
**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 24, 2018

VECTOR GROUP LTD.
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE
(State or Other Jurisdiction of Incorporation)

1-5759
(Commission File Number)

65-0949535
(I.R.S. Employer Identification No.)

4400 Biscayne Boulevard, Miami, Florida
(Address of Principal Executive Offices)

33137
(Zip Code)

(305) 579-8000
(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 240.425)
- 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 2.02 Results of Operation and Financial Condition.

On October 24, 2018, Vector Group Ltd. (NYSE:VGR) (the “Company”) announced certain preliminary estimated financial results for the three and nine months ended September 30, 2018. Such preliminary estimated financial results are attached hereto as Exhibit 99.1.

The information furnished under Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and shall not be deemed to be incorporated by reference into any of the Company’s filings under the Securities Act or the Exchange Act, whether made before or after the date hereof and regardless of any general incorporation language in such filings, except to the extent expressly set forth by specific reference in such a filing.

Non-GAAP Financial Measures

Tobacco Adjusted Operating Income, Tobacco Segment Adjusted EBITDA, Real Estate Segment (New Valley LLC) Adjusted EBITDA and Douglas Elliman Adjusted EBITDA (hereafter referred to as “the Non-GAAP Financial Measures”) are financial measures not prepared in accordance with generally accepted accounting principles (“GAAP”). All Non-GAAP Financial Measures and their reconciliations to GAAP measures have been presented as part of Exhibit 99.1. Exhibit 99.1 contains information relating to the Company’s Non-GAAP Financial Measures for the three and nine months ended September 30, 2018 and 2017.

Non-GAAP Financial Measures include adjustments for the one-time non-cash benefit from the Tax Cuts and Jobs Act of 2017 arising out of the remeasurement of certain tax assets and liabilities, purchase accounting associated with the Company’s acquisition of its additional 20.59% interest in Douglas Elliman Realty, LLC, as well as the related purchase accounting adjustments. Non-GAAP Financial Measures also include adjustments for litigation settlement and judgment expenses in the Tobacco segment, settlements of long-standing disputes related to the Master Settlement Agreement (“MSA”) in the Tobacco segment, restructuring and pension settlement expense in the Tobacco segment, non-cash stock compensation expense (for purposes of Adjusted EBITDA only) and non-cash interest items associated with the Company’s convertible debt.

The Company believes that the Non-GAAP Financial Measures are important measures that supplement discussions and analysis of its results of operations and enhances an understanding of its operating performance. The Company believes the Non-GAAP Financial Measures provide investors and analysts with a useful measure of operating results unaffected by differences in capital structures and ages of related assets among otherwise comparable companies.

Management uses the Non-GAAP Financial Measures as measures to review and assess operating performance of the Company’s business, and management and investors should review both the overall performance (GAAP net income) and the operating performance (the Non-GAAP Financial Measures) of the Company’s business. While management considers the Non-GAAP Financial Measures to be important, they should be considered in addition to, but not as substitutes for or superior to, other measures of financial performance prepared in accordance with GAAP, such as operating income, net income and cash flows from operations. In addition, the Non-GAAP Financial Measures are susceptible to varying calculations and the Company’s measurement of the Non-GAAP Financial Measures may not be comparable to those of other companies.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements, which involve risk and uncertainties. The words “could,” “believe,” “expect,” “estimate,” “may,” “will,” “could,” “plan,” or “continue” and similar expressions are intended to identify forward-looking statements. The Company’s actual results could differ significantly from the results discussed in such forward-looking statements. Factors that could cause or contribute to such differences in results and outcomes include, without limitation, those discussed under the heading “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017 and the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2018. Readers are urged not to place undue reliance

on these forward-looking statements, which speak only as of the date of this Current Report on Form 8-K. The Company undertakes no obligation to (and expressly disclaims any obligation to) revise or update any forward-looking statement, whether as a result of new information, subsequent events, or otherwise (except as may be required by law), in order to reflect any event or circumstance which may arise after the date of this Current Report on Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following exhibit is included with this report and is being furnished solely for purposes of Item 2.02 of this Form 8-K:

99.1 [Preliminary estimated financial results for the three and nine months ended September 30, 2018.](#)

SIGNATURE

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

VECTOR GROUP LTD.

