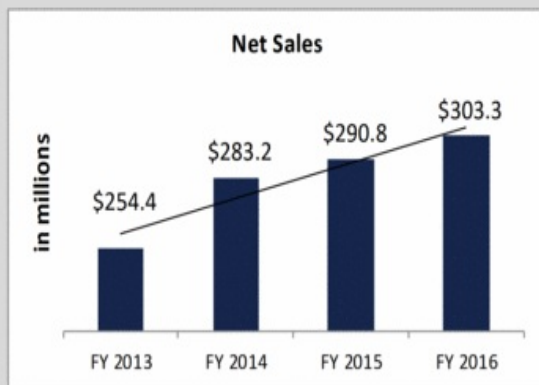


1) Non-GAAP financial measure EBITDA consists of net income before (a) interest expense, net; (b) income tax provisions; (c) amortization of intangible assets; (d) depreciation and amortization. Adjusted EBITDA excludes Stock based compensation, restructuring costs and other one-time charges. See Appendix for reconciliation of Adjusted EBITDA to net income.

2) Represents guidance for Net Income & Adjusted EBITDA growth, issued and only effective August 10, 2017.

3) 2017 Net Income reflects benefit from release of valuation tax allowance based on Company.

Financial Performance

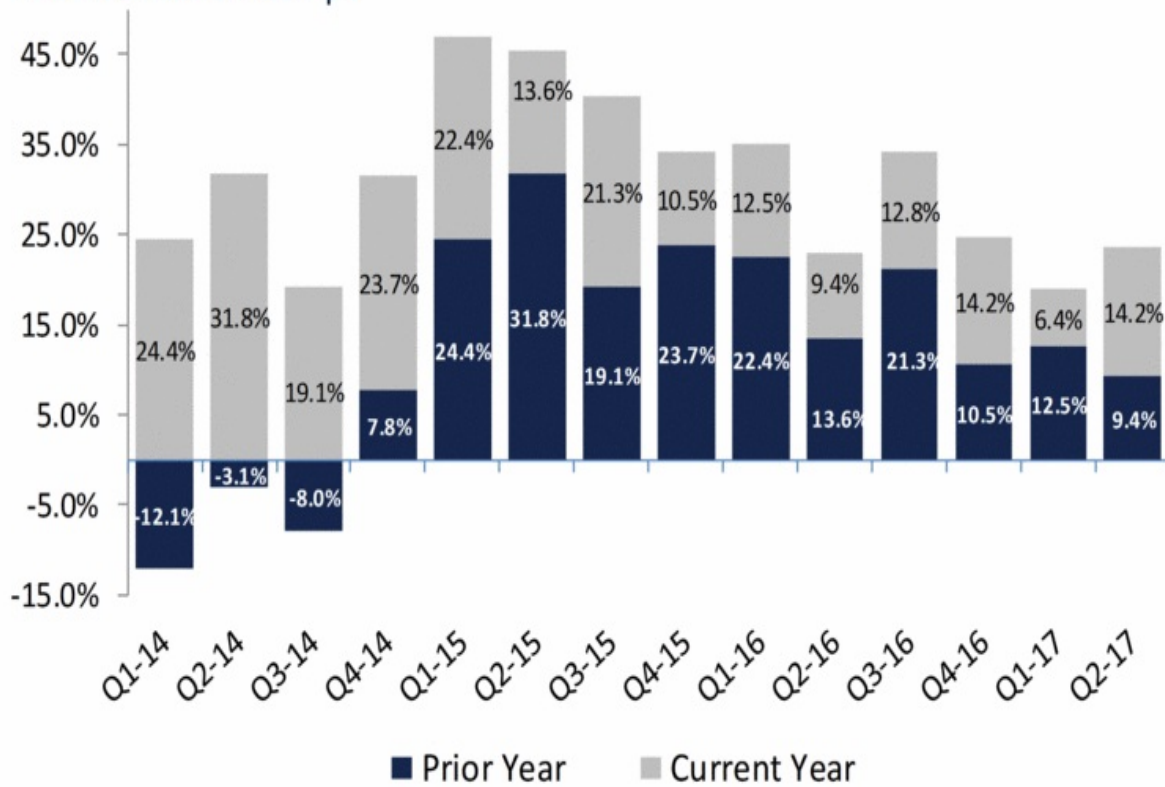


1) Non-GAAP financial measure EBITDA consists of net income before (a) interest expense, net; (b) income tax provisions; (c) amortization of intangible assets; (d) depreciation and amortization. Adjusted EBITDA excludes Stock based compensation of \$1.2M, \$2.4M, \$2.3M & \$2.9M for FY-13, FY-14, FY-15 & FY-16, respectively and restructuring costs and not expected to be recurring charges of \$6.8M and \$2.0M for FY-13 and FY-14, respectively. Refer to the appendix for a full Adjusted EBITDA reconciliation to net income

