

CIRRUS LOGIC INC

FORM 8-K (Unscheduled Material Events)

Filed 10/22/2003 For Period Ending 10/22/2003

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Industry	Semiconductors
Sector	Technology
Fiscal Year	03/30

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 22, 2003

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
(Address of Principal Executive Offices)

78746
(Zip Code)

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

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

The exhibit listed below is being furnished with this Form 8-K:

Exhibit 99.1 Second Quarter Fiscal Year 2004 Earnings Release dated October 22, 2003.

Item 12. Results of Operations and Financial Condition.

On October 22, 2003, Cirrus Logic, Inc. (the "Company") issued a press release relating to the results of its second fiscal quarter 2004, ended September 27, 2003. A copy of the Company's press release is attached hereto as Exhibit 99.1. This Form 8-K and the attached exhibit are provided under Item 12 of Form 8-K and are furnished to, but not filed with, the Securities and Exchange Commission.

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: October 22, 2003

*By: /s/ Kirk Patterson
Name: Kirk Patterson
Title: Acting Chief Financial Officer, Vice
President & Controller*

EXHIBIT INDEX

Exhibit No. -----	Description -----
99.1	Text of Second Quarter Fiscal Year 2004 Earnings Release dated October 22, 2003.

Exhibit 99.1

Cirrus Logic Reports 23 Percent Sequential Revenue Growth in Fiscal Q2; Audio and Video Product Sales Increase, Balance Sheet Strengthens

AUSTIN, Texas--(BUSINESS WIRE)--Oct. 22, 2003--Cirrus Logic, Inc. (NASDAQ:CRUS) today announced financial results for the second quarter of fiscal 2004, ended Sept. 27, 2003.

The company reported second quarter revenue of \$50.1 million, up 23 percent from \$40.7 million reported in the first quarter. Second quarter gross margins were 51.9 percent, up from 48.5 percent in the first quarter. Second quarter combined research and development and selling, general and administrative expenses were \$32.6 million, an improvement from \$33.2 million in the prior quarter. Included in these second quarter expenses were \$1.1 million related to legal expenses associated with a recently settled lawsuit with Western Digital Corporation and amortization of acquisition-related deferred compensation.

Net income in the second quarter was \$21.1 million, or \$0.25 per share, compared with a net loss of \$24.3 million, or a loss of \$0.29 per share, in the first quarter. The second quarter net income included benefits of \$31.7 million resulting from favorable patent infringement litigation settlements with nVidia Corporation and ATI Technologies totaling \$14.4 million, net of expenses; \$10.1 million associated with a realized gain on the sale of marketable securities and a related payment from SigmaTel; and a \$7.2 million income tax benefit due to the release of a reserve following the expiration of the statute of limitations. The second quarter results also included amortization of acquisition-related intangibles totaling \$3.8 million and a restructuring charge of \$0.4 million.

Total cash at the end of the second quarter increased to \$127.3 million, compared with \$115.5 million at the end of the first quarter. Total cash increased primarily due to \$20.8 million from one-time events, including the nVidia settlement, the SigmaTel transaction, and cash received from the sale of assets to ChipPAC.

"Revenue from both our audio and video product lines grew in the second quarter. Revenue from our audio products, which represented 84 percent of total revenue, increased 13 percent in the quarter, as customers replenished inventories and introduced new products incorporating our chips. Revenue from our video product line increased to \$8.1 million from \$3.0 million in the prior quarter, with our digital video encoding products for DVD recorder applications contributing strongly to our sales growth," said David D. French, president and CEO of Cirrus Logic, Inc.

"During the second quarter, we strengthened our consumer audio position by demonstrating at the CEDIA Expo production-ready Dolby Pro Logic(R) IIx audio digital signal processors. Leading audio system companies, including Harman Kardon and Marantz, were the first to announce plans to introduce new products implementing the new Dolby Pro Logic IIx standard using our chips.

"After beginning shipments two quarters ago, we have quickly gained market share in the high-growth DVD recording semiconductor market. Our digital video encoding and decoding chips are enabling mass-market DVD recorders in time for this year's holiday sales period. Earlier this month, we launched our newest family of encoding chips, which allows consumers to record home video content from their camcorders onto DVD disks at lower cost," said French.

"We are working with OEMs to shorten time to market, improve supply chain dependability, rapidly reduce costs as drive technology matures, and provide a roadmap of software compatible product upgrades. Collaboration with a wide array of drive manufacturers is essential to achieving these goals. At the Hong Kong Electronics Fair earlier this month, we were pleased to show progress with several high-quality drive manufacturers, including AccessTech, Behavior Technology Corporation (BTC), BenQ, Digital Video Systems (DVS), M.E.T Technology, NEC, Philips, and Ricoh, in demonstrating the interoperability of their drives with our DVD recording reference platform," said French. Leading manufacturer BenQ recently announced that it is using Cirrus Logic chips in its first single-board DVD recorder, which it expects will accelerate system cost reduction. It will sample the new DVD recorder this month and expects to begin volume production in the first quarter of calendar 2004.

"Reducing system cost in collaboration with other industry participants is essential to expanding the DVD recorder market. These collaborative efforts are helping to bring the industry close to the \$300 retail price point, which we expect to be a major stimulus to consumer demand of DVD recording products. Further integration, such as the single-board recorder platform, is likely to facilitate retail prices below \$200 by the end of calendar 2004, further expanding demand," said French.

Outlook and Guidance

"Although December quarter revenues for semiconductors targeted towards end consumers in North America are often flat with, or slightly down from September levels, we believe our product and design momentum in exciting, high-growth markets will enable us to continue to grow in the December quarter," said French.

"In addition, we continue to focus our development activities. In the current quarter, we have already made targeted headcount reductions that should allow us