ARC Group Worldwide, Inc.
Form 424B4
April 06, 2015

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Registration No. 333-200666

PROSPECTUS

3,000,000 Shares of Common Stock

ARC Group Worldwide, Inc.

ARC Group Worldwide, Inc. is offering 3,000,000 shares of its common stock in this offering. Our common stock is listed on The NASDAQ Capital Market, or NASDAQ, under the symbol "ARCW." On April 1, 2015, the closing sale price of our common stock as reported on NASDAQ was $5.00 per share.

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 10 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$5.00	$15,000,000
Underwriting discounts and commissions(1)	$0.30	$900,000
Offering proceeds to us, before expenses	$4.70	$14,100,000

(1) We have agreed to reimburse the underwriters for certain expenses in connection with this offering. See "Underwriting."

The underwriters expect to deliver the shares to purchasers in the offering on or about April 8, 2015. We have granted the underwriters an option for a period of 30 days to purchase an additional 450,000 shares of our common stock. If the underwriters exercise the option in full, the total underwriting discounts and commissions payable by us will be $1,035,000, and the total proceeds to us, net of underwriting discounts but before expenses, will be $16,215,000.

Joint Book-Running Managers

Brean Capital **Imperial Capital**

The date of this prospectus is April 2, 2015

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We are responsible for the information contained or incorporated by reference in this prospectus and in any related free-writing prospectus we prepare or authorize. We have not authorized anyone to give you any other information, and we take no responsibility for any other information that others may give you. We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. The information in this document may only be accurate on the date of this document, regardless of its time of delivery or of any sales of shares of our common stock. Our business, financial condition, results of operations or cash flows may have changed since such date.

For investors outside of the United States: Neither we nor the underwriters have done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus outside of the United States.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. Because this is only a summary, it does not contain all of the information that may be important to you. This prospectus incorporates by reference our Annual Report on Form 10-K for the fiscal year ended June 30, 2014, filed with the U.S. Securities & Exchange Commission (the "SEC") on November 12, 2014 (our "2014 Annual Report"), our Quarterly Report for the quarterly period ended September 28, 2014, filed with the SEC on November 12, 2014, our Quarterly Report for the quarterly period ended December 28, 2014, filed with the SEC on February 5, 2015, our amended Definitive Proxy Statement on Schedule 14A, filed with the SEC on November 28, 2014 (our "Proxy Statement"), and our current reports on Form 8-K, filed with the SEC on September 8, 2014, September 12, 2014, November 12, 2014, November 12, 2014 (items 1.01, 8.01, and 9.01), December 3, 2014, December 30, 2014, January 14, 2015, January 20, 2015, February 5, 2015, March 23, 2015, and March 24, 2015 (excluding any information "furnished" in such reports under Items 7.01 or 9.01) (our "Current Reports"). You should read this entire prospectus and should consider, among other things, the matters set forth under "Risk Factors" in this prospectus and our financial statements and related notes thereto incorporated by reference in this prospectus, before making your investment decision. Unless the context provides otherwise, all references herein to the "Company," "ARC," "we," "our" and "us" refer to ARC Group Worldwide, Inc. and its subsidiaries. We refer to certain subsidiaries as follows: Advanced Forming Technology, Inc. and AFT-Hungary Kft. (together "AFT", consisting of two operating units: "AFT-US" U.S. operations and "AFT-HU" Hungary operations); Advance Tooling Concepts, LLC ("ATC"); Quadrant Metals Technologies LLC ("QMT"); TeknaSeal LLC ("TeknaSeal"); FloMet LLC ("FloMet"); General Flange & Forge LLC ("GF&F"); 3D Material Technologies, LLC ("3DMT"); Thixoforming LLC ("Thixoforming") and ARC Metal Stamping, LLC ("AMS"), doing business as Kecy Metal Technologies ("Kecy").

Company Overview

We are a leading global advanced manufacturer and 3D printing service provider. We provide our customers with a holistic solution in precision metal and plastic fabrication, from prototyping to full run production. We differentiate ourselves from our competitors by providing custom, innovative solutions to improve speed-to-market for our customers.

Our mission is to bring technology and innovation to traditional manufacturing, thereby benefiting from the elimination of inefficiencies currently present in the global supply chain. In particular, our focus is on accelerating the industry adoption of certain technologies, such as automation, robotics, software, and 3D printing, as well as providing innovative ways to streamline the manufacturing process, including rapid tooling and online instant quoting.

