UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT PURSUANT TO SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported): November 2, 2017

UNIVERSAL ELECTRONICS INC.

(Exact name of Registrant as specified in its charter)

Delaware(State or other jurisdiction of incorporation or organization)

0-21044 (Commission File No.) 33-0204817 (I.R.S. Employer Identification No.)

201 E. Sandpointe Avenue, 8th Floor Santa Ana, CA 92707 (Address of principal executive offices, with Zip Code)

(714) 918-9500 (Registrant's telephone number, including area code):

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.

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Item 2.02 Results of Operations and Financial Condition

On November 2, 2017, Universal Electronics Inc. is issuing a press release and holding a conference call regarding its financial results for the third quarter ended September 30, 2017. A copy of this press release is furnished with this Report as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

- (d) Exhibits. The following exhibit is furnished with this Report.
 - 99.1 Press Release of Universal Electronics Inc. dated November 2, 2017.

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 thereunto duly authorized.

Universal Electronics Inc.

Date: November 2, 2017 By: /s/ Bryan Hackworth

Bryan Hackworth Chief Financial Officer (Principal Financial Officer)

INDEX TO EXHIBITS

Exhibit Number	Description
99.1	Press Release Dated November 2, 2017



Contacts: Paul Arling (UEI) 714.918.9500 Becky Herrick (IR Agency) 415.433.3777

UNIVERSAL ELECTRONICS REPORTS THIRD QUARTER 2017 FINANCIAL RESULTS

SANTA ANA, CA – November 2, 2017 – Universal Electronics Inc. (UEI), (NASDAQ: UEIC) reported financial results for the three and nine months ended September 30, 2017.

Paul Arling, UEI's chairman and CEO, stated, "During the third quarter, our home security products performed well and we expect sales in this category to continue to ramp nicely both in the fourth quarter and next year. While the transition to higher end platforms continues to support growth in our core business, this growth was offset by softer than typical shipments to some of our domestic subscription broadcasting customers. We expect this effect to be temporal as evidenced by our guidance for the fourth quarter of 2017, which reflects anticipated net sales growth of between 7% and 12%, representing higher average selling prices for our advanced technologies and the continued adoption of smart devices. We are more excited than ever about what is in store for UEI in the years ahead."

Financial Results for the Three Months Ended September 30: 2017 Compared to 2016

- GAAP net sales were \$175.7 million, compared to \$169.2 million; Adjusted Non-GAAP net sales were \$175.5 million, compared to \$170.3 million.
- GAAP gross margins were 24.5%, compared to 24.7%; Adjusted Non-GAAP gross margins were 26.3%, compared to 26.1%.
- GAAP operating income was \$4.2 million, compared to \$8.1 million; Adjusted Non-GAAP operating income was \$15.4 million, compared to \$15.6 million.
- GAAP net income was \$1.7 million, or \$0.12 per diluted share, compared to \$7.8 million or \$0.53 per diluted share; Adjusted Non-GAAP net income was \$11.9 million, or \$0.81 per diluted share, compared to \$13.8 million, or \$0.93 per diluted share.
- At September 30, 2017, cash and cash equivalents were \$48.6 million, compared to \$50.6 million at December 31, 2016.

Financial Results for the Nine Months Ended September 30: 2017 Compared to 2016

- GAAP net sales were \$514.6 million, compared to \$490.8 million; Adjusted Non-GAAP net sales were \$515.8 million, compared to \$494.0 million.
- GAAP gross margins were 24.8%, compared to 25.0%; Adjusted Non-GAAP gross margins were 26.3%, compared to 26.0%.
- GAAP operating income was \$11.2 million, compared to \$19.1 million; Adjusted Non-GAAP operating income was \$43.0 million, compared to \$39.6 million.
- GAAP net income was \$6.5 million, or \$0.44 per diluted share, compared to \$17.1 million or \$1.16 per diluted share; Adjusted Non-GAAP net income was \$32.4 million, or \$2.21 per diluted share, compared to \$31.5 million, or \$2.14 per diluted share.

Financial Outlook

Bryan Hackworth, UEI's CFO, stated, "We are excited about the influx of new, more complex devices, albeit the surge is creating manufacturing inefficiencies at a time when we are completing the transition of activities from our southern China factory to our other China factories. We expect this will create near-term margin pressure, which is embedded in our fourth quarter 2017 guidance. While a temporary setback, we continue to believe relocating to a talent rich region will deliver long-term benefits. We expect transitionary impacts to diminish and ultimately be eliminated into 2018, supporting stronger bottom-line growth rates."

