

CIRRUS LOGIC INC
Form 10-Q
January 30, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
 QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
 OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 29, 2018
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from ____ to ____

Commission File Number 0-17795

CIRRUS LOGIC, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

77-0024818

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

800 W. 6th Street, Austin, TX 78701

(Address of principal executive offices)

Registrant's telephone number, including area code: (512) 851-4000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated
filer

Accelerated filer Non-accelerated filer

Smaller reporting
company

Emerging
growth
company

(Do not check if a smaller reporting
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 pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

The number of shares of the registrant's common stock, \$0.001 par value, outstanding as of January 25, 2019 was 59,142,413.

CIRRUS LOGIC, INC.
FORM 10-Q QUARTERLY REPORT
QUARTERLY PERIOD ENDED DECEMBER 29, 2018
TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Condensed Balance Sheets - December 29, 2018 (unaudited) and March 31, 2018	<u>3</u>
Consolidated Condensed Statements of Income (unaudited) - Three and Nine Months Ended December 29, 2018 and December 30, 2017	<u>4</u>
Consolidated Condensed Statements of Comprehensive Income (unaudited) - Three and Nine Months Ended December 29, 2018 and December 30, 2017	<u>5</u>
Consolidated Condensed Statements of Cash Flows (unaudited) - Nine Months Ended December 29, 2018 and December 30, 2017	<u>6</u>
Notes to Consolidated Condensed Financial Statements (unaudited)	<u>7</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	<u>16</u>
---	-----------

Item 3. Quantitative and Qualitative Disclosures about Market Risk	<u>23</u>
--	-----------

Item 4. Controls and Procedures	<u>23</u>
---------------------------------	-----------

PART II - OTHER INFORMATION

Item 1. Legal Proceedings	<u>23</u>
---------------------------	-----------

Item 1A. Risk Factors	<u>23</u>
-----------------------	-----------

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	<u>25</u>
---	-----------

Item 3. Defaults Upon Senior Securities	<u>25</u>
---	-----------

Item 4. Mine Safety Disclosures	<u>25</u>
---------------------------------	-----------

Item 5. Other Information	<u>25</u>
---------------------------	-----------

Item 6. Exhibits	<u>26</u>
------------------	-----------

Signatures	<u>26</u>
------------	-----------

Part I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CIRRUS LOGIC, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS

(in thousands)

	December 29, 2018 (unaudited)	March 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$219,319	\$235,604
Marketable securities	59,793	26,397
Accounts receivable, net	142,135	100,801
Inventories	167,879	205,760
Prepaid assets	32,335	31,235
Other current assets	18,816	13,877
Total current assets	640,277	613,674
Long-term marketable securities	165,063	172,499
Property and equipment, net	191,324	191,154
Intangibles, net	76,389	111,547
Goodwill	286,678	288,718
Deferred tax assets	13,131	14,716
Other assets	24,003	37,809
Total assets	\$1,396,865	\$1,430,117
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$108,022	\$69,850
Accrued salaries and benefits	23,566	35,721
Software license agreements	22,147	21,981
Other accrued liabilities	16,028	12,657
Total current liabilities	169,763	140,209
Long-term liabilities:		
Software license agreements	11,969	27,765
Non-current income taxes	78,532	92,753
Other long-term liabilities	6,800	7,662
Total long-term liabilities	97,301	128,180
Stockholders' equity:		
Capital stock	1,349,941	1,312,434
Accumulated deficit	(217,871)	(139,345)
Accumulated other comprehensive loss	(2,269)	(11,361)
Total stockholders' equity	1,129,801	1,161,728
Total liabilities and stockholders' equity	\$1,396,865	\$1,430,117

The accompanying notes are an integral part of these consolidated condensed financial statements.

CIRRUS LOGIC, INC.

CONSOLIDATED CONDENSED STATEMENTS OF INCOME

(in thousands, except per share amounts; unaudited)

	Three Months Ended		Nine Months Ended	
	December 29, 2018	December 30, 2017	December 29, 2018	December 30, 2017
Net sales	\$324,295	\$482,741	\$945,083	\$1,229,013
Cost of sales	161,115	247,653	472,225	620,927
Gross profit	163,180	235,088	472,858	608,086
Operating expenses				
Research and development	88,575	96,978	282,888	270,888
Selling, general and administrative	30,364	34,604	96,308	95,504
Total operating expenses	118,939	131,582	379,196	366,392
Income from operations				