The two key pillars of our business strategy are centered on the following areas:

Providing a Holistic Solution to Manufacturing Needs. The metal and plastic fabrication industries are fragmented with single-solution providers. Given the inefficiencies of working with these groups, many manufacturers seek to reduce their supplier base by working with more scaled, holistic providers. Our strategy is to operate as a "one-stop shop" by offering a spectrum of highly advanced products, processes, and services across a variety of proprietary base materials, thereby delivering: (i) highly-engineered precision components with efficient production yields; and (ii) consolidated and streamlined supply chains via our holistic solutions.

Accelerating Speed-to-Market. The traditional manufacturing process, which often includes an inefficient price-quoting system and time-consuming tooling and production, is subject to lengthy bottlenecks. We focus on reducing these inefficiencies through highly customized prototypes and small batch and short-run services, as well as seamless integration of proprietary technologies, such as online instant quoting, 3D printing, and rapid tooling, dramatically reducing the time and cost associated with new product development.

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We believe certain manufacturing processes are moving away from traditional low-cost production centers, given increases in global wages and the displacement of labor by technology. We believe this will further accelerate the adoption of technology, including automation, robots and artificial intelligence, as inefficient and legacy manufacturing paradigms are displaced by new and more efficient systems. We believe that U.S. manufacturing is poised for a significant rejuvenation as domestic production improves. We view these developments and the anticipated resurgence of U.S. manufacturing as a substantial growth opportunity for our Company.

We continue to build our enterprise through scalable organic growth, by cross-selling new services to our customer base, and through vertical and horizontal acquisitions. In particular, we anticipate adding, through acquisitions, additional metal fabrication services in order to further consolidate the supply chain, cross-sell services into our respective customer bases, benefit from the implementation of operational best practices, and further expand our proprietary technologies.

Competitive Strengths

Our competitive strengths include the following:

Leading Market Position in MIM, an Industry with High Barriers to Entry. We believe we are one of the largest companies in the global MIM industry. Further, we believe our proprietary production processes, longstanding customer relationships, well-established industry reputation, and track record for quality products and services provide us with a competitive advantage over other market participants. We believe that the development of high-quality, commercially scalable MIM production would require any new competitors to invest significant capital and years of research and development before being able to commercially compete with us, thereby resulting in high barriers to entry for any new participants in the industry.

Metal 3D Printing Part Production. Due to the complementary nature of the MIM process and metal 3D printing, in the second quarter of fiscal 2014, we established our 3DMT Group segment which consists of our tooling product line, ATC, which was acquired in April 2014, and 3D printing. We believe we are one of the few companies well-positioned to take advantage of the emerging metal 3D printing industry. Additive Manufacturing ("AM", which includes 3D printing) is still in its infancy, but the barriers to entry remain high principally due to the demands of properly scaling and building such a business. Experience working with metal powder and producing complex metal components is critical to making quality, production-capable metal 3D parts. 3D printing services are relatively new and are currently a small portion of our business, however, we believe our experience and ancillary know-how are material competitive advantages to significantly grow this area of our operations during the foreseeable future.

Early Adoption of AM and Other Advanced Manufacturing Technologies. We believe our adoption and implementation of AM and other advanced manufacturing technologies, such as robotics, RapidMIM, rapid tooling, and development of instant online quoting, are key competitive advantages in the fragmented market in which we operate. These technologies provide our customers with reduced order turnaround times and customized engineering solutions, while strengthening our customer relationships and enhancing our ability to market a broader and differentiated suite of products. We believe our capital investment and collective experience with these technologies would be difficult to replicate for smaller or limited product-suite competitors.

Established Customer Base in High Growth Markets. Our customers include global leaders in high-growth sectors, including manufacturers of medical/dental devices, firearms and defense, automotive, aerospace, consumer durables, and electronic devices. In several cases, our components have been incorporated into the design of our customers' products for many

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generations, which positions us advantageously for inclusion in future product launches. We expect our AM business to grow through demand from our existing customers as they become aware of the efficiencies and benefits of AM manufacturing solutions. As such, we expect to continually increase our "wallet share" within our existing customer base, capturing an increasing amount of customer spending through the continuation of improvements to our existing products and by cross-selling our Company-wide capabilities. Our four top customers accounted for approximately 40% of our fiscal year 2014 revenue. As a result of our 2014 acquisitions, we have improved the diversification of our customer base so that, for the six months ended December 28, 2014, no individual customer accounted for more than ten percent of our sales. The Company had sales to three significant customers for the six month period ended December 28, 2014 and four significant customers for the twelve month period ended June 30, 2014, which represented approximately 25.6%, and 40.0%, respectively, of the Company's total sales. However, the immediate loss of any of these customers could have a material adverse effect on our financial position and results of operations. Through additional acquisitions and organic growth, we seek to further diversify both our offerings and our customer base. Assuming our continued customer diversification, we do not believe the loss of any one of our core customers would have a long-term material adverse effect on our results of operations. However, there can be no assurance that the loss of any one or more of our core customers would not have a material adverse effect on our results of operations, at least in the short term.