For the fourth quarter of 2017, the company expects GAAP net sales to range between \$172 million and \$180 million, compared to \$160.5 million in the fourth quarter of 2016. GAAP earnings per diluted share for the fourth quarter of 2017 is expected to range from \$0.07 to \$0.17, compared to GAAP earnings per diluted share of \$0.22 in the fourth quarter of 2016.

For the fourth quarter of 2017, the company expects Adjusted Non-GAAP net sales to range between \$172 million and \$180 million, compared to \$160.1 million in the fourth quarter of 2016. Adjusted Non-GAAP earnings per diluted share are expected to range from \$0.55 to \$0.65, compared to Adjusted Non-GAAP earnings per diluted share of \$0.74 in the fourth quarter of 2016. The fourth quarter Adjusted Non-GAAP earnings per diluted share estimate excludes \$0.48 per share related to stock-based compensation, amortization of acquired intangibles, excess manufacturing costs from a factory transition between our Chinese factories, severance related to the consolidation of manufacturing facilities, changes in contingent consideration related to acquisitions, and income tax adjustments.

Conference Call Information

UEI's management team will hold a conference call today, Thursday, November 2, 2017 at 4:30 p.m. ET / 1:30 p.m. PT, to discuss its third quarter 2017 earnings results, review recent activity and answer questions. To access the call in the U.S. please dial 877-843-0414, and for international calls dial 315-625-3071 approximately 10 minutes prior to the start of the conference. The conference ID is 1725614. The conference call will also be broadcast live at www.uei.com where it will be available for replay for one year. In addition, a replay will be available via telephone for two business days beginning two hours after the call. To listen to the replay, in the U.S. please dial 855-859-2056, and internationally dial 404-537-3406. The access code is 1725614.

Use of Non-GAAP Financial Metrics

In addition to reporting financial results in accordance with generally accepted accounting principles, or GAAP, UEI provides Adjusted Non-GAAP information as additional information for its operating results. References to Adjusted Non-GAAP information are to non-GAAP financial measures. These measures are not required by, in accordance with, or an alternative for, GAAP and may be different from non-GAAP financial measures used by other companies. UEI's management uses these measures for reviewing the financial results of UEI, for budget planning purposes, and for making operational and financial decisions and believes that providing these non-GAAP financial measures to investors, as a supplement to GAAP financial measures, helps investors evaluate UEI's core operating and financial performance and business trends consistent with how management evaluates such performance and trends. Additionally, management believes these measures facilitate comparisons with the core operating and financial results and business trends of competitors and other companies.

Adjusted Non-GAAP net sales is defined as net sales excluding the impact of stock-based compensation for performance-based warrants. Adjusted Non-GAAP gross profit is defined as gross profit excluding stock-based compensation expense, cost of goods sold and depreciation expense related to the increase in inventories and fixed assets from cost to fair market value resulting from acquisitions, amortization of intangibles acquired, and excess manufacturing costs. Adjusted Non-GAAP operating expenses are defined as operating expenses excluding amortization of intangibles acquired, stock-based compensation expense, employee related restructuring costs, litigation settlement costs and changes in contingent consideration related to acquisitions as well as other acquisition related costs and nonrecurring items. Adjusted Non-GAAP net income is defined as net income excluding the aforementioned items, foreign currency gains and losses, and the related tax effects of all adjustments, as well as the income tax effects of nondeductible projected losses to be incurred as a result of the shutdown of the company's Guangzhou factory and the effect of net deferred tax asset adjustments related to tax incentives at one of our other China factories. Adjusted Non-GAAP diluted earnings per share attributable to Universal Electronics Inc. is calculated using Adjusted Non-GAAP net income attributable to Universal Electronics Inc. A reconciliation of these financial measures to the most directly comparable GAAP financial measures is included at the end of this press release.

About Universal Electronics

Universal Electronics Inc. is the worldwide leader in universal control and sensing technologies for the smart home. For more information, please visit www.uei.com/about.

Note on Forward-looking Statements

This press release and accompanying schedules contain "forward-looking statements" within the meaning of federal securities laws, including net sales, profit margin and earnings trends, estimates and assumptions; our expectations about new product introductions; and similar statements concerning anticipated future events and expectations that are not historical facts. We caution you that these statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those we identify below and other risk factors that we identify in our most recent annual report on Form 10-K and the periodic reports filed thereafter. Risks that could affect forward-looking statements in this press release include changes in market conditions; the continued adoption of our advanced control technologies by our customers as anticipated by management; the convergence of smart home devices and technologies as anticipated by management; the pace of the economy; competitive conditions in the industries we serve, including the smart home and residential and commercial security industries; and relationships with our customers and our ability to attract new customers; our ability to successfully and profitably transition our manufacturing operations, and our continued ability to maintain and/or improve our margins and cost effective operations. Any of these factors could cause actual results to differ materially from the expectations we express or imply in this press release. We make these forward-looking statements as of November 2, 2017. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

- Tables Follow -

UNIVERSAL ELECTRONICS INC.

