

**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) October 29, 2018



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 (424) 702-1455

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 October 30, 2018, at Gabelli & Company’s 42nd Annual Automotive Aftermarket Symposium in Las Vegas Nevada, U.S. Auto Parts Network, Inc. (the “Company”) will be speaking 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.

Exhibit No.	Description
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: October 29, 2018

U.S. AUTO PARTS NETWORK, INC.

By: /s/ Neil T. Watanabe
Neil T. Watanabe
Chief Financial Officer

NASDAQ: PRTS

USAUTOPARTS

Investor Presentation

October 2018



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 anticipated outcome of any litigation.

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. We have not included a reconciliation of Adjusted EBITDA guidance to projected net income due to the high variability and difficulty in making accurate long-term forecasts and projections of our net operating loss carryforwards, which have a significant impact on future net income. As a result, we are unable to quantify projected net income without unreasonable efforts.

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.

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Company Overview



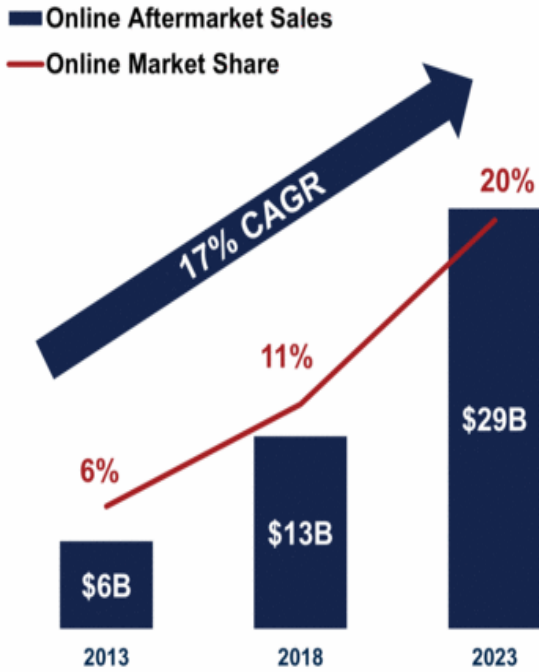
- ▶ **US Auto Parts is a leading pure-play internet retailer of aftermarket auto parts**
- ▶ **We operate online sites, marketplace storefronts and wholesale channels focused on the do-it-yourself (DIY) customer**
- ▶ **Offer over 1.5 million SKUs of high quality private label and branded aftermarket products**
- ▶ **Extensive reach of online customers per month through our well-established network of websites and marketplace partnerships**

*A Value Leader in
Aftermarket Auto Parts*



Online Aftermarket Auto Parts Sales Benefits From Macro Trends

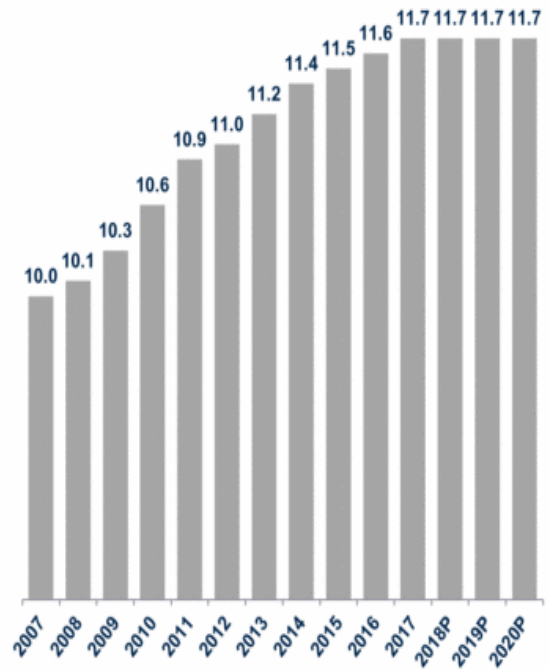
Online aftermarket sales to more than double by 2023 as market share continues to increase



Source: US Auto Care Association

Average age of light vehicles on the road remains high

(in years)



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.