Differentiated Business Model. We believe that our business model is highly differentiated from many of our competitors. Because we have generally manufactured some of the most critical and difficult-to-produce components for our customers' products, we have been able to expand the scope of products we offer to our customers to include other value-added services such as AM, plastic injection molding, and rapid tool making, among others. We believe our full-service solution represents a distinct competitive advantage in the marketplace and will increasingly become an even more important value differentiator going forward.

Lean Manufacturing and Operating Best Practices. We manage our manufacturing operation on a decentralized basis, whereby each of our 10 operating subsidiaries is run by a General Manager ("GM"). Our GMs are experts in lean manufacturing, six sigma, automation, and general operating best practices. We have an orientation process whereby lean-manufacturing leaders groom our rising managers and mentor them on operating efficiency and excellence. These internal best practices are shared among our facilities and implemented when we acquire or initiate new operations.

Experienced Management Team. Our Chairman and Chief Executive Officer, Jason T. Young, has been integral to the strategic direction and growth of our business since he joined our Company in 2008. Among other achievements, Mr. Young led the turnaround of the Company, taking it from an unprofitable business to the growing and profitable business it is today. Additionally, our Chief Financial Officer, Drew M. Kelley, who joined the Company in 2013 after a longstanding tenure in the financial services industry, contributes valuable expertise by providing our Company with financial oversight, strategic direction and complex corporate finance experience.

Business Strategy

Our business strategy focuses on growing our revenues through the addition of new customers and by increasing our "wallet share" from existing customers through implementation of our technology and innovative solutions. As we continue to grow our business, we expect that our increased size and scale will translate into improved operating margins as we realize more favorable pricing terms from our

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customers and suppliers and by executing numerous lean manufacturing efficiencies. In order to achieve this growth plan, we are implementing the following strategic initiatives:

Provide Customers with Faster and Higher Quality Solutions. We believe that a key competitive differentiator in our business is utilizing technology solutions to increase customers' speed-to-market. We believe our technology-enhanced service offerings, which include 3D printing, rapid tooling, and RapidMIM, can materially reduce lead times and produce greater manufacturing efficiency. In early 2014, we announced the launch of our proprietary online instant quoting software system and introduced this system for our 3DMT business in August 2014. We expect this quoting system to open new markets and reduce customer lead times. In particular, we focus on engaging customers at the design phase of their product and endeavor to have them adopt our high-quality solutions throughout the entire manufacturing process, from prototype through large-scale commercial production, in order to create a more long term partnership.

Cross-Sell Products and Services Across Our Customer Base. As we continue to offer new and complementary products and services across our Company, we are able to gain access to new customer bases. These new customers present us with opportunities to cross-sell our full suite of products and services. We believe that our customers value simplification of their supply chains by reducing the number of suppliers. Consequently, we have found cross-selling provides us with a compelling strategy for revenue growth, and we plan to continue to capitalize on cross-selling opportunities as we add products and services to our existing capabilities.

Expand Sales Force and Marketing. We have a highly skilled, technically-focused sales force, which generally markets our products to the engineering members of our customer base. Each ARC sales representative is responsible for selling our complete suite of solutions to target customers. Traditional sales methodologies are supported and complemented by our online initiatives, as we have invested resources for improving our search engine optimization and marketing solutions. We believe that international markets present a compelling growth opportunity for our business and in 2014, we launched an international sales team.

Increase Market Penetration of 3D Technology. We believe Additive Manufacturing, and in particular, metal 3D printing, can create growth opportunities in traditional manufacturing. Over the next several years, metal 3D printing should continue to displace traditional forms of metal fabrication. Given this significant opportunity, ARC has, and will continue to, make material investments in machinery and personnel in order to offer and expand this capability. At the same time, these AM capabilities, given their complementary attributes to our MIM business, should provide opportunities to accelerate the growth in the Company's traditional fabrication processes.

