

# CIRRUS LOGIC INC

## FORM 8-K (Current report filing)

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Industry	Semiconductors
Sector	Technology
Fiscal Year	03/30

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# SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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## 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): May 9, 2007

### CIRRUS LOGIC, INC.

(Exact name of Registrant as specified in its charter)

Delaware	0-17795	77-0024818
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(State or Other Jurisdiction of Incorporation or Organization)	(Commission File Number)	(IRS Employer Identification No.)

2901 Via Fortuna, Austin, TX	78746
-----	-----
(Address of Principal Executive Offices)	(Zip Code)

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

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))

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Item 2.02 Results of Operations and Financial Condition

On May 9, 2007, the Company issued a press release reporting preliminary financial results of the Company for the fourth fiscal quarter ended March 31, 2007. A copy of this press release is attached to this Report as exhibit 99.1. All of the information furnished in Item 2.02 of this Report and the accompanying exhibit shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and shall not be incorporated by reference in any filing under the Securities Act of 1933, as amended.

Item 9.01	Financial Statements and Exhibits
(d)	Exhibits
Exhibit	Description
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Exhibit 99.1	Cirrus Logic, Inc. press release dated May 9, 2007

SIGNATURES

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

CIRRUS LOGIC, INC.

Date: May 9, 2007

By: /s/ Thurman K. Case  
-----  
Name: Thurman K. Case  
Title: Chief Financial Officer

## EXHIBIT INDEX

Exhibit No. -----	Description -----
99.1	Registrant's press release dated May 9, 2007.

## **Cirrus Logic Reports Fiscal Q4 2007 Financial Results**

### **Continued Profitability Highlighted By Strong Gross Margins**

AUSTIN, Texas--(BUSINESS WIRE)--May 9, 2007--Cirrus Logic Inc. (NASDAQ:CRUS), a leader in high-precision analog, mixed-signal and embedded products for audio and industrial markets, today announced financial results for the fourth quarter and fiscal year 2007, which ended March 31, 2007.

The company reported fourth quarter fiscal year 2007 revenue of \$43.6 million, compared with \$42.2 million of total revenue during the fourth quarter of fiscal year 2006. Fourth quarter gross margin was 60.2 percent compared to 58.1 percent for the fourth quarter of fiscal year 2006. Combined research and development (R&D) and selling, general and administrative (SG&A) expenses for the fourth fiscal quarter of 2007 were \$25.8 million. R&D and SG&A expenses included \$1.0 million in stock-based compensation expense due to the adoption of SFAS 123 (R) at the beginning of this fiscal year, as well as \$1.6 million in expenses associated with the company's recently concluded stock-option review. R&D and SG&A expenses also included \$1.0 million in facility-related charges, and a \$0.4 million charge related to an executive termination agreement. Excluding these charges, combined non-GAAP R&D and SG&A expenses were \$21.8 million.

Fourth fiscal quarter net income was \$7.3 million, or \$0.08 per share based on 89.3 million diluted shares outstanding. These results include a \$4.3 million impairment charge to our investment in Magnum Semiconductor, as well as a \$0.5 million restructuring charge and an \$8.2 million tax benefit. The non-GAAP net income for the quarter, excluding the items mentioned above, was \$7.9 million or \$0.09 per diluted share.

Total cash and marketable securities at the end of the fourth fiscal quarter was \$271.7 million, compared with \$264.2 million at the end of the prior fiscal quarter, an increase of \$7.5 million.

"I'm pleased that our March quarter revenue came in at the high end of our expectations, with continued profitability highlighted by strong gross margins," said Mike Hackworth, Cirrus Logic's chairman and acting chief executive officer. "For the June quarter, we expect softer demand for legacy products as we transition to anticipated revenue growth for newer consumer products."

### **Outlook for First Quarter FY 2008 (ending June 30, 2007):**

- Revenue is expected to range between \$40 million and \$44 million;
- Gross margin is expected to be between 58 percent and 60 percent; and
- Combined GAAP R&D and SG&A expenses are expected to range between \$23 million and \$25 million, including share-based compensation expense of approximately \$1.1 million.

### **Use of Non-GAAP Financial Information**

Cirrus Logic has included in this release certain financial information that has not been prepared in accordance with GAAP. A reconciliation of such non-GAAP financial information to the most comparable GAAP information is included in the financial statements portion of this release, as well as on our Web site in the Investors section at [www.cirrus.com](http://www.cirrus.com). This non-GAAP financial information is not meant as a substitute for the company's GAAP results, but is included solely for informational and comparative purposes. Cirrus Logic management believes that certain non-GAAP financial information is useful to investors because it may enhance their understanding of the results and trends in the company's business. Cirrus Logic also uses certain non-GAAP financial information internally to evaluate and manage the company's operations. The non-GAAP financial information that the company uses may differ from that used by other companies. This non-GAAP financial information should be considered in addition to, and not as a substitute for, the company's results that were prepared in accordance with GAAP.

### **Conference Call**

Cirrus Logic management will hold a conference call to discuss the company's results for the fourth quarter of fiscal year 2007, on May 9, 2007, at 5:00 p.m. EDT. Those wishing to join should call 303-262-2131 (passcode: Cirrus Logic) at approximately 4:50 p.m. EDT. A replay of the conference call will also be available beginning one hour after the completion of the call, until May 16, 2007. To access the recording, call 303-590-3000 (passcode: 11088085 #). A live and an archived webcast of the conference call will also be available via the company's Web site at [www.cirrus.com](http://www.cirrus.com).

### **Cirrus Logic, Inc.**

Cirrus Logic develops high-precision, analog and mixed-signal integrated circuits for a broad range of consumer and industrial markets. Building on its diverse analog mixed-signal patent portfolio, Cirrus Logic delivers highly optimized products for consumer and commercial audio, automotive entertainment and industrial applications. The company operates from headquarters in Austin, Texas, with offices in Europe,

Japan and Asia. More information about Cirrus Logic is available at [www.cirrus.com](http://www.cirrus.com).

### Safe Harbor Statement

Except for historical information contained herein, the matters set forth in this news release contain forward-looking statements, including our estimates of first quarter fiscal year 2008 revenue, gross margin, combined research and development and selling, general and administrative expense levels, and share-based compensation expense. In some cases, forward-looking statements are identified by words such as we "expect," "anticipate," "target," "project," "believe," "goals," "estimates," and "intend," variations of these types of words and similar expressions are intended to identify these forward-looking statements. In addition, any statements that refer to our plans, expectations, strategies or other characterizations of future events or circumstances are forward-looking statements. These forward-looking statements are based on our current expectations, estimates and assumptions and are subject to certain risks and uncertainties that could cause actual results to differ materially. These risks and uncertainties include, but are not limited to, the following: overall conditions in the semiconductor market; our ability to introduce new products on a timely basis and to deliver products that perform as anticipated; risks associated with international sales and international operations; the level of orders and shipments during the first quarter of fiscal year 2008, as well as customer cancellations of orders, or the failure to place orders consistent with forecasts; overall economic pressures; pricing pressures; hardware or software deficiencies; our dependence on subcontractors for assembly, manufacturing, packaging and testing functions; our ability to make continued sufficient investments in research and development; foreign currency fluctuations; the retention of key employees; expenses associated with the Company's stock option investigation, and related on-going litigation and administrative proceedings; and the risk factors listed in our Form 10-K/A for the year ended March 25, 2006, and in our other filings with the Securities and Exchange Commission, which are available at [www.sec.gov](http://www.sec.gov). The foregoing information concerning our business outlook represents our outlook as of the date of this news release, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new developments or otherwise.

Cirrus Logic and Cirrus are trademarks of Cirrus Logic Inc.

Summary financial data follows:

### CIRRUS LOGIC, INC. CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS (unaudited)

(in thousands, except per share data)

	Quarter Ended		
	Mar. 31, 2007	Dec. 30, 2006	Mar. 25, 2006
Net revenue	\$43,647	\$45,297	\$42,158
Cost of sales	17,369	17,886	17,683
Gross Margin	26,278	27,411	24,475
Gross Margin Percentage	60.2%	60.5%	58.1%
Operating expenses:			
Research and development	10,998	11,190	10,570
Selling, general and administrative	14,797	13,478	9,731
Restructuring and other costs	521	1,013	-
Impairment of goodwill and other intangibles	4,290	-	-
Acquired in process R&D	-	1,925	-
License agreement	-	-	(7,000)
Total operating expenses	30,606	27,606	13,301
Income (loss) from operations	(4,328)	(195)	11,174
Realized gain on marketable equity securities	-	-	-
Interest income, net	3,412	3,615	2,510
Other income, net	71	76	21
Income (loss) before income taxes	(845)	3,496	13,705
Provision (benefit) for income taxes	(8,124)	32	(1,241)
Net income	\$7,279	\$3,464	\$14,946
Basic income per share:	\$0.08	\$0.04	\$0.17
Diluted income per share:	\$0.08	\$0.04	\$0.17

Basic weighted average common shares outstanding	88,076	87,756	86,718
Diluted weighted average common shares outstanding	89,333	88,725	88,924

Prepared in accordance with Generally Accepted Accounting Principles

**CIRRUS LOGIC, INC.**  
**RECONCILIATION BETWEEN GAAP AND NON-GAAP FINANCIAL INFORMATION**  
(unaudited, in thousands, except per share data)

(not prepared in accordance with GAAP)

We use these non-GAAP financial numbers to assist us in the management of the Company because we believe that this information provides a more consistent and complete understanding of the underlying results and trends of the ongoing business due to the uniqueness of these charges.

	Quarter Ended
	-----
	Mar. 31,
	2007
	-----
GAAP net income	\$7,279
Non-GAAP adjustments:	
Add: Stock compensation expense	975
Stock compensation review expense	1,630
Impairment of Magnum investment	4,290
Restructuring charges	521
Facility-related charges	1,017
Executive termination agreement	378
Benefit for income taxes	(8,154)
	-----
Non-GAAP net income	\$7,936
	=====
GAAP diluted earnings per share	\$0.08
Non-GAAP adjustments:	
Effect of the stock compensation expense	0.01
Effect of stock compensation review expense	0.02
Effect of impairment of Magnum investment	0.05
Effect of restructuring charges	0.01
Effect of facility-related charges	0.01
Effect of termination agreement	0.00
Effect of benefit for income taxes	(0.09)
	-----
Non-GAAP diluted earnings per share	\$0.09
	=====

**CIRRUS LOGIC, INC.**  
**CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS**  
(in thousands, except per share data)

	Twelve Months Ended	
	-----	
	Mar. 31,	Mar. 25,
	2007	2006
	-----	-----
Net revenue	\$182,304	\$193,694
Cost of sales	73,290	88,502
	-----	-----
Gross Margin	109,014	105,192
	-----	-----
Gross Margin Percentage	59.8%	54.3%
Operating expenses:		
Research and development	43,961	45,772
Selling, general and administrative	51,755	51,271
Restructuring and other costs	1,106	2,311
Impairment of goodwill and other intangibles	4,290	-

Acquired in process R&D	1,925	-
Litigation settlement, net	-	(24,758)
License agreement	-	(7,000)
	-----	-----
Total operating expenses	103,037	67,596
	-----	-----
Income from operations	5,977	37,596
Realized gain on marketable equity securities	193	388
Interest income, net	13,146	7,461
Other income (expense), net	177	(54)
	-----	-----
Income before income taxes	19,493	45,391
Benefit for income taxes	(8,402)	(7,035)
	-----	-----
Net income	\$27,895	\$52,426
	=====	=====
Basic income per share:	\$0.32	\$0.61
Diluted income per share:	\$0.31	\$0.60
Basic weighted average common shares outstanding	87,643	86,036
Diluted weighted average common shares outstanding	88,805	87,775

Prepared in accordance with Generally Accepted Accounting Principles

**CIRRUS LOGIC, INC.**  
**CONSOLIDATED CONDENSED BALANCE SHEET**  
(in thousands)

	Mar. 31, 2007	Dec. 30, 2006	Mar. 25, 2006
	-----	-----	-----
ASSETS		(unaudited)	
Current assets			
Cash and cash equivalents	\$87,960	\$81,885	\$116,675
Restricted investments	5,755	5,755	5,755
Marketable securities	178,000	176,527	102,335
Accounts receivable, net	19,127	16,585	20,937
Inventories	16,496	20,331	18,708
Other current assets	13,699	6,654	7,747
	-----	-----	-----
Total Current Assets	321,037	307,737	272,157
Long-term marketable securities	-	-	18,703
Property and equipment, net	11,407	12,324	14,051
Intangibles, net	8,550	9,039	2,966
Goodwill	6,461	6,146	-
Investment in Magnum Semiconductor	3,657	7,947	7,947
Other assets	1,948	3,253	3,217
	-----	-----	-----
Total Assets	\$353,060	\$346,446	\$319,041
	=====	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable	\$10,434	\$12,142	\$14,129
Accrued salaries and benefits	7,816	6,349	6,460
Other accrued liabilities	10,519	12,425	10,053
Deferred income on shipments to distributors	4,290	4,907	7,098
Income taxes payable	1,561	2,091	2,228
	-----	-----	-----
Total Current Liabilities	34,620	37,914	39,968
Long-term restructuring accrual	3,418	3,367	4,694
Other long-term obligations	10,085	9,763	10,109
Stockholders' equity:			
Capital stock	926,900	924,665	914,235
Accumulated deficit	(621,180)	(628,459)	(649,075)
Accumulated other comprehensive loss	(783)	(804)	(890)
	-----	-----	-----
Total Stockholders' Equity	304,937	295,402	264,270



Total Liabilities and	-----	-----	-----
Stockholders' Equity	\$353,060	\$346,446	\$319,041
	=====	=====	=====

Prepared in accordance with Generally Accepted Accounting Principles

CONTACT: Cirrus Logic, Inc., Austin  
Investor Contact:

Thurman K. Case, 512-851-4125

Chief Financial Officer  
InvestorRelations@cirrus.com