CONSOLIDATED BALANCE SHEETS
(In thousands, except share-related data)
(Unaudited)

	Sept	September 30, 2017		December 31, 2016	
ASSETS					
Current assets:					
Cash and cash equivalents	\$	48,560	\$	50,611	
Restricted cash		4,799		4,623	
Accounts receivable, net		153,355		124,592	
Inventories, net		154,520		129,879	
Prepaid expenses and other current assets		9,988		7,439	
Assets held for sale		12,403		_	
Income tax receivable		3,262		1,054	
Deferred income taxes		_		5,960	
Total current assets		386,887		324,158	
Property, plant, and equipment, net		109,149		105,351	
Goodwill		48,624		43,052	
Intangible assets, net		30,159		28,549	
Deferred income taxes		18,349		10,430	
Long-term restricted cash		_		4,600	
Other assets		4,040		4,896	
Total assets	\$	597,208	\$	521,036	
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities:					
Accounts payable	\$	106,872	\$	97,157	
Line of credit		114,000		49,987	
Accrued compensation		33,328		35,580	
Accrued sales discounts, rebates and royalties		7,790		8,358	
Accrued income taxes		994		375	
Other accrued expenses		25,840		24,410	
Total current liabilities		288,824		215,867	
Long-term liabilities:		200,02 :		213,007	
Long-term contingent consideration		14,000		10,500	
Deferred income taxes		6,376		7,060	
Income tax payable		791		791	
Other long-term liabilities		1,598		6,308	
Total liabilities		311,589		240,526	
Commitments and contingencies		311,303		240,320	
Stockholders' equity:					
Preferred stock, \$0.01 par value, 5,000,000 shares authorized; none issued or outstanding		_			
Common stock, \$0.01 par value, 50,000,000 shares authorized; 23,687,651 and 23,575,340 shares issued on					
September 30, 2017 and December 31, 2016, respectively		237		236	
Paid-in capital		262,776		250,481	
Treasury stock, at cost, 9,352,551 and 9,022,587 shares on September 30, 2017 and December 31, 2016, respectively	У	(243,197)		(222,980)	
Accumulated other comprehensive income (loss)		(17,831)		(22,821)	
Retained earnings		283,634		275,594	
•		285,619			
Total stockholders' equity		203,013		280,510	

UNIVERSAL ELECTRONICS INC. CONSOLIDATED INCOME STATEMENTS

(In thousands, except per share amounts) (Unaudited)

	Т	Three Months Ended September 30,				Nine Months Ended September 30,				
		2017		2016		2017		2016		
Net sales	\$	175,652	\$	169,185	\$	514,638	\$	490,829		
Cost of sales		132,582		127,400		386,783		367,941		
Gross profit		43,070		41,785		127,855		122,888		
Research and development expenses		5,415		4,955		15,859		15,292		
Factory transition restructuring charges		446		81		6,145		1,598		
Selling, general and administrative expenses		32,997		28,628		94,701		86,867		
Operating income		4,212		8,121		11,150		19,131		
Interest income (expense), net		(721)		(228)		(1,676)		(753)		
Other income (expense), net		61		335		2		1,726		
Income before provision for income taxes		3,552		8,228		9,476		20,104		
Provision for income taxes		1,824		421		2,945		2,956		
Net income		1,728		7,807		6,531		17,148		
Net income attributable to noncontrolling interest		_		_		_		30		
Net income attributable to Universal Electronics Inc.	\$	1,728	\$	7,807	\$	6,531	\$	17,118		
Earnings per share attributable to Universal Electronics Inc.:										
Basic	\$	0.12	\$	0.54	\$	0.45	\$	1.19		
Diluted	\$	0.12	\$	0.53	\$	0.44	\$	1.16		
Shares used in computing earnings per share:										
Basic		14,381		14,510		14,412		14,441		
Diluted		14,666		14,848		14,689		14,740		

UNIVERSAL ELECTRONICS INC. CONSOLIDATED STATEMENTS OF CASH FLOWS (In thousands) (Unaudited)

