

CIRRUS LOGIC INC

FORM 8-K (Unscheduled Material Events)

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Industry	Semiconductors
Sector	Technology
Fiscal Year	03/30

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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): April 27, 2005

CIRRUS LOGIC, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

0-17795
(Commission
File Number)

77-0024818
(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

Item 2.02 Results of Operations and Financial Condition

On April 27, 2005, the Company issued a press release reporting the financial results of the Company for the fourth quarter and fiscal year ended, March 26, 2005. 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

(c) Exhibits

Exhibit -----	Description -----
Exhibit 99.1	Cirrus Logic, Inc. press release dated April 27, 2005

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: April 27, 2005

*By: /s/ John T. Kurtzweil

Name: John T. Kurtzweil
Title: Senior Vice President & Chief
Financial Officer*

EXHIBIT INDEX

Exhibit No. -----	Description -----
99.1	Registrant's press release dated April 27, 2005.

Cirrus Logic Reports Fiscal Q4 and FY 2005 Financial Results

AUSTIN, Texas--(BUSINESS WIRE)--April 27, 2005--Cirrus Logic Inc. (NASDAQ:CRUS) today announced financial results for the fourth fiscal quarter and fiscal year 2005, ended March 26, 2005.

The company reported fourth quarter fiscal year 2005 revenue of \$40.4 million compared with \$44.0 million in the prior quarter. Fourth quarter gross margin was 53.1 percent, compared with 39.1 percent in the third quarter. The third quarter was impacted by inventory charges that reduced gross margin by 10.8 percentage points and a revenue deferral that further negatively impacted gross margin by 2.8 percentage points. Fourth fiscal quarter combined research and development and selling, general and administrative expenses were \$22.0 million, compared with \$25.1 million in the prior fiscal quarter.

Net income in the fourth fiscal quarter was \$2.5 million, or \$0.03 per share. In the prior fiscal quarter, the company also reported net income of \$2.5 million, or \$0.03 per share. The fourth fiscal quarter operating expenses included a \$3.0 million favorable sales tax benefit in SG&A, partially offset by \$3.9 million of expenses primarily for amortization of acquired intangibles and restructuring-related items as announced in the third fiscal quarter. The company also recorded a \$6.0 million income tax benefit during the fourth fiscal quarter. The third fiscal quarter results included a net benefit to income totaling \$11.5 million, which primarily included various tax-related benefits partially offset by amortization of acquired intangibles and restructuring-related items.

Total cash and marketable securities at the end of the fourth fiscal quarter was \$179.7 million, compared with \$178.4 million at the end of the prior fiscal quarter. Inventories were \$26.6 million, down 18 percent or \$5.7 million, from the end of December 2004.

"We are pleased to have met our financial expectations for the quarter and to have successfully reduced inventory levels, despite the traditional post-holiday softening in demand," said David D. French, president and chief executive officer, Cirrus Logic. "We are particularly pleased with the strong gross margins delivered for our core products."

As announced on April 25, 2005, Cirrus Logic intends to divest its digital video product line and focus operations around its core, high-precision analog, mixed-signal and embedded integrated circuits

(ICs) for audio and industrial applications. In the fourth quarter of fiscal year 2005, the company's core analog, mixed-signal and embedded products represented revenue of \$36.7 million and the digital video product line represented revenue of \$3.7 million. This compares with the prior fiscal quarter in which core analog, mixed-signal and embedded products represented revenue of \$40.9 million and the digital video product line represented revenue of \$3.1 million. The video product line gross margin for the fourth fiscal quarter was approximately 54 percent compared with the third fiscal quarter video product line gross margin loss of approximately 150 percent. In the fourth fiscal quarter, research and development and selling, general and administrative expenses associated with the digital video product line were estimated to range between \$4.0 million to \$4.5 million. Other operating expenses related to the video product line for the fourth fiscal quarter include the amortization of acquired intangibles of \$3.2 million. The company does not track expenses to the detail level by product line and the video product line expenses are estimates. Inventory related to the digital video product line as of March 26, 2005 was valued at \$5.2 million. "Based on our intent to divest the digital video product line, we expect to have greater focus on the strengths of the company, which are the analog, mixed-signal and embedded product lines. With a strong balance sheet, we enter fiscal year 2006 with the prospect of being profitable, even in a difficult period within the semiconductor industry," said French. On another note, French added, "I am encouraged by the strong gross margins for our core products and I am enthusiastically looking ahead at the growth opportunities for Cirrus Logic as we have positioned the company for profitability and growth within its broad, expanding customer base for analog, mixed-signal and embedded markets."