2 Year Stacked Private Label Quarterly Sales Trend¹ **US AUTOPARTS**

NASDAQ:PRTS

Two Year Stack Comps



¹Comparables net sales was calculated by excluding \$2.0M in private label sales related to the extra week in Q4-14, as well as \$1.7M, \$1.4M, \$0.8M and \$0.5M in sales related to the West Coast Wholesale operations from Q1-14, Q2-14, Q3-14 and Q4-14, respectively.

Private Label continues to be a major focus of our business

- ▶ A leading pure-play internet retailer of aftermarket auto parts
- ▶ \$13 billion on-line market expected by 2018 and anticipated to nearly double by 2023¹
- ▶ Over 8 million monthly website visitors
- ▶ Transitioning to a higher mix of private label products to drive increased conversion rates, higher-margin revenues, net income and Adjusted EBITDA
- ▶ Shifting Focus from Growth to Profitability – Improved profitability resulting in free cash flow generation and significant pay down of debt in 2016

AUTOPARTS
WAREHOUSE

JCWhitney[®]
100 YEARS EVERYTHING AUTOMOTIVE

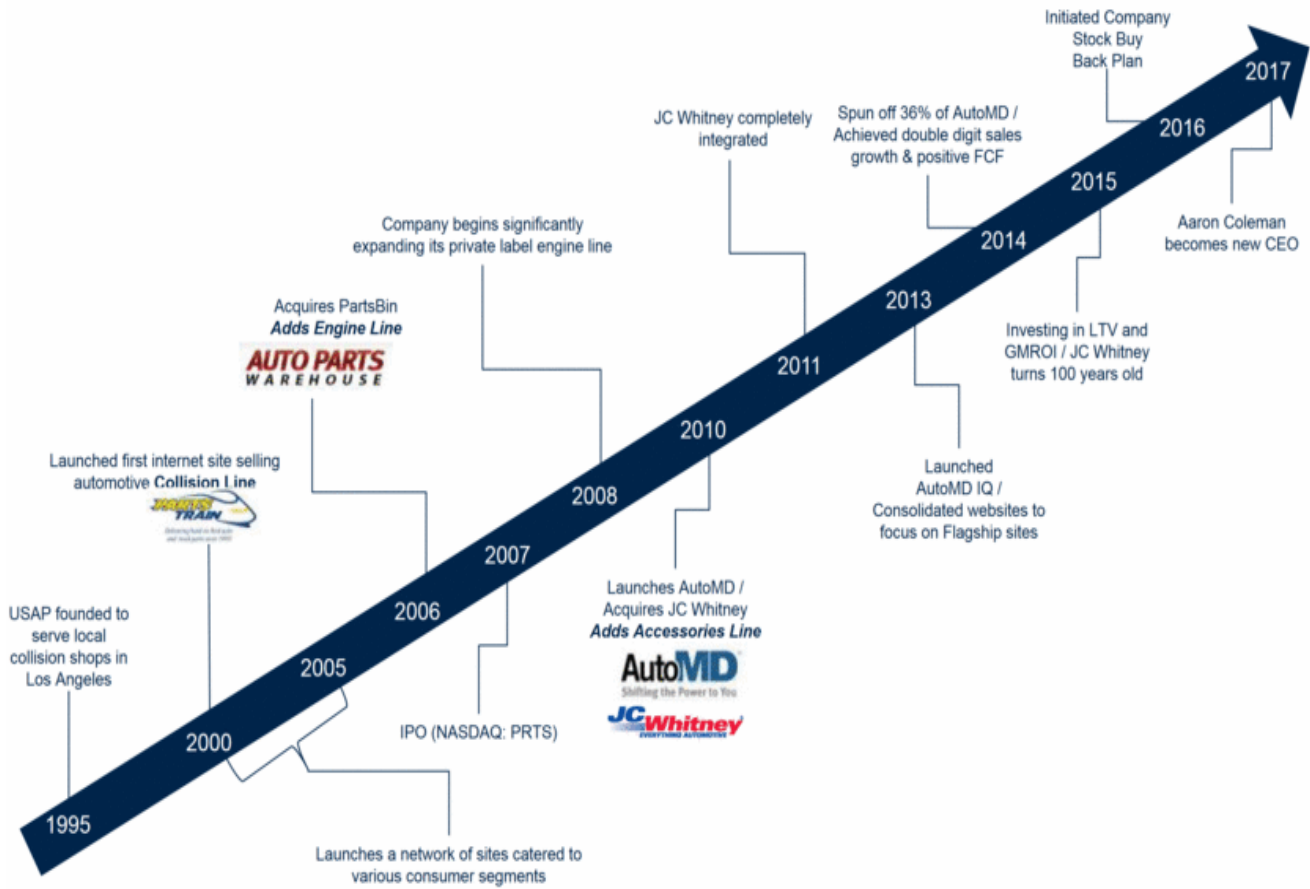
CarParts.com[™]