Continue to Pursue Accretive Acquisitions. We intend to continue to pursue acquisitions that meet our core strategic and financial criteria. In particular, we seek companies that offer complementary products and services to our existing portfolio, while at the same time, provide us with access to new customer bases to cross-sell our existing solutions. We believe there are numerous potential acquisition targets that meet our targeted criteria, and we intend to continue to pursue such acquisitions in the future.

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Summary of Risks Related to Our Business

An investment in our common stock involves a high degree of risk. These risks are summarized and more fully discussed in the "Risk Factors" section below. You should carefully consider these risks before deciding to invest in our common stock. These risks include, but are not limited to:

- our substantial indebtedness under the Citizens Bank, N.A. ("Citizens Bank") Amended & Restated Credit Agreement, as amended (the "Senior Credit Facility") and the McLarty Capital Partners SBIC, L.P. Credit Agreement, as amended (the "Subordinated Credit Facility");
- our ability to prepare for, respond to and successfully achieve our objectives relating to technological and market developments and changing customer needs;
- our participation in markets that are competitive;
- general economic and industry conditions;
- our customer concentration and the loss of any one of these customers;
- our ability to realize benefits from acquisitions;
- our ability to retain our key personnel and to attract and integrate additional personnel;
- our ability to maintain cost controls;
- our majority stockholder Everest Hill Group's ability to control our common stock; and
- other risks and uncertainties, including those listed under the caption "Risk Factors" in this prospectus.

Credit Agreement Financial Ratio Compliance

As of June 30, 2014, we were not in compliance with certain of our financial covenant ratios under our prior credit agreement with Citizens Bank. We renegotiated the terms of our credit agreement and on November 10, 2014, we entered into our new Senior Credit Facility with Citizens Bank and obtained waivers regarding the prior non-compliance matters. On November 10, 2014, we also entered into our Subordinated Credit Facility. As of the date of this prospectus, we have approximately $80.8 million of indebtedness on a consolidated basis. Upon completion of this offering and our use of the proceeds for loan repayments made in accordance with our Senior Credit Facility and our Subordinated Credit Facility agreements, we believe we will be in compliance with both of our Credit Facilities.

Our Majority Stockholder

After completion of this offering, our majority stockholder, Everest Hill Group Inc. ("Everest Hill Group"), will own approximately 50% of our Company's issued and outstanding shares of common stock. Everest Hill Group also owns a minority interest in Brean Capital, LLC ("Brean Capital"), an underwriter for this offering, and, therefore, Brean Capital and the Company are affiliated through common ownership. See "Conflict of Interest" below.

Conflict of Interest

Our majority stockholder, Everest Hill Group, which will own approximately 50% of the Company following the completion of this offering, also owns a minority interest in Brean Capital, an underwriter for this offering. Brean Capital does not own any common stock of our Company. In addition, Everest Hill Group has a business relationship with McLarty Capital Partners SBIC, L.P. ("McLarty"), with whom we have entered into the Subordinated Credit Facility, through Jason T. Young, our Chairman and Chief Executive Officer, in his capacity as a partner in an investment manager which serves as the advisor to a fund which has an economic interest in McLarty. Because we, McLarty and Brean Capital

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may be deemed to be under common control, a "conflict of interest" is deemed to exist within the meaning of FINRA Rule 5121. Accordingly, this offering will be made in compliance with the applicable provisions of FINRA Rule 5121. In accordance with FINRA Rule 5121, Imperial Capital, LLC ("Imperial Capital") has agreed to act as the qualified independent underwriter for the offering. In that role, Imperial Capital has participated in the preparation of this prospectus and the registration statement of which this prospectus forms a part and has exercised its usual standards of due diligence with respect thereto. In addition, in accordance with FINRA Rule 5121, Brean Capital will not sell our common stock to a discretionary account without receiving written approval from the account holder. See "Underwriting Conflicts of Interest."

Company Information

Our Company was incorporated in the State of Utah on September 30, 1987. Our principal executive offices are located at 810 Flightline Boulevard, Deland, Florida 32724, our telephone number is (303) 467-5236 and our website is http://www.arcgroupworldwide.com. Information contained on, or accessible through, our website is not part of this prospectus, and such content is not incorporated by reference herein.