Outlook and Guidance

The company is providing the following guidance and will include the outlook for the digital video product line separately:

First Quarter FY 06 for analog, mixed-signal and embedded product ICs
(ending June 25, 2005)

-- Sales are expected to range between \$40 million and \$41 million, an increase from \$36.7 million in the fourth fiscal quarter of 2005;

-- Gross margin is anticipated to be between 55 percent and 57 percent;

-- Combined R&D and SG&A expenses are expected to range between \$20 million and \$22 million;

-- Inventory is expected to be reduced by 10 percent.

First Quarter FY 06 for the digital video product line (ending June 25, 2005)

-- Sales are expected to range between \$6 million and \$8 million, an increase from \$3.7 million in the fourth fiscal quarter of 2005;

-- Gross margin is anticipated to be between 44 percent and 46 percent;

-- Combined R&D and SG&A expenses are expected to range between \$4 million and \$4.5 million;

-- Inventory is expected to be reduced by 50 percent.

Conference Call

Cirrus Logic management will hold a conference call to discuss these results today, April 27, 2005 at 5:00 p.m. EDT. Those wishing to join should dial 201-689-8044 at approximately 4:50 p.m. EDT. A replay of the call will be available starting one hour after the completion of the call, through May 11, 2005. To access the replay, dial 201-612-7415 (account #: 2445; conference #: 146363). A live and an archived webcast of the conference call will also be available via the company's Web site at www.cirrus.com.

Upcoming Conferences

Cirrus Logic management will be presenting at two upcoming conferences in New York: The CIBC Communications & Technology Conference on May 11, 2005 and the Piper Jaffray Technology Conference on May 13, 2005. Those wishing to listen to these presentations can hear a live and an archived webcast of these events via the company's Web site at www.cirrus.com.

Cirrus Logic, Inc.

Cirrus Logic develops high-precision, analog-rich mixed-signal integrated circuits for a broad range of consumer and industrial markets. Building on its broad 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 Colorado, Europe, Japan and Asia. More information about Cirrus Logic is available at www.cirrus.com.

Safe Harbor Statement

Except for historical information contained herein, the matters set forth in this news release, including our estimates of first quarter fiscal year 2006 sales, gross margin, combined research and development and selling, general and administrative expense levels, inventory reduction, and expectations regarding our revenue growth 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 from our current expectations, estimates and assumptions and the forward-looking statements made in this press release. 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; our ability to successfully complete the divestiture of the digital video product line; the results of any potential and pending litigation matters; the level of orders and shipments during the first quarter of fiscal year 2006, as well as customer cancellations of orders, or the failure to place orders consistent with forecasts; pricing pressures; hardware or software deficiencies; our dependence on subcontractors for assembly, manufacturing, packaging and testing functions; our ability to make continued substantial investments in research and development; foreign currency fluctuations; the retention of key employees; the impact of restructuring and other costs, such as work force reductions and facility consolidations; and the risk factors listed in our Form 10-K for the year ended March 27, 2004, and in other filings with the Securities and Exchange Commission. 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. 26, 2005	Dec. 25, 2004	Mar. 27, 2004
Net sales	\$40,415	\$44,036	\$50,214
Cost of sales	18,955	26,834	23,921
Gross Margin	21,460	17,202	26,293
Gross Margin Percentage	53.1%	39.1%	52.4%
Operating expenses:			
Research and development	14,851	15,480	16,871
Selling, general and administrative	7,127	9,611	14,635
Restructuring and other costs	485	3,107	595
Amortization of acquired intangibles	3,419	3,419	3,419
Patent agreement, net	--	(593)	(17,000)
Total operating expenses	25,882	31,024	18,520