1) US Auto Care Association



APPENDIX

Company History



Experienced Leadership Team



Aaron E. Coleman | Chief Executive Officer

- Since April 2017
- President since October 2016 and COO since September 2010
- Vice President of Operations and CIO from April 2008 - September 2010
- Over 18 years of e-commerce experience
- Senior Vice President – Online Systems at Blockbuster Inc.
- B.A. degree in Business Administration from Gonzaga University



Neil Watanabe | Chief Financial Officer

- Since March 2015
- Over 30 years of finance, accounting and retail experience in both private & public companies
- Chief Operating Officer of National Stores
- EVP & Chief Financial Officer – Pet Smart
- B.A. degree in Social Sciences from the University of California, Los Angeles and CPA certification in Illinois



Jim Hastie | VP of Product Management

- Since December 2012
- Over 18 years of progressively responsible experience in the automotive aftermarket collision industry
- CEO/President of American Condenser and Coil
- Owner/Cofounder of EJB Medical
- B.A. degree from University of California Davis
- MBA degree from Chapman University



Charles Fischer | SVP of Global Procurement

- Since May 2008
- Over 30 years of global sourcing experience
- Vice President, Supply Chain Management for Keystone Automotive Industries
- Director, Business Development for Modern Engineering
- Multiple leadership positions with multiple companies in the automotive aftermarket industry

Financial Highlights – Q2-17

- ▶ Total revenue \$80.2M
- ▶ Income from continuing operations was \$26.9M vs. the prior year \$1.2M
- ▶ Adjusted EBITDA \$3.8M vs. prior year of \$4.0M
- ▶ \$9.9M in cash with zero revolver debt vs. last year of \$2.1M in cash with zero revolver debt vs. year-end of \$2.7M cash and zero revolver debt
- ▶ Added over 2,500 Private Label SKUs during the quarter
- ▶ Online Marketplace revenue growth of 37%
- ▶ Private Label growth of 14%

1) Non-GAAP financial measure EBITDA consists of net income before (a) interest expense, net; (b) income tax provisions; (c) amortization of intangible assets; (d) depreciation and amortization. See Appendix for a reconciliation of Adjusted EBITDA to net income

Key Business Metrics Over Last Six Quarters

| | Margin % | Y/Y BPS Change |
|-------|----------|----------------|
| Q2-17 | 29.0% | -1.4% |
| Q1-17 | 29.4% | -1.0% |
| Q4-16 | 30.1% | 0.5% |
| Q3-16 | 30.5% | 0.8% |
| Q2-16 | 30.4% | 3.2% |
| Q1-16 | 30.4% | 2.3% |

| | Private Label % Mix | Y/Y BPS Change |
|-------|---------------------|----------------|
| Q2-17 | 72% | 7% |
| Q1-17 | 71% | 4% |
| Q4-16 | 68% | 5% |
| Q3-16 | 66% | 6% |
| Q2-16 | 65% | 5% |
| Q1-16 | 67% | 4% |

| | Traffic (in millions) | Y/Y % Change |
|-------|-----------------------|--------------|
| Q2-17 | 24.7 | -18.2% |
| Q1-17 | 28.9 | -8.0% |
| Q4-16 | 27.9 | 1.0% |
| Q3-16 | 28.4 | -2.8% |
| Q2-16 | 30.2 | 3.2% |
| Q1-16 | 31.4 | 2.7% |

| | Conversion | Y/Y BPS Change |
|-------|------------|----------------|
| Q2-17 | 2.00% | 0.20% |
| Q1-17 | 1.79% | 0.01% |
| Q4-16 | 1.87% | 0.09% |
| Q3-16 | 1.89% | 0.14% |
| Q2-16 | 1.80% | 0.01% |
| Q1-16 | 1.78% | 0.09% |