89%

Online Marketplaces:

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

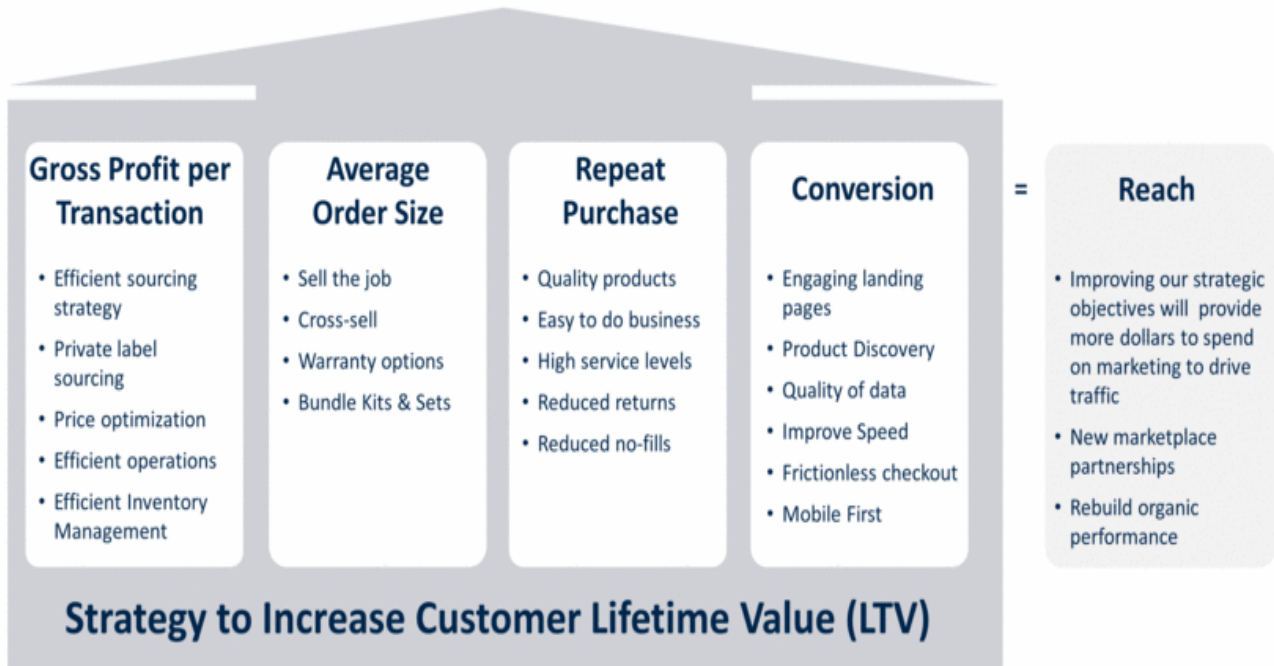


Offline/Wholesale: Products distributed directly to commercial customers and our Kool-Vue® branded products sold to wholesale distributors.



11%

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

Customer Value Proposition

Value

- Cost-conscious customers are able to purchase our private label products at a significant cost savings.
- 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

Selection

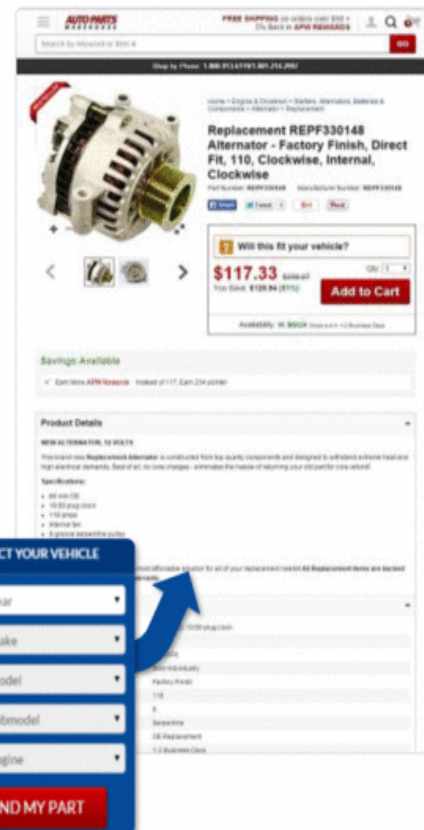
- Customers have one-stop shopping on over 1.5 million products across all major categories for auto parts
- Over 55K SKUs that are privately sourced at a significant cost savings through Asia

Product Warranties

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

User-Friendly Websites

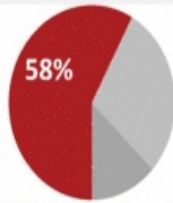
- Our websites are designed specifically for the auto parts segment driven by our complex catalogs allowing customers to quickly identify SKUs required and build complete jobs