Cols provided by (used for) operating activities: a (5.05) \$ (7.14) Net incrome \$ 6.531 \$ 1.7148 Adjustments to reconcile net income to net cach provided by (used for) operating activities: 32.02 1.809 Depression and amortization 2.10 2.10 2.10 Provision for invitentory write-downs 2.0 2.0 2.0 Deferred mome teases 6.0 2.2 2.0 Excess tax benefit from secretice of stock options and vester destricted stock 6.0 2.2 2.0 Excess tax benefit from secretic and stock options and vester destricted stock 9.4% 7.5% 2.0 Excess tax benefit from secretic and stock options and vester destricted stock 9.4% 7.5% 2.2 Excess tax benefit from sock-based compensation 9.4% 7.5% 2.2 2.2 Excess tax benefit from sock-based compensation 9.4% 7.5 2.2		Nine Mont	Nine Months Ended September 30,		
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Provision for doubtful accounts 167 123 Provision for inventory wite-downs 2,38 2,38 Deferred income taxes (953) 1,413 The benefit from sock-based coppoins and vested restricted stock ————————————————————————————————————	Adjustments to reconcile net income to net cash provided by (used for) operating activities:				
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Accounts payable and accrued expenses 1,488 7,699 Accrued income taxes (1,517) (4,737) Net cash provided by (used for) operating activities (1,600) 38,681 Cashused for investing activities 26,9922 (28,914) Acquisition of property, plant, and equipment (29,922) (28,914) Acquisition of intangible assets of Residential Control Systems, Inc. (6,894) — Acquisition of intangible assets (1,275) (1,373) Increase in restricted cash — (4,797) Deposit received toward sale of Guangzhou factory — 4 Net cash used for investing activities — 4 Net cash used for investing activities — 4 Repayments on line of credit 115,000 92,987 Repayments on line of credit 115,000 92,987 Repayments on line of credit 1,107 4,813 Trescury stock purchased (20,217) 2,188 Excess tax benefit from stock-based compensation — 2,292 Net cash provided by (used for) financing activities 44,903 1,0083	Inventories	(21,	,217)		(4,470)
Accrued income taxes (1,517) (4,737) Net cash provided by (used for) operating activities 38,681 Cashused for investings activities: (29,922) (28,914) Acquisition of property, plant, and equipment (29,922) (28,914) Acquisition of intangible assets of Residential Control Systems, Inc. (8,894) — Acquisition of intangible assets (1,275) (1,373) Increase in restricted cash — (4,797) Deposit received toward sale of Guangzhou factory — 4 4 Deposit received toward sale of Guangzhou factory — 4 4 Poconsolidation of Encore Controls LLC — 4 4 Net cash used for investing activities — 4 9 Reposit received toward sale of Guangzhou factory — 4 9 9 9 Recash used for investing activities — 4 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 9 </td <td>Prepaid expenses and other assets</td> <td>(2,</td> <td>,422)</td> <td></td> <td>(86)</td>	Prepaid expenses and other assets	(2,	,422)		(86)
Net cash provided by (used for) operating activities (1,160) 38,681 Cash used for investing activities: (29,922) (28,914) Acquisition of property, plant, and equipment (29,922) (28,914) Acquisition of intenses of Residential Control Systems, Inc. (8,894) — Acquisition of intangible assets (1,275) (1,373) Increase in restricted cash — (4,797) Deposit received toward sale of Guangzhou factory — 4 Net cash used for investing activities — 4 Net cash used for investing activities — 4 Supprovided by (used for) financing activities — 4 Repayments on line of credit 115,000 92,987 Proceeds from stock options exercised 1,107 4,813 Proceeds from stock options exercised 1,107 4,813 Teasury stock purchased 20,217 (2,188) Excess tax benefit from stock-based compensation — 2,292 Net cash provided by (used for) financing activities 4,903 (1,083) Effect of exchange rate changes on cash 5,03	Accounts payable and accrued expenses	1,	,488		7,699
Cash used for investing activities: (29,922) (28,914) Acquisition of property, plant, and equipment (29,922) (28,914) Acquisition of net assets of Residential Control Systems, Inc. (8,894) — Acquisition of intangible assets (1,275) (1,373) Increase in restricted cash — (4,797) Deposit received toward sale of Guangzhou factory — 4 Deconsolidation of Encore Controls LLC — 4 Net cash used for investing activities (40,091) (30,239) Cash provided by (used for) financing activities 115,000 92,987 Repayments on line of credit (50,987) (107,987) Proceeds from stock options exercised 1,1107 4,813 Treasury stock purchased (20,217) (2,188) Excess tax benefit from stock-based compensation — 2,292 Net cash provided by (used for) financing activities 44,903 (10,083) Effect of exchange rate changes on cash (5,093) (3,184) Net increase (decrease) in cash and cash equivalents 2,056 48,256 Cash and cash equi	Accrued income taxes	(1,	,517)		(4,737)
Acquisition of property, plant, and equipment (29,922) (28,914) Acquisition of net assets of Residential Control Systems, Inc. (8,894) — Acquisition of intangible assets (1,275) (1,373) Increase in restricted cash — (4,797) Deposit received toward also of Guangzhou factory — 4,797 Deconsolidation of Encore Controls LLC — 48 Net cash used for investing activities (40,091) 30,239 Cash provided by (used for) financing activities 115,000 92,987 Repayments on line of credit (50,987) (107,987) Proceeds from stock options exercised 1,107 4,813 Treasury stock purchased (20,217) (2,188) Excess tax benefit from stock-based compensation — 2,292 Net cash provided by (used for) financing activities 44,903 (10,083) Effect of exchange rate changes on cash (5,703) (3,184) Net increase (decrease) in cash and cash equivalents (5,703) (3,184) Act increase (decrease) in cash and cash equivalents 5,611 5,296 Ca	Net cash provided by (used for) operating activities	(1,	,160)		38,681