Date: October 24, 2018

By: /s/ J. Bryant Kirkland III
J. Bryant Kirkland III
Senior Vice President, Treasurer and Chief Financial Officer

Preliminary Estimated Financial Results for the Three and Nine Months Ended September 30, 2018

Our consolidated financial statements for the three and nine months ended September 30, 2018 are not yet available. The following expectations regarding our results for this period are preliminary, based solely upon management estimates based on currently available information, and subject to completion of financial and operating closing procedures as of and for the three months ended September 30, 2018. As a result, our actual results may vary materially from the estimated preliminary results included herein and will not be publicly available until after the closing of this offering. Accordingly, you should not place undue reliance on these estimates. All of these estimates constitute “forward-looking statements” as described in “Forward-Looking Statements.” See “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our 2017 10-K incorporated by reference in this offering memorandum and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained in our Quarterly Report on Form 10-Q for the three months ended June 30, 2018, filed with the SEC on August 7, 2018, incorporated by reference in this offering memorandum, for additional information regarding factors that could result in differences between the preliminary estimated ranges of certain financial results presented below and the financial results we will ultimately report as of and for the three months ended September 30, 2018. The summary information below is not a comprehensive statement of our financial results for this period.

Our independent registered public accounting firm, Deloitte & Touche LLP, has not audited, reviewed or performed any procedures with respect to this preliminary financial data and, accordingly, does not express an opinion or any other form of assurance with respect to this data.

Tobacco Segment Adjusted EBITDA, Real Estate Segment (New Valley) Adjusted EBITDA and Douglas Elliman Realty Adjusted EBITDA are non-GAAP measures. Each of these non-GAAP measures is reconciled to the most comparable GAAP measure below. Please read “Non-GAAP Financial Measures” for a description of the reasons we use these non-GAAP measures.

We expect that the following will be our results for the three and nine months ended September 30, 2018:

Revenue

We expect revenues to be between \$510 million and \$515 million and between \$1.420 billion and \$1.426 billion for the three and nine months ended September 30, 2018, respectively, compared to \$484.6 million and \$1.372 billion for the three and nine months ended September 30, 2017, respectively; revenues for the three and nine months ended September 30, 2018 increased compared to the same periods in 2017 due to increased sales in our tobacco and real estate segments.

We expect tobacco segment revenues to be \$302.0 million and \$844.0 million for the three and nine months ended September 30, 2018, respectively, compared to \$294.2 million and \$823.9 million for the three and nine months ended September 30, 2017, respectively; tobacco segment revenues for the three and nine months ended September 30, 2018 increased compared to the same periods in 2017 primarily due to increased unit sales volume.

We expect real estate segment (New Valley) revenues to be between \$208 million and \$213 million and between \$577 million and \$581.5 million for the three and nine months ended September 30, 2018, respectively, compared to \$190.9 million and \$548.4 million for the three and nine months ended September 30, 2017, respectively; real estate segment revenues for the three and nine months ended September 30, 2018 increased compared to the same periods in 2017 primarily due to increased commission and other brokerage income at Douglas Elliman Realty.

We expect Douglas Elliman Realty revenues to be between \$204.5 million and \$209.5 million and between \$572.6 million and \$577.6 million for the three and nine months ended September 30, 2018, respectively, compared to \$190.4 million and \$544.6 million for the three and nine months ended September 30, 2017, respectively; Douglas Elliman Realty revenues for the three and nine months ended September 30, 2018 increased compared to the same periods in 2017 due to increased commission and other brokerage income.

Tobacco Segment

We expect tobacco segment operating income to be \$63.3 million and \$189.2 million for the three and nine months ended September 30, 2018, respectively, compared to \$61.6 million and \$185.5 million for the three and nine months ended September 30, 2017, respectively; tobacco segment operating income increased for the three months ended September 30, 2018 primarily as a result of the absence of \$4.1 million of litigation settlement and judgment expenses from the prior year period and was offset by the absence of a \$1.8 million benefit recorded in the 2017 period from the settlement of a long-standing dispute related to the Master Settlement Agreement as well as lower gross margins that were primarily caused by unfavorable sales mix variances. Tobacco segment operating income increased for the nine months ended September 30, 2018 primarily as a result of the absence of \$5.8 million of litigation settlement and judgment expenses from the prior year period in 2018 and increases of \$3.6 million in the 2018 period related to the settlement of long-standing disputes related to the Master Settlement Agreement as well as lower gross margins that were primarily caused by unfavorable sales mix variances.