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

We Address the Market with an Expansive Product Offering

TTM Q3-18
Revenue
Mix



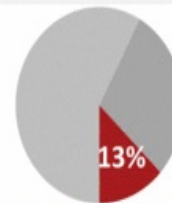
Collision Parts

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%

62%

38%

3%

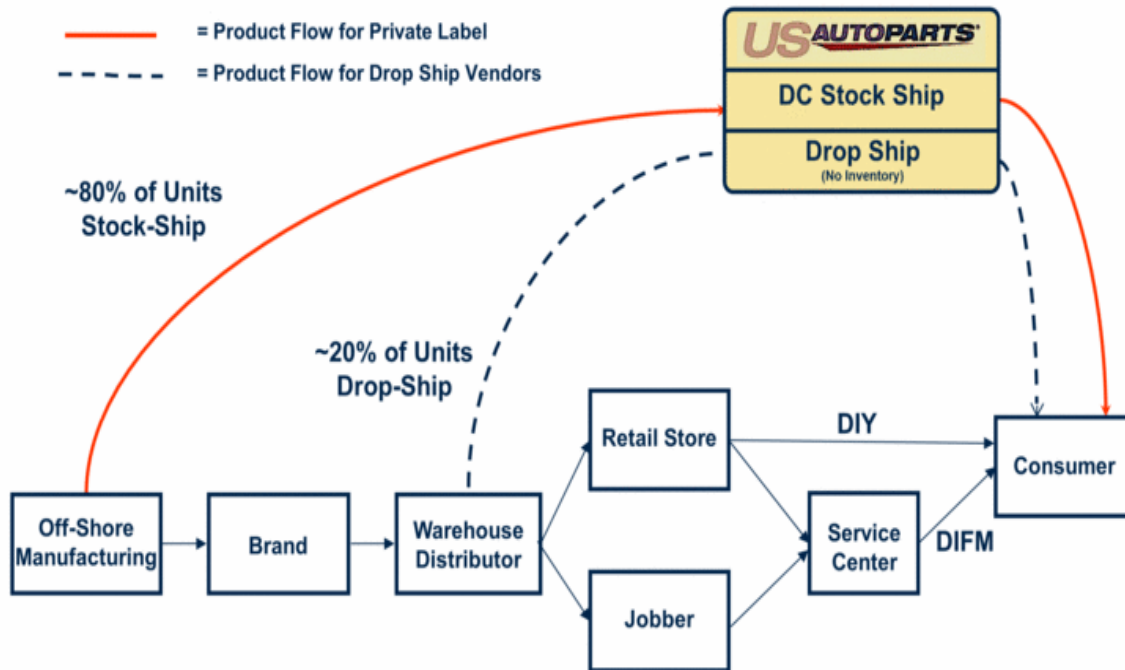
97%

Note: All percentages of sales revenue is estimated using trailing twelve months (TTM) Q-18

Over 1.5 Million SKUs Across Several Categories

Efficient Supply Chain Creates a Pricing Advantage

USAP has built a vertically integrated online business





Financial Highlights

Company Profile



▶ Revenues ~ \$300M



▶ Q3-18 TTM Net loss of (\$3.4M) which included a non cash tax impact of ~(\$4M) for the Tax Cuts & Jobs Act



▶ Q3-18 TTM Adjusted EBITDA of \$12.3M¹

▶ High Margin private label business was 74% of sales for Q3-18 TTM



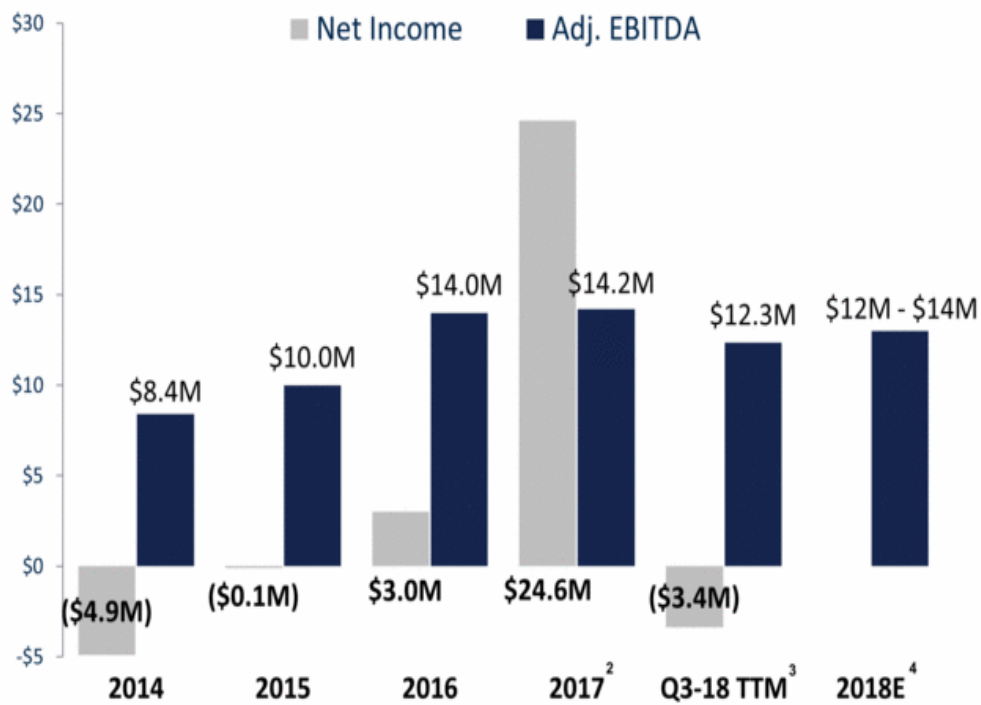
▶ Positive Free Cash Flow with no revolver debt