Acquisition of net assets of Residential Control Systems, Inc. (8,894) — Acquisition of intangible assets (1,275) (1,373) Increase in restricted cash — (4,797) Deposit received toward sale of Guangzhou factory — 4,797 Deconsolidation of Encore Controls LLC — 48 Net cash used for investing activities (40,091) (30,239) Cash provided by (used for) financing activities 115,000 9,2987 Repayments on line of credit (50,987) (107,987) Proceeds from stock options exercised 1,107 4,813 Treasury stock purchased (20,217) (2,188) Excess tax benefit from stock-based compensation — 2,292 Net cash provided by (used for) financing activities 44,903 (10,083) Effect of exchange rate changes on cash (5,703) (3,184) Net increase (decrease) in cash and cash equivalents (2,051) (4,825) Cash and cash equivalents at beginning of year 5,611 5,2966 Cash and cash equivalents at end of period \$ 48,560 \$ 48,141	Cash used for investing activities:				
Acquisition of intangible assets (1,275) (1,373) Increase in restricted cash — (4,797) Deposit received toward sale of Guangzhou factory — 4,797 Deconsolidation of Encore Controls LLC — 48 Net cash used for investing activities — (40,091) 30,239) Cash provided by (used for) financing activities: — 115,000 92,987 Repayments on line of credit (50,987) (107,987) Proceeds from stock options exercised 1,107 4,813 Treasury stock purchased (20,217) (2,188) Excess tax benefit from stock-based compensation — 2,292 Net cash provided by (used for) financing activities 44,903 10,083 Effect of exchange rate changes on cash (5,703) 3,184 Net increase (decrease) in cash and cash equivalents (2,051) 4,825 Cash and cash equivalents at beginning of year 5,611 5,296 Cash and cash equivalents at end of period \$ 48,560 \$ 48,141 Supplemental cash flow information: **Trease of the period of th	Acquisition of property, plant, and equipment	(29,	,922)	((28,914)
Increase in restricted cash — (4,797) Deposit received toward sale of Guangzhou factory — 4,797 Deconsolidation of Encore Controls LLC — 48 Net cash used for investing activities (40,091) (30,239) Cash provided by (used for) financing activities: """">"""""""""""""""""""""""""""""""	Acquisition of net assets of Residential Control Systems, Inc.	(8,	,894)		_
Deposit received toward sale of Guangzhou factory 4,797 Deconsolidation of Encore Controls LLC 4 Net cash used for investing activities (40,091) (30,239) Cash provided by (used for) financing activities: Borrowings under line of credit 115,000 92,987 Repayments on line of credit (50,987) (107,987) Proceeds from stock options exercised 1,107 4,813 Treasury stock purchased (20,217) (2,188) Excess tax benefit from stock-based compensation — 2,292 Net cash provided by (used for) financing activities 44,903 (10,083) Effect of exchange rate changes on cash (5,703) (3,184) Net increase (decrease) in cash and cash equivalents (2,051) (4,825) Cash and cash equivalents at beginning of year 5,061 5,2966 Cash and cash equivalents at end of period \$ 48,560 \$ 48,141 Supplemental cash flow information: Income taxes paid	Acquisition of intangible assets	(1,	,275)		(1,373)
Deconsolidation of Encore Controls LLC — 48 Net cash used for investing activities (40,091) (30,239) Cash provided by (used for) financing activities: Secondary of the provided of the provided of credit 115,000 92,987 Borrowings under line of credit (50,987) (107,987) Repayments on line of credit (50,987) (107,987) Proceeds from stock options exercised 1,107 4,813 Treasury stock purchased 20,217 (2,188) Excess tax benefit from stock-based compensation — 2,292 Net cash provided by (used for) financing activities 44,903 (10,083) Effect of exchange rate changes on cash (5,703) (3,184) Net increase (decrease) in cash and cash equivalents (5,703) (3,184) Cash and cash equivalents at beginning of year 50,611 52,966 Cash and cash equivalents at end of period \$ 48,560 \$ 48,141 Supplemental cash flow information: \$ 5,770 \$ 6,034	Increase in restricted cash		_		(4,797)
Net cash used for investing activities (40,091) (30,239) Cash provided by (used for) financing activities: Secondary of the provided of credit 115,000 92,987 Repayments on line of credit (50,987) (107,987) Proceeds from stock options exercised 1,107 4,813 Treasury stock purchased (20,217) (2,188) Excess tax benefit from stock-based compensation — 2,292 Net cash provided by (used for) financing activities 44,903 (10,083) Effect of exchange rate changes on cash (5,703) (3,184) Net increase (decrease) in cash and cash equivalents (2,051) (4,825) Cash and cash equivalents at beginning of year 50,611 52,966 Cash and cash equivalents at end of period \$ 48,560 \$ 48,141 Supplemental cash flow information: Income taxes paid \$ 5,770 \$ 6,034	Deposit received toward sale of Guangzhou factory		_		4,797