Yearly Adjusted EBITDA Reconciliation



NASDAQ:PRTS

| <i>(in thousands)</i> | FY-13 | FY-14 | FY-15 | FY-16 |
|--|--------------------------------------|------------------------------------|------------------------------------|-------------------------------------|
| | 52 Weeks Ending December 28, 2013 | 53 Weeks Ending January 2, 2015 | 52 Weeks Ending January 2, 2016 | 52 Weeks Ending December 1, 2016 |
| Net income (loss) | \$ (13,644) | \$ (4,907) | \$ (136) | \$ 2,973 |
| Depreciation | 10,676 | 7,230 | 6,141 | 6,351 |
| Amortization of intangibles | 381 | 422 | 431 | 449 |
| Interest expense, net | 972 | 1,101 | 1,208 | 1,219 |
| Taxes | 43 | 137 | 88 | 100 |
| EBITDA | \$ (1,572) | \$ 3,983 | \$ 7,732 | \$ 11,092 |
| Stock comp expense | 1,211 | 2,367 | 2,297 | 2,932 |
| Inventory write down related to Carson closure | - | 897 | - | - |
| Restructuring Cost | 723 | 1,137 | - | - |
| Impairment loss on property & equipment | 4,832 | - | - | - |
| Impairment loss on intangible assets | 1,245 | - | - | - |
| Adjusted EBITDA | 6,439 | 8,384 | 10,029 | 14,024 |

1) Non-GAAP financial measure EBITDA consists of net income before (a) interest expense, net; (b) income tax provisions; (c) amortization of intangible assets; (d) depreciation and amortization. Adjusted EBITDA excludes stock based compensation, restructuring cost, and impairment loss

Quarterly Adjusted EBITDA Reconciliation



NASDAQ:PRTS

| <i>(in thousands)</i> | Q1-15 | Q2-15 | Q3-15 | Q4-15 | Q1-16 | Q2-16 | Q3-16 | Q4-16 | Q1-17 | Q2-17 |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net income (loss) | \$ 187 | \$ (611) | \$ 353 | \$ (65) | \$ 1,537 | \$ 1,216 | \$ 358 | \$ (195) | \$ 816 | \$ 26,918 |
| Depreciation | 1,549 | 1,484 | 1,539 | 1,570 | 1,544 | 1,556 | 1,611 | 1,640 | 1,633 | 1,637 |
| Amortization of intangibles | 107 | 107 | 107 | 110 | 112 | 113 | 111 | 113 | 112 | 112 |
| Interest expense, net | 373 | 272 | 273 | 300 | 346 | 242 | 287 | 344 | 376 | 466 |
| Taxes | 158 | (69) | (22) | 21 | 33 | 113 | (2) | 13 | 27 | (25,859) |
| EBITDA | \$ 2,374 | \$ 1,183 | \$ 2,250 | \$ 1,936 | \$ 3,572 | \$ 3,240 | \$ 2,365 | \$ 1,915 | \$ 2,964 | \$ 3,274 |
| Stock comp expense | 477 | 574 | 587 | 659 | 772 | 785 | 764 | 611 | 1,064 | 544 |
| Inventory write down related | | | | | | | | | | |
| to Carson closure | - | - | - | - | - | - | - | - | - | - |
| Restructuring Cost | - | - | - | - | - | - | - | - | - | - |
| Adjusted EBITDA | 2,851 | 1,757 | 2,837 | 2,595 | 4,344 | 4,025 | 3,129 | 2,526 | 4,028 | 3,818 |

1) Non-GAAP financial measure EBITDA consists of net income before (a) interest expense, net; (b) income tax provisions; (c) amortization of intangible assets; (d) depreciation and amortization. Adjusted EBITDA excludes stock based compensation, restructuring cost, and impairment loss