We expect tobacco segment Adjusted EBITDA to be \$65.3 million and \$189.6 million for the three and nine months ended September 30, 2018, respectively, compared to \$65.9 million and \$195.5 million for the three and nine months ended September 30, 2017, respectively; tobacco segment Adjusted EBITDA for both the three and nine months ended September 30, 2018 declined compared to the same periods in 2017 due primarily to lower gross margins that were primarily caused by unfavorable sales mix variances.

Unit Sales Volume and Market Share Data

For the third quarter of 2018, we expect to report that the Tobacco segment had conventional cigarette (wholesale) shipments of approximately 2.59 billion units compared to 2.52 billion units for the third quarter of 2017. For the nine months ended September 30, 2018, we expect to report that the Tobacco segment had conventional cigarette (wholesale) shipments of

approximately 7.13 billion units compared to 6.98 billion units for the nine months ended September 30, 2017. Market share of our Tobacco segment's conventional cigarette (wholesale) shipments was 3.95% for the twelve months ended September 30, 2018.

We expect to report that Liggett's retail market share increased to 4.2% for the third quarter of 2018 and 4.1% for the nine months ended September 30, 2018 compared to 3.9% for the third quarter of 2017 and 3.8% for the nine months ended September 30, 2017. We expect to report that compared to the third quarter of 2017, Liggett's retail shipments increased by 0.9% while the overall industry's retail shipments declined by 4.8%.

We expect to report that compared to the nine months ended September 30, 2017, Liggett's retail shipments increased by 1.9% while the overall industry's retail shipments declined by 4.7%, according to data from Management Science Associates, Inc.

Real Estate Segment

We expect net income attributable to Vector Group from the real estate segment (New Valley) to be between \$4.6 million and \$5.5 million and a net loss between \$1.1 million and \$100,000 for the three and nine months ended September 30, 2018, respectively, compared to net income of \$1.6 million and \$24.7 million for the three and nine months ended September 30, 2017, respectively. Net income attributable to Vector Group from the real estate segment (New Valley) for the three months ended September 30, 2018 increased compared to the same period in 2017 due to increased operating income at Douglas Elliman Realty. The net loss attributable to Vector Group from the real estate segment (New Valley) for the nine months ended September 30, 2018 was impacted by a decline in equity in earnings from real estate ventures and increased expenses associated with Douglas Elliman Realty's expansion markets and advertising expenses when compared to the net income for the same period in 2017. The net loss attributable to Vector Group from the real estate segment (New Valley) in the 2018 periods was partially offset by litigation settlement and judgment income in the 2018 period.

We expect net income from Douglas Elliman Realty to be between \$9.7 million and \$10.7 million and between \$7.6 million and \$8.6 million for the three and nine months ended September 30, 2018, respectively, compared to \$4.2 million and \$20.5 million for the three and nine months ended September 30, 2017, respectively.

We expect real estate segment (New Valley) Adjusted EBITDA to be between \$10.8 million and \$12.3 million (between \$7.3 million and \$8.5 million attributable to the Company) and between \$9.6 million and \$11.1 million (between \$7.9 million and \$9.2 million attributable to the Company) for the three and nine months ended September 30, 2018, respectively, compared to \$3.7 million (\$2.6 million attributable to the Company) and \$25.3 million (\$18.4 million attributable to the Company) for the three and nine months ended September 30, 2017, respectively.

We expect Douglas Elliman Realty Adjusted EBITDA to be between \$11.3 million and \$12.4 million (between \$8.0 million and \$8.8 million attributable to Vector Group) and between \$11.2 million and \$12.2 million (between \$7.9 million and \$8.6 million attributable to Vector Group) for the three and nine months ended September 30, 2018, respectively, compared to \$3.7 million

(\$2.6 million attributable to Vector Group) and \$23.8 million (\$16.8 million attributable to Vector Group) for the three and nine months ended September 30, 2017, respectively; Douglas Elliman Realty Adjusted EBITDA for the three months ended September 30, 2018 increased compared to the same period in 2017 due to increased revenues in its Development Marketing division as well as increased company dollar in Douglas Elliman Realty's expansion markets and was offset by a higher percentage of revenue generated from markets with traditionally lower gross margins, while Douglas Elliman Realty Adjusted EBITDA for the nine months ended September 30, 2018 declined compared to the same period in 2017 due to a higher percentage of revenue generated from markets with traditionally lower gross margins in addition to increased expenses associated with Douglas Elliman Realty's expansion markets and advertising expenses. Douglas Elliman Realty Adjusted EBITDA for the three months ended September 30, 2018 was increased by \$3.2 million as a result of the adoption of *ASC 606 – Revenue from Customers*, which relates to revenue recognition and was adopted by the Company effective January 1, 2018. Douglas Elliman Realty Adjusted EBITDA for the nine months ended September 30, 2018 was lower by \$1.9 million as a result of the adoption of *ASC 606 – Revenue from Customers*.