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THE OFFERING

Common Stock Offered:	3,000,000 shares
Common Stock Outstanding after this Offering:	18,080,121 shares(1)
Option to Purchase Additional Shares	We have granted the underwriters an option to purchase up to 450,000 additional shares of our common stock. This option is exercisable, in whole or in part, for a period of 30 days from the date of this prospectus.
Use of Proceeds:	We estimate that the net proceeds from our sale of shares of our common stock in this offering will be approximately $13.5 million, or approximately $15.6 million if the underwriters exercise their option to purchase additional shares in full. We are voluntarily raising equity capital in this offering with the primary objectives of deleveraging the Company, increasing flexibility under our credit agreements and increasing liquidity in the Company's publicly traded common stock. The Company plans to use all of the net proceeds from the Offering to prepay a portion of the outstanding indebtedness under our Senior Credit Facility and our Subordinated Credit Facility, which we used to finance our acquisitions of ATC, Thixoforming, Kecy, and Munson.
Risk Factors:	See the section entitled "Risk Factors" beginning on page 10 for a discussion of factors to consider carefully before deciding whether to purchase shares of our common stock.
NASDAQ Symbol:	ARCW

(1) The number of shares of our common stock to be outstanding immediately after this offering is based on 15,080,121 shares of common stock outstanding as of December 28, 2014 and gives effect to the issuance of 3,000,000 shares of our common stock to be sold by us in this offering.

As of the date of this prospectus, we have no options or warrants issued or outstanding and we have no equity incentive plan in effect that could result in the issuance of any options or warrants or similar instruments.

Unless otherwise indicated, this prospectus assumes no exercise by the underwriters of their option to purchase up to 450,000 additional shares of our common stock from us.

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SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The summary consolidated financial information set forth below for each of the years ended June 30, 2012, 2013 and 2014 has been derived from our audited consolidated financial statements. The summary consolidated financial information set forth below for the six months ended December 28, 2014 and December 29, 2013 has been derived from our unaudited financial statements. The unaudited financial statements have been prepared on the same basis as the audited financial statements and, in the opinion of our management, include all adjustments, consisting of normal recurring adjustments necessary for a fair presentation of the information set forth herein. Operating results for the six months ended December 28, 2014 are not necessarily indicative of the results that may be expected for the year ending June 30, 2015, or for any future period. ARC Group Worldwide is considered a smaller reporting company under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not required to disclose the summary consolidated financial data. We have elected to voluntarily disclose the financial information below as we believe it would be helpful to potential investors.

Consolidated Statement of Operations Data
(in thousands, except per share data)

	Year Ended June 30,			For the Six Months Ended,	
	2012	2013	2014	December 29, 2013	December 28, 2014
				(unaudited)	
Sales	$ 30,407	$ 68,486	$ 82,926	$ 38,342	$ 55,804
Gross profit	11,711	18,292	24,233	11,955	13,370
Selling, general and administrative expense	6,408	11,620	15,731	7,502	10,418
Merger expense		1,637	536		187
Income from operations	5,303	5,035	7,966	4,453	2,765
Income before taxes	4,981	4,326	7,155	3,961	620
Net income attributable to ARC Group Worldwide, Inc.	4,518	3,039	4,516	2,768	116
Net income per common share:					
Basic and diluted	$ 0.45	$ 0.22	$ 0.31	$ 0.19	$ 0.01

Consolidated Balance Sheet Data
(in thousands)

		As of December 28, 2014	
	June 30, 2014	Actual	As Adjusted(1)
Cash and cash equivalents	$ 9,384	$ 3,859	$ 3,859
Total assets	136,389	131,672	131,672
Total debt, including capital leases	83,023	81,307	67,777
Total liabilities	105,048	100,272	86,742
Total stockholders' equity	31,341	31,400	44,930

(1) On an as adjusted basis to give effect to the sale of shares of our common stock in this offering and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We plan to use all of the net proceeds from this offering to prepay a portion of the outstanding indebtedness under our Senior Credit Facility and our Subordinated Credit Facility, which we used to finance our acquisitions of ATC, Thixoforming, Kecy and Munson.

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Other Data
EBITDA and Adjusted EBITDA
(in thousands)

	Year Ended June 30,			Six Months Ended	
	2012	2013	2014	December 29, 2013	December 28, 2014
Net income	$ 4,817	$ 3,330	$ 4,744	$ 2,885	$ 230
Interest expense, net	453	1,142	1,399	499	2,134
Income tax expense		722	2,411	1,076	390
Depreciation and amortization	725	3,393	4,385	1,790	4,666
EBITDA	5,995	8,587	12,939	6,250	7,420
Share-based compensation expense			701	701	
Merger expenses		1,637	536		187
Other non-recurring expenses					286
Gain on bargain purchase		(381)			
Gain on early extinguishment of debt			(578)		
Reorganization expenses			351	351	
Adjusted EBITDA	$ 5,995	$ 9,843	$ 13,949	$ 7,302	$ 7,893