Cash provided by (used for) financing activities: Borrowings under line of credit 115,000 92,987 Repayments on line of credit (50,987) (107,987) Proceeds from stock options exercised 1,107 4,813 Treasury stock purchased (20,217) (2,188) Excess tax benefit from stock-based compensation — 2,292 Net cash provided by (used for) financing activities 44,903 (10,083) Effect of exchange rate changes on cash (5,703) (3,184) Net increase (decrease) in cash and cash equivalents (2,051) (4,825) Cash and cash equivalents at beginning of year 50,611 52,966 Cash and cash equivalents at end of period \$ 48,560 \$ 48,141 Supplemental cash flow information: Income taxes paid \$ 5,770 \$ 6,034	Deconsolidation of Encore Controls LLC		_		48
Borrowings under line of credit 115,000 92,987 Repayments on line of credit (50,987) (107,987) Proceeds from stock options exercised 1,107 4,813 Treasury stock purchased (20,217) (2,188) Excess tax benefit from stock-based compensation — 2,292 Net cash provided by (used for) financing activities 44,903 (10,083) Effect of exchange rate changes on cash (5,703) (3,184) Net increase (decrease) in cash and cash equivalents (2,051) (4,825) Cash and cash equivalents at beginning of year 50,611 52,966 Cash and cash equivalents at end of period \$ 48,560 \$ 48,141 Supplemental cash flow information: Income taxes paid \$ 5,770 \$ 6,034	Net cash used for investing activities	(40,	,091)	((30,239)
Repayments on line of credit (50,987) (107,987) Proceeds from stock options exercised 1,107 4,813 Treasury stock purchased (20,217) (2,188) Excess tax benefit from stock-based compensation — 2,292 Net cash provided by (used for) financing activities 44,903 (10,083) Effect of exchange rate changes on cash (5,703) (3,184) Net increase (decrease) in cash and cash equivalents (2,051) (4,825) Cash and cash equivalents at beginning of year 50,611 52,966 Cash and cash equivalents at end of period \$ 48,560 48,141 Supplemental cash flow information: Income taxes paid \$ 5,770 6,034	Cash provided by (used for) financing activities:				
Proceeds from stock options exercised 1,107 4,813 Treasury stock purchased (20,217) (2,188) Excess tax benefit from stock-based compensation — 2,292 Net cash provided by (used for) financing activities 44,903 (10,083) Effect of exchange rate changes on cash (5,703) (3,184) Net increase (decrease) in cash and cash equivalents (2,051) (4,825) Cash and cash equivalents at beginning of year 50,611 52,966 Cash and cash equivalents at end of period \$ 48,560 48,141 Supplemental cash flow information: Income taxes paid \$ 5,770 \$ 6,034	Borrowings under line of credit	115,	,000		92,987
Treasury stock purchased (20,217) (2,188) Excess tax benefit from stock-based compensation — 2,292 Net cash provided by (used for) financing activities 44,903 (10,083) Effect of exchange rate changes on cash (5,703) (3,184) Net increase (decrease) in cash and cash equivalents (2,051) (4,825) Cash and cash equivalents at beginning of year 50,611 52,966 Cash and cash equivalents at end of period \$ 48,560 \$ 48,141 Supplemental cash flow information: Income taxes paid \$ 5,770 \$ 6,034	Repayments on line of credit	(50,	,987)	(1	.07,987)
Excess tax benefit from stock-based compensation—2,292Net cash provided by (used for) financing activities44,903(10,083)Effect of exchange rate changes on cash(5,703)(3,184)Net increase (decrease) in cash and cash equivalents(2,051)(4,825)Cash and cash equivalents at beginning of year50,61152,966Cash and cash equivalents at end of period\$48,560\$Supplemental cash flow information:Income taxes paid\$5,770\$6,034	Proceeds from stock options exercised	1,	,107		4,813
Net cash provided by (used for) financing activities44,903(10,083)Effect of exchange rate changes on cash(5,703)(3,184)Net increase (decrease) in cash and cash equivalents(2,051)(4,825)Cash and cash equivalents at beginning of year50,61152,966Cash and cash equivalents at end of period\$ 48,560\$ 48,141Supplemental cash flow information:Income taxes paid\$ 5,770\$ 6,034	Treasury stock purchased	(20,	,217)		(2,188)
Effect of exchange rate changes on cash Net increase (decrease) in cash and cash equivalents Cash and cash equivalents at beginning of year Cash and cash equivalents at end of period Supplemental cash flow information: Income taxes paid (5,703) (3,184) (4,825) (2,051) (4,825) 52,966 \$ 48,560 \$ 48,141 Supplemental cash flow information: Income taxes paid \$ 5,770 \$ 6,034	Excess tax benefit from stock-based compensation		_		2,292
Net increase (decrease) in cash and cash equivalents Cash and cash equivalents at beginning of year Cash and cash equivalents at end of period Supplemental cash flow information: Income taxes paid (2,051) (4,825) (5,966) (4,825) (4,825) (4,825) (5,966) (4,825) (5,966) (4,825) (5,966) (4,825) (5,966) (5,966) (5,966) (5,966) (6,034)	Net cash provided by (used for) financing activities	44,	,903	((10,083)
Cash and cash equivalents at beginning of year 50,611 52,966 Cash and cash equivalents at end of period \$ 48,560 \$ 48,141 Supplemental cash flow information: Income taxes paid \$ 5,770 \$ 6,034	Effect of exchange rate changes on cash	(5,	,703)		(3,184)
Cash and cash equivalents at end of period \$ 48,560 \$ 48,141 Supplemental cash flow information: Income taxes paid \$ 5,770 \$ 6,034	Net increase (decrease) in cash and cash equivalents	(2,	,051)		(4,825)
Supplemental cash flow information: Income taxes paid \$ 5,770 \$ 6,034	Cash and cash equivalents at beginning of year	50,	,611		52,966
Income taxes paid \$ 5,770 \$ 6,034	Cash and cash equivalents at end of period	\$ 48,	,560	\$	48,141
	Supplemental cash flow information:				
	Income taxes paid	\$ 5,	,770	\$	6,034
	Interest paid	\$ 1,	,697	\$	926