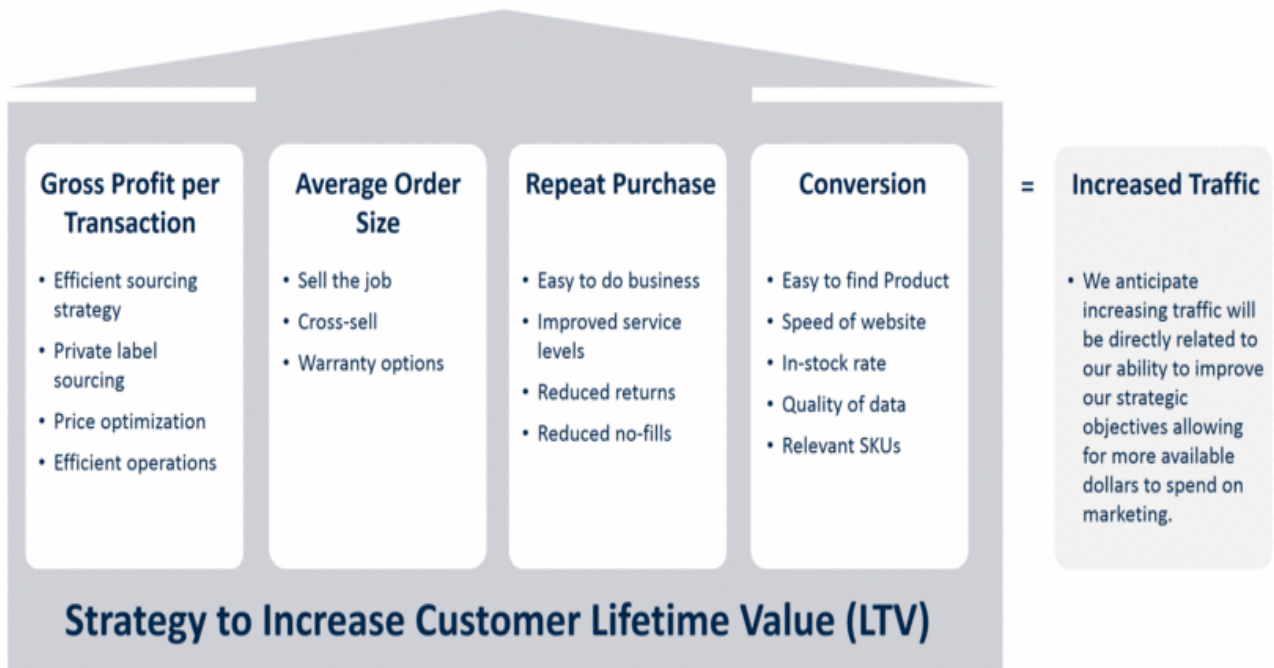
Projected FY-17 Adjusted EBITDA reconciliation **USAUTOPARTS**

NASDAQ:PRTS

| <i>(in thousands)</i> | Low End | High End |
|-----------------------------|--------------------------------------|--------------------------------------|
| | 52 Weeks Ending December 30, 2017 | 52 Weeks Ending December 30, 2017 |
| Net income | \$ 27,000 | \$ 29,000 |
| Depreciation | 6,500 | 6,500 |
| Amortization of intangibles | 400 | 400 |
| Interest expense, net | 1,900 | 1,900 |
| Taxes | (25,700) | (25,700) |
| EBITDA | \$ 10,100 | \$ 12,100 |
| Stock comp expense | 2,900 | 2,900 |
| Adjusted EBITDA | 13,000 | 15,000 |

1) Non-GAAP financial measure EBITDA consists of net income before (a) interest expense, net; (b) income tax provisions; (c) amortization of intangible assets; (d) depreciation and amortization. Adjusted EBITDA excludes Stock based compensation

Key Avenues for Growth – Increase Customer Lifetime Value



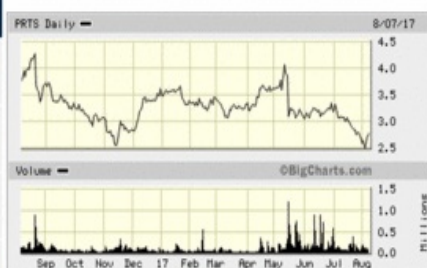
Increased customer LTV would result in greater mix of traffic from both direct-to-website and paid channels, and less dependence on organic search

Key Stats: PRTS (NASDAQ) – Consolidated



NASDAQ:PRTS

| Trading Data (@ August 8, 2017) | | Financial Highlights (@ Dec 31, 2016) | |
|--|-------------|---------------------------------------|----------|
| Stock Price | \$2.78 | Revenues (TTM) | \$303.6M |
| 52 Wk. High/Low | \$4.35/2.40 | Gross Margin (TTM) | 30.4% |
| Avg. Daily Vol. (3 mo.) | 237,880 | Cash & Equiv. | \$6.6M |
| Fully Diluted Shares Out. ¹ | 38.8M | Total Assets | \$82.1M |
| Institutional Holdings | 53% | Total Revolver Debt | \$0 |
| Insider Holdings | 8% | Total Liabilities | \$58.8M |
| | | Total Equity | \$23.3M |
| Valuation Measures | | | |
| Market Cap | \$96.3M | | |
| Enterprise Value | \$89.7M | | |
| EV/Revenue | 0.3x | | |
| Employees ² | 1,080 | | |



Data sources: Yahoo! Finance, S&P Capital IQ, company filings.

1) As of August 8, 2017 (includes 2.8M preferred shares).

2) As of December 31, 2016.