▶ Public Company since 2007 – NASDAQ (PRTS)

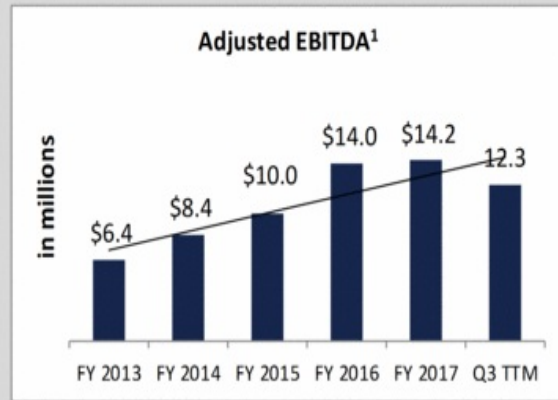
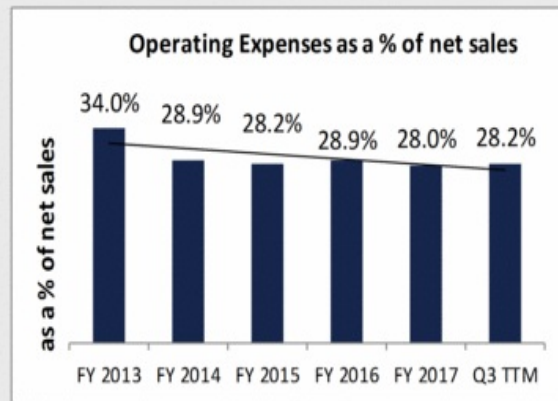
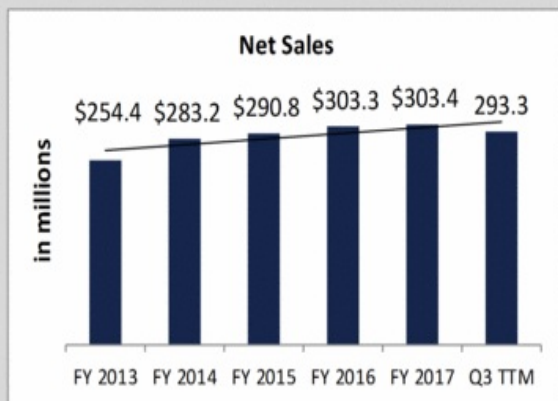
1) 1) Non-GAAP financial measure Adjusted EBITDA consists of net income before interest expense, net; income tax provision; depreciation and amortization expense; amortization of intangible assets; restructuring costs; share-based compensation expense; costs associated with our customs issue; and proceeds from the sale of AutoMD. See Appendix for reconciliation of Adjusted EBITDA to net income.

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



- 1) Non-GAAP financial measure Adjusted EBITDA consists of net income before interest expense, net; income tax provision; depreciation and amortization expense; amortization of intangible assets; restructuring costs; share-based compensation expense; costs associated with our customs issue; costs associated with the CEO transition; and proceeds from our sale of AutoMD. See Appendix for reconciliation of Adjusted EBITDA to net income.
- 2) 2017 Net Income includes net tax benefit due to the change in valuation allowance in addition to the impact of the Tax Cuts and Jobs Act
- 3) Net Income impacted due to impact of the Tax Cuts & Jobs Act
- 4) Represents guidance for Adjusted EBITDA, issued and only effective October 29, 2018. As noted on this date, we expect adjusted EBITDA to come in at the low end of our guidance range of 12.0 to \$14.0 million. We did not provide guidance on net income and have not included a reconciliation of Adjusted EBITDA guidance to projected net income due to the high variability and difficulty in making accurate long-term forecasts and projections of our net operating loss carryforwards, which have a significant impact on future net income. As a result, we are unable to quantify projected net income without unreasonable efforts.