Closed Sales Data

For the three and nine months ended September 30, 2018, we expect to report that Douglas Elliman Realty achieved closed sales of approximately \$7.9 billion and \$21.4 billion, compared to \$7.0 billion and \$19.8 billion for the three and nine months ended September 30, 2017.

The following tables set forth reconciliations from expected GAAP financial measures to expected non-GAAP measures for the periods indicated:

**RECONCILIATION OF EXPECTED TOBACCO ADJUSTED OPERATING INCOME
AND EXPECTED TOBACCO ADJUSTED EBITDA**
(Unaudited)
(Dollars in Thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	Expected	Actual	Expected	Actual
Tobacco Adjusted Operating Income:				
Operating income from tobacco segment	\$63,259	\$61,601	\$189,185	\$185,526
Litigation settlement and judgment expense (a)	—	4,104	525	5,791
Impact of MSA settlement (b)	—	(1,826)	(6,298)	(2,721)
Total adjustments	—	2,278	(5,773)	3,070
Tobacco Adjusted Operating Income	<u>\$63,259</u>	<u>\$63,879</u>	<u>\$183,412</u>	<u>\$188,596</u>
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
	Expected	Actual	Expected	Actual
Tobacco Adjusted EBITDA:				
Operating income from tobacco segment	\$63,259	\$61,601	\$189,185	\$185,526
Litigation settlement and judgment expense (a)	—	4,104	525	5,791
Impact of MSA settlement (b)	—	(1,826)	(6,298)	(2,721)
Total adjustments	—	2,278	(5,773)	3,070
Tobacco Adjusted Operating Income	63,259	63,879	183,412	188,596
Depreciation and amortization	2,059	2,050	6,171	6,803
Stock-based compensation expense	21	21	63	63
Total adjustments	2,080	2,071	6,234	6,866
Tobacco Adjusted EBITDA	<u>\$65,339</u>	<u>\$65,950</u>	<u>\$189,646</u>	<u>\$195,462</u>

(a) Represents accruals for settlements of judgment expenses in the *Engle* progeny tobacco litigation.

(b) Represents the Company's tobacco segment's settlement of a long-standing dispute related to the Master Settlement Agreement.

RECONCILIATION OF REAL ESTATE SEGMENT (NEW VALLEY) EXPECTED ADJUSTED EBITDA
(Unaudited)
(Dollars in Thousands)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018		2017	2018		2017
	Low	High	Actual	Low	High	Actual
Net income (loss) attributed to Vector Group Ltd. from subsidiary non-guarantors	\$ 4,597	\$ 5,516	\$ 1,602	\$ (1,143)	\$ (143)	\$ 24,737
Interest expense	7	7	10	63	63	22
Income tax (benefit) expense	1,262	1,515	1,381	(2,535)	(2,282)	17,701
Net (loss) income attributed to non-controlling interest	2,937	3,249	1,214	600	890	5,951
Depreciation and amortization	2,398	2,398	2,075	7,105	7,105	6,210
EBITDA	\$11,201	\$12,685	\$ 6,282	\$ 4,090	\$ 5,633	\$ 54,621
Loss from non-guarantors other than New Valley	18	18	36	71	71	119
Equity in losses (earnings) from real estate ventures (a)	(294)	(294)	47	8,378	8,378	(26,357)
Purchase accounting adjustments (b)	184	184	(2,345)	545	545	(2,088)
Litigation settlement and judgment income (c)	—	—	—	(2,469)	(2,469)	—
Other, net	(342)	(342)	(317)	(1,020)	(1,020)	(998)
Adjusted EBITDA	\$10,767	\$12,251	\$ 3,703	\$ 9,595	\$11,138	\$ 25,297
Adjusted EBITDA attributed to non-controlling interest	(3,431)	(3,744)	(1,090)	(1,674)	(1,963)	(6,923)
Adjusted EBITDA attributed to New Valley	<u>\$ 7,336</u>	<u>\$ 8,507</u>	<u>\$ 2,613</u>	<u>\$ 7,921</u>	<u>\$ 9,175</u>	<u>\$ 18,374</u>
Adjusted EBITDA by Segment						
Real Estate (d)	\$10,793	\$12,277	\$ 3,719	\$10,409	\$11,952	\$ 25,317
Corporate and Other	(26)	(26)	(16)	(814)	(814)	(20)
Total (f)	<u>\$10,767</u>	<u>\$12,251</u>	<u>\$ 3,703</u>	<u>\$ 9,595</u>	<u>\$11,138</u>	<u>\$ 25,297</u>
Adjusted EBITDA Attributed to New Valley by Segment						
Real Estate (e)	\$ 7,362	\$ 8,533	\$ 2,629	\$ 8,735	\$ 9,989	\$ 18,394
Corporate and Other	(26)	(26)	(16)	(814)	(814)	(20)
Total (f)	<u>\$ 7,336</u>	<u>\$ 8,507</u>	<u>\$ 2,613</u>	<u>\$ 7,921</u>	<u>\$ 9,175</u>	<u>\$ 18,374</u>