UNIVERSAL ELECTRONICS INC. RECONCILIATION OF ADJUSTED NON-GAAP FINANCIAL RESULTS

(In thousands, except per share amounts) (Unaudited)

	Three Months Ended September 30,			Nine Months Ended September 30,				
		2017		2016		2017		2016
Net sales:		_		_		_		
Net sales - GAAP	\$	175,652	\$	169,185	\$	514,638	\$	490,829
Stock-based compensation for performance-based warrants		(141)		1,160		1,122		3,219
Adjusted Non-GAAP net sales	\$	175,511	\$	170,345	\$	515,760	\$	494,048
	====							
Cost of sales:								
Cost of sales - GAAP	\$	132,582	\$	127,400	\$	386,783	\$	367,941
Adjustments to acquired tangible assets (1)		(466)		(260)		(1,023)		(892)
Stock-based compensation expense		(19)		(14)		(53)		(43)
Excess manufacturing overhead (2)		(2,700)		(1,262)		(5,468)		(1,262)
Amortization of acquired intangible assets		(37)		_		(75)		_
Adjusted Non-GAAP cost of sales		129,360		125,864		380,164		365,744
Adjusted Non-GAAP gross profit	\$	46,151	\$	44,481	\$	135,596	\$	128,304
	-							
Gross margin:								
Gross margin - GAAP		24.5 %		24.7%		24.8%		25.0%
Stock-based compensation for performance-based warrants		(0.0)%		0.5%		0.2%		0.5%
Adjustments to acquired tangible assets (1)		0.3 %		0.2%		0.2%		0.2%
Stock-based compensation expense		0.0 %		0.0%		0.0%		0.0%
Excess manufacturing overhead (2)		1.5 %		0.7%		1.1%		0.3%
Amortization of acquired intangible assets		0.0 %		—%		0.0%		—%
Adjusted Non-GAAP gross margin		26.3 %		26.1%		26.3%		26.0%
Operating expenses:								
Operating expenses - GAAP	\$	38,858	\$	33,664	\$	116,705	\$	103,757
Amortization of acquired intangible assets		(1,395)		(1,247)		(4,071)		(3,709)
Stock-based compensation expense		(3,902)		(2,654)		(9,423)		(7,595)
Employee related restructuring costs		(524)		(264)		(7,008)		(1,925)
Litigation settlement costs		_		_		_		(2,000)
Change in contingent consideration		(2,300)		(600)		(3,200)		151
Other				_		(366)		_
Adjusted Non-GAAP operating expenses	\$	30,737	\$	28,899	\$	92,637	\$	88,679