Financial Performance

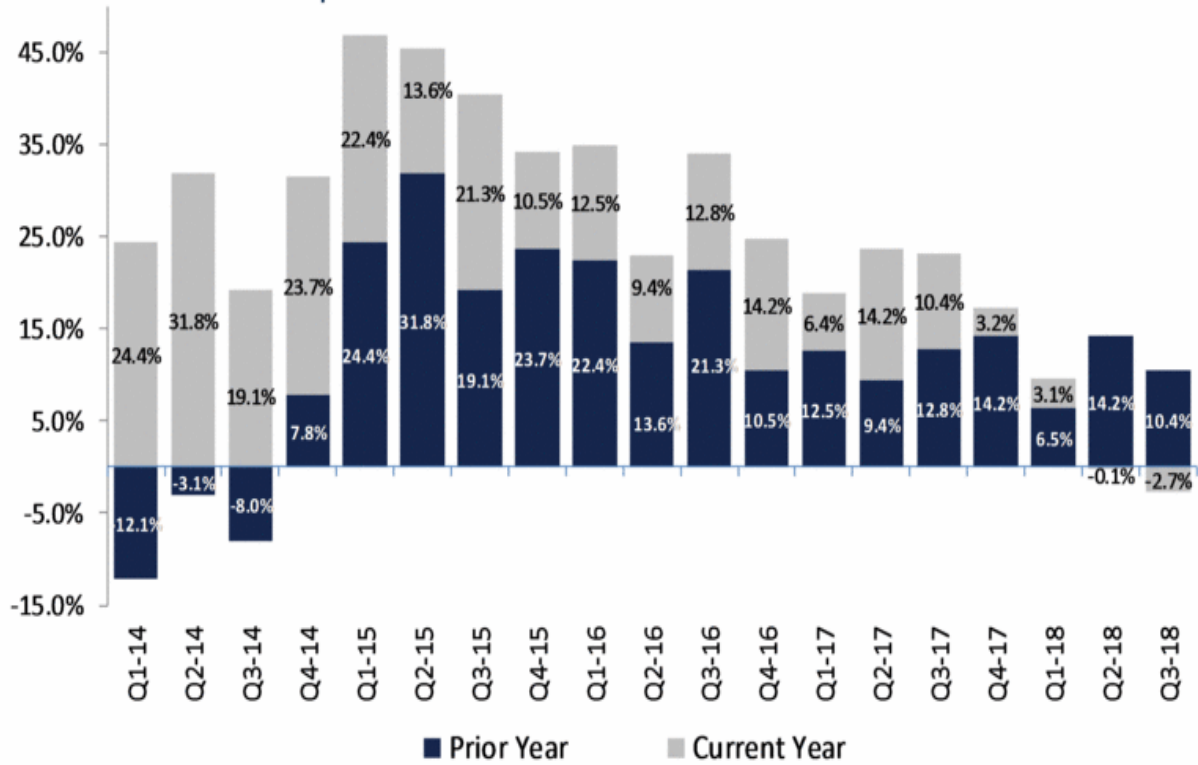


1) Non-GAAP financial measure Adjusted EBITDA consists of net income before interest expense, net; income tax provision; depreciation and amortization expense; amortization of intangible assets; restructuring costs; share-based compensation expense; and costs associated with our customs issue. Adjusted EBITDA excludes Stock based compensation of \$1.2M, \$2.4M, \$2.3M, \$2.9M, \$2.8M & \$2.3M for FY-13, FY-14, FY-15, FY-16, FY-17 & Q3 TTM respectively, customs costs of \$1.8M for Q3 TTM, restructuring costs and not expected to be recurring charges of \$6.8M & \$2.0M for FY-13 & FY-14 respectively, as well as proceeds from sale of AutoMD of \$1.4M for Q3 TTM. 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
- ▶ Extensive reach across our websites and marketplace partnerships
- ▶ Maintaining 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 no revolver debt