- (a) Represents equity in losses (earnings) recognized from the Company's investment in certain real estate businesses that are not consolidated in its financial results.
- (b) Amounts represent purchase accounting adjustments recorded in the periods presented in connection with the increase of the Company's ownership of Douglas Elliman Realty, LLC, which occurred in 2013.
- (c) Represents proceeds received from a litigation award at Douglas Elliman Realty, LLC.
- (d) Includes Adjusted EBITDA for Douglas Elliman Realty, LLC of \$11,344, \$12,407, \$3,772, \$11,230, \$12,215 and \$23,753 for the three and nine months ended September 30, 2018 and 2017, respectively. Amounts reported in this footnote reflect 100% of Douglas Elliman Realty, LLC's entire Adjusted EBITDA.
- (e) Includes Adjusted EBITDA for Douglas Elliman Realty, LLC less non-controlling interest of \$8,008, \$8,758, \$2,663, \$7,927, \$8,623 and \$16,767 for the three and nine months ended September 30, 2018 and 2017, respectively. Amounts reported in this footnote have adjusted Douglas Elliman Realty, LLC's Adjusted EBITDA for non-controlling interest.
- (f) New Valley's Adjusted EBITDA does not include an allocation of Vector Group Ltd.'s "Corporate and Other" segment's expenses.

**RECONCILIATION OF DOUGLAS ELLIMAN REALTY, LLC EXPECTED ADJUSTED EBITDA AND DOUGLAS ELLIMAN REALTY, LLC
EXPECTED ADJUSTED EBITDA ATTRIBUTED TO REAL ESTATE SEGMENT**

**(Unaudited)
(Dollars in Thousands)**

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018		2017	2018		2017
	Low	High	Actual	Low	High	Actual
Net income (loss) attributed to Douglas Elliman Realty, LLC	\$ 9,662	\$10,725	\$ 4,197	\$ 7,580	\$ 8,565	\$20,451
Interest expense	3	3	5	51	51	5
Income tax expense	(486)	(486)	248	—	—	648
Depreciation and amortization	2,295	2,295	1,974	6,797	6,797	5,907
Douglas Elliman Realty, LLC EBITDA	\$11,474	\$12,537	\$ 6,424	\$14,428	\$15,413	\$27,011
Equity in earnings from real estate ventures (a)	(274)	(274)	(271)	(1,151)	(1,151)	(1,116)
Purchase accounting adjustments (b)	184	184	(2,345)	545	545	(2,088)
Litigation settlement and judgment income (c)	—	—	—	(2,469)	(2,469)	—
Other, net	(40)	(40)	(36)	(123)	(123)	(54)
Douglas Elliman Realty, LLC Adjusted EBITDA	\$11,344	\$12,407	\$ 3,772	\$11,230	\$12,215	\$23,753
Douglas Elliman Realty, LLC Adjusted EBITDA attributed to non-controlling interest	3,336	3,649	(1,109)	3,303	3,592	(6,986)
Douglas Elliman Realty, LLC Adjusted EBITDA attributed to real estate segment	<u>\$ 8,008</u>	<u>\$ 8,758</u>	<u>\$ 2,663</u>	<u>\$ 7,927</u>	<u>\$ 8,623</u>	<u>\$16,767</u>

- (a) Represents equity in earnings recognized from the Company's investment in certain real estate businesses that are not consolidated in its financial results.
- (b) Represent purchase accounting adjustments recorded in the periods presented in connection with the increase of the Company's ownership of Douglas Elliman Realty, LLC, which occurred in 2013.
- (c) Represents proceeds received from a litigation award at Douglas Elliman Realty, LLC.