UNIVERSAL ELECTRONICS INC. RECONCILIATION OF ADJUSTED NON-GAAP FINANCIAL RESULTS

(In thousands, except per share amounts) (Unaudited)

	 Three Months Ended September 30,				Nine Months Ended September 30,			
	2017		2016		2017		2016	
Operating income:								
Operating income - GAAP	\$ 4,212	\$	8,121	\$	11,150	\$	19,131	
Stock-based compensation for performance-based warrants	(141)		1,160		1,122		3,219	
Adjustments to acquired tangible assets (1)	466		260		1,023		892	
Excess manufacturing overhead (2)	2,700		1,262		5,468		1,262	
Amortization of acquired intangible assets	1,432		1,247		4,146		3,709	
Stock-based compensation expense	3,921		2,668		9,476		7,638	
Employee related restructuring costs	524		264		7,008		1,925	
Litigation settlement costs	_		_		_		2,000	
Change in contingent consideration	2,300		600		3,200		(151)	
Other	_		_		366		_	
Adjusted Non-GAAP operating income	\$ 15,414	\$	15,582	\$	42,959	\$	39,625	
Adjusted Non-GAAP operating income as a percentage of net sales	8.8%		9.1%		8.3%		8.0%	

UNIVERSAL ELECTRONICS INC. RECONCILIATION OF ADJUSTED NON-GAAP FINANCIAL RESULTS

(In thousands, except per share amounts) (Unaudited)

	 Three Months Ended September 30,				Nine Months Ended September 30,			
	2017		2016		2017		2016	
Net income attributable to Universal Electronics Inc.:								
Net income attributable to Universal Electronics Inc GAAP	\$ 1,728	\$	7,807	\$	6,531	\$	17,118	
Stock-based compensation for performance-based warrants	(141)		1,160		1,122		3,219	
Adjustments to acquired tangible assets (1)	466		260		1,023		892	
Excess manufacturing overhead (2)	2,700		1,262		5,468		1,262	
Amortization of acquired intangible assets	1,432		1,247		4,146		3,709	
Stock-based compensation expense	3,921		2,668		9,476		7,638	
Employee related restructuring costs	524		264		7,008		1,925	
Litigation settlement costs	_		_		_		2,000	
Change in contingent consideration	2,300		600		3,200		(151)	
Foreign currency (gain) loss	312		(221)		340		(1,561)	
Other	_		_		366		(11)	
Income tax provision on adjustments	(1,921)		(1,935)		(7,173)		(5,232)	
Other income tax adjustments (3)	539		691		918		691	
Adjusted Non-GAAP net income attributable to Universal Electronics Inc.	\$ 11,860	\$	13,803	\$	32,425	\$	31,499	
Diluted earnings per share attributable to Universal Electronics Inc.:								
Diluted earnings per share attributable to Universal Electronics Inc GAAP	\$ 0.12	\$	0.53	\$	0.44	\$	1.16	
Total adjustments	\$ 0.69	\$	0.40	\$	1.77	\$	0.98	
Adjusted Non-GAAP diluted earnings per share attributable to Universal Electronics Inc.	\$ 0.81	\$	0.93	\$	2.21	\$	2.14	

- (1) Consists of depreciation related to the mark-up from cost to fair value of fixed assets acquired in business combinations as well as the effect of fair value adjustments to inventories acquired in business combinations that sold through during the period.
- (2) Excess manufacturing costs incurred resulting from the transition of manufacturing activities from our Guangzhou factory to our other three China factories.
- (3) 2017 amounts represent the tax effect of projected losses to be incurred as a result of the shutdown of our Guangzhou factory. These losses will not provide future tax benefits due to this entity ceasing operations and as a result, not generating future taxable income. 2016 amounts reflect the effect of net deferred tax asset adjustments resulting from a lower statutory tax rate due to tax incentives at one of our China factories.