AUTO PARTS
WAREHOUSE

JC **Whitney**[®]
100 YEARS EVERYTHING AUTOMOTIVE

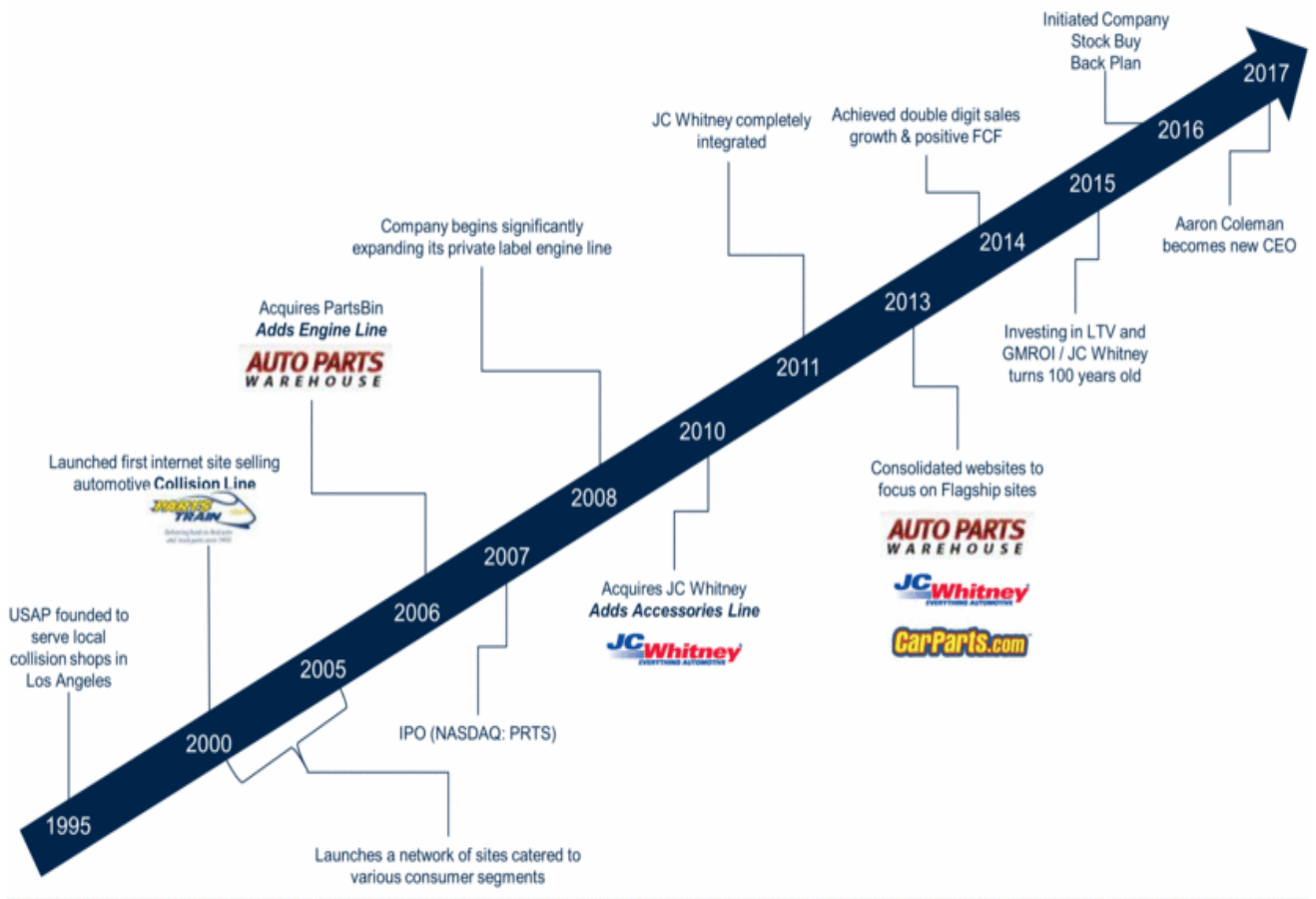
CarParts.com[™]