Total operating expenses as a percent of revenue	64.0%	70.5%	36.9%
Income (loss) from operations	(4,422)	(13,822)	7,773
Operating income (loss) as a percent of revenue	(10.9%)	(31.4%)	15.5%
Realized gain on marketable equity securities	137	--	1,967
Interest income, net	962	946	555
Other income (expense), net	116	272	(11)
Income (loss) before income taxes and loss from discontinued operations	(3,207)	(12,604)	10,284
Benefit for income taxes	(5,745)	(15,134)	(33)
Net income	\$2,538	\$2,530	\$10,317
Basic and diluted income per share:	\$0.03	\$0.03	\$0.12
Basic weighted average common shares outstanding	85,124	84,773	84,355
Diluted weighted average common shares outstanding	86,151	86,159	86,729

Prepared in accordance with Generally Accepted Accounting Principles

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

	Twelve Months Ended	
	Mar. 26, 2005	Mar. 27, 2004
Net sales	\$194,900	\$196,338
Cost of sales	101,637	95,594
Gross Margin	93,263	100,744
Gross Margin Percentage	47.9%	51.3%
Operating expenses:		
Research and development	66,831	76,168
Selling, general and administrative	42,394	51,518
Restructuring and other costs	9,463	9,526
Amortization of acquired intangibles	13,676	14,394
Patent infringement settlements, net	--	(14,402)
Litigation settlement	--	(45,000)
Patent agreement, net	(593)	(17,000)
Total operating expenses	131,771	75,204
Total operating expenses as a percent of revenue	67.6%	38.3%
Income (loss) from operations	(38,508)	25,540
Operating income (loss) as a percent of revenue	(19.8%)	13.0%
Realized gain on marketable equity securities	806	12,047
Interest income, net	3,208	1,875
Other income (expense), net	317	(18)
Income (loss) before income taxes and loss from discontinued operations	(34,177)	39,444
Benefit for income taxes	(20,789)	(7,059)
Net income (loss)	\$(13,388)	\$46,503

Basic income (loss) per share:	\$ (0.16)	\$ 0.55
Diluted income (loss) per share:	\$ (0.16)	\$ 0.54
Basic weighted average common shares outstanding	84,746	84,019
Diluted weighted average common shares outstanding	84,746	85,602

Prepared in accordance with Generally Accepted Accounting Principles

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

	Mar. 26, 2005	Dec. 25, 2004	Mar. 27, 2004

	(unaudited)		
ASSETS			
Current assets			
Cash and cash equivalents	\$79,235	\$93,432	\$157,893
Restricted investments	7,898	7,784	8,159
Marketable securities	91,559	61,893	27,093
Accounts receivable, net	18,593	21,050	19,804
Inventories	26,649	32,330	29,632
Other current assets	6,600	7,249	10,547

Total Current Assets	230,534	223,738	253,128
Long-term marketable securities	1,021	15,319	6,996
Property and equipment, net	17,572	19,934	22,663
Intangibles, net	10,786	14,807	28,638
Other assets	2,897	2,907	3,247

Total Assets	\$262,810	\$276,705	\$314,672
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LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable	\$10,546	\$14,914	\$19,317
Accrued salaries and benefits	8,164	8,974	9,459
Other accrued liabilities	10,799	15,809	20,447
Deferred income on shipments to distributors	7,935	7,877	3,506
Income taxes payable	9,276	15,075	30,107

Total Current Liabilities	46,720	62,649	82,836
Long-term restructuring accrual	3,678	3,411	7,114
Other long-term obligations	8,675	9,848	10,623
Stockholders' equity:			
Capital stock	875,687	875,216	871,679
Accumulated deficit	(670,797)	(673,335)	(657,409)
Accumulated other comprehensive income (loss)	(1,153)	(1,084)	(171)

Total Stockholders' Equity	203,737	200,797	214,099

Total Liabilities and Stockholders' Equity	\$262,810	\$276,705	\$314,672
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Prepared in accordance with Generally Accepted Accounting Principles

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