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

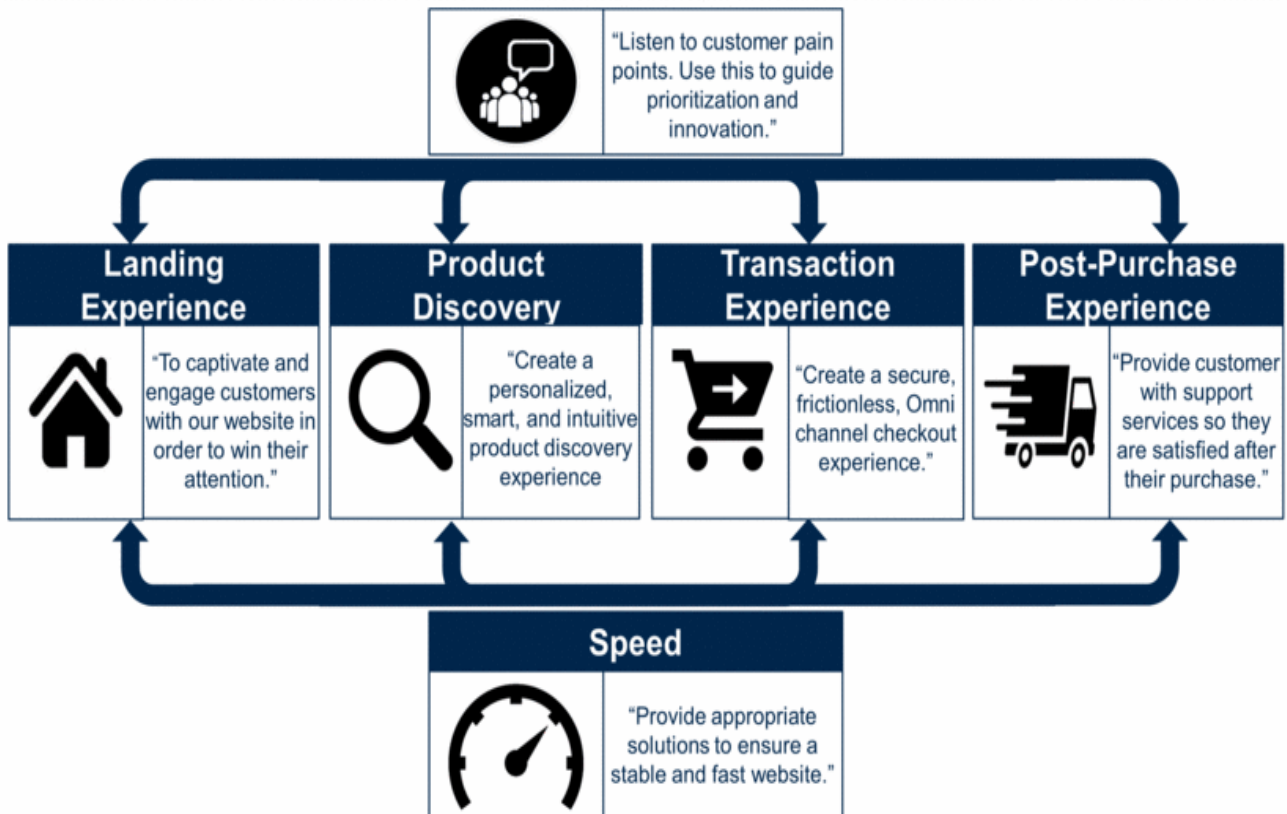
Financial Highlights – Q3-18

- ▶ Total revenue \$69.5M
- ▶ Net income from continuing operations was \$0.4M vs. the prior year \$0.9M
- ▶ Adjusted EBITDA¹ \$2.5M vs. prior year of \$3.6M
- ▶ \$8.3M in cash with zero revolver debt vs. last year of \$6.7M in cash with zero revolver debt
- ▶ Added approximately 1,700 Private Label SKUs during the quarter
- ▶ Ecom revenue capture² of 88% vs. 86% last year

1) Non-GAAP financial measure Adjusted EBITDA consists of net income before interest expense, net; income tax provision; depreciation and amortization expense; amortization of intangible assets; restructuring costs; share-based compensation expense; costs associated with our customs issue; and proceeds from our sale of AutoMD. See Appendix for reconciliation of Adjusted EBITDA to net income

2) Revenue capture is the amount of actual dollars retained after taking into consideration returns, credit card declines and product fulfillment and excludes online marketplaces and media properties

The Customer Journey Experience



By focusing on the consumer experience, we will increase conversion which we believe will allow us to drive more traffic

- ▶ On April 2, 2018, U.S. Auto Parts filed a lawsuit against the United States Department of Homeland Security (“DHS”) which has oversight over the Customs and Border Protection (“Customs”) in the United States Court of International Trade (the “Court”) (Case No. 1:18-cv-00068).
- ▶ Lawsuit asserts that Customs has been wrongfully seizing automotive grilles being imported by U.S. Auto Parts on the basis that the grilles are allegedly counterfeit and infringe trademarks held by the original automobile manufacturers.
- ▶ U.S. Auto Parts commenced the lawsuit to remove overly burdensome bonding requirements arising from the wrongful seizures and to ensure that Customs expeditiously processed the flow of imports into the United States.
- ▶ On May 25, 2017, the Court of International Trade granted U.S. Auto Parts’ motion for a preliminary injunction and ordered that Customs would be restrained from enforcing any type of enhanced bonding requirement on U.S. Auto Parts in order to obtain entry of its shipments into the United States, and that Customs must use its best efforts to process all of U.S. Auto Parts’ import products not implicated by Customs’ underlying trademark infringement allegations in a timely manner.
- ▶ Despite the favorable court order, U.S. Auto Parts continued to experience issues with its product flow arising from the inability of Customs to process U.S. Auto Parts’ shipping containers in an expeditious fashion.
- ▶ At the time the court order was granted, Customs was holding approximately 200 of U.S. Auto Parts’ shipping containers that carried not only the grilles alleged to be counterfeit but many other products as well. As a result, U.S. Auto Parts incurred significant port and carrier fees resulting from the increased period of time the containers remained at the port.
- ▶ The amortized cost of port and carrier fees associated with the unreleased product as well as the increased legal costs associated with the product seizures and the bonding litigation aggregated to \$1.8 million through the third quarter of 2018, and together with the increased out of stock rates, culminated in lower sales, lower gross margins and higher operating expenses for the third quarter.
- ▶ As of the end of July, all shipping containers have been released by Customs and the Company has ceased importing automotive grilles from outside the United States to avoid disruption to the supply chain going forward.

Yearly Adjusted EBITDA Reconciliation



	FY-13		FY-14		FY-15		FY-16		FY-17		Q3-18 TTM	
	52 Weeks Ending		53 Weeks Ending		52 Weeks Ending		52 Weeks Ending		52 Weeks Ending		52 Weeks Ending	
<i>(in thousands)</i>	December 28, 2013		January 2, 2015		January 2, 2016		December 31, 2016		December 30, 2017		Sept 29, 2018	
Net income (loss)	\$	(13,644)	\$	(4,907)	\$	(136)	\$	2,973	\$	24,574	\$	(3,370)
Depreciation		10,676		7,230		6,141		6,351		6,397		5,919
Amortization of intangibles		381		422		431		449		319		188
Interest expense, net		972		1,101		1,208		1,219		1,647		1,622
Taxes		43		137		88		100		(21,540)		5,250
EBITDA	\$	(1,572)	\$	3,983	\$	7,732	\$	11,092	\$	11,397	\$	9,609
Stock comp expense		1,211		2,367		2,297		2,932		2,816		2,347
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		-		-		-		-		-
Customs Costs		-		-		-		-		-		1,788
Sale of AutoMD		-		-		-		-		-		(1,400)
Adjusted EBITDA		6,439		8,384		10,029		14,024		14,213		12,344

1) Non-GAAP financial measure Adjusted EBITDA consists of net income before interest expense, net; income tax provision; depreciation and amortization expense; amortization of intangible assets; restructuring costs; share-based compensation expense; costs associated with our customs issue; and proceeds from our sale of AutoMD. See Appendix for reconciliation of Adjusted EBITDA to net income

Quarterly Adjusted EBITDA Reconciliation



<i>(in thousands)</i>	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16	Q1-17	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18	Q3-18
Net income (loss)	\$ 187	\$ (611)	\$ 353	\$ (65)	\$ 1,537	\$ 1,216	\$ 358	\$ (195)	\$ 816	\$ 26,918	\$ 919	\$ (4,079)	\$ 735	\$ (485)	438
Depreciation	1,549	1,484	1,539	1,570	1,544	1,556	1,611	1,640	1,633	1,637	1,620	1,507	1,504	1,489	1,419
Amortization of intangibles	107	107	107	110	112	113	111	113	112	112	47	48	47	47	46
Interest expense, net	373	272	273	300	346	242	287	344	376	466	398	407	431	421	363
Taxes	158	(69)	(22)	21	33	113	(2)	13	27	(25,859)	28	4,264	442	544	21
EBITDA	\$ 2,374	\$ 1,183	\$ 2,250	\$ 1,936	\$ 3,572	\$ 3,240	\$ 2,365	\$ 1,915	\$ 2,964	\$ 3,274	\$ 3,012	\$ 2,147	\$ 3,159	\$ 2,016	\$ 2,287
Stock comp expense	477	574	587	659	772	785	764	611	1,064	544	565	643	976	161	567
Customs Costs	-	-	-	-	-	-	-	-	-	-	-	-	131	609	1,044
Sales of AutoMD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,400)
Adjusted EBITDA	2,851	1,757	2,837	2,595	4,344	4,025	3,129	2,526	4,028	3,818	3,577	2,790	4,266	2,786	2,498

1) Non-GAAP financial measure Adjusted EBITDA consists of net income before interest expense, net; income tax provision; depreciation and amortization expense; amortization of intangible assets; restructuring costs; share-based compensation expense; costs associated with our customs issue; and proceeds from the sale of AutoMD.

Key Stats: PRTS (NASDAQ) – Consolidated



Trading Data (@ October 24, 2018)		Financial Highlights (@ Sept 29, 2018)	
Stock Price	\$1.43	Revenues (TTM)	\$293.3M
52 Wk. High/Low	\$2.74/1.08	Gross Margin (TTM)	28.9%
Avg. Daily Vol. (3 mo.)	160,952	Cash & Equiv.	\$8.3M
Shares Outstanding ¹	35.0M	Total Assets	\$106.4M
Institutional Holdings	60%	Total Revolver Debt	\$0
Insider Holdings	18%	Total Liabilities	\$63.8M
Valuation Measures		Total Equity	\$42.6M
Market Cap	\$50.0M		
Enterprise Value	\$41.7M		
EV/Revenue	0.1x		
Employees ²	1,041		

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

1) Includes 2.8M preferred shares

2) As of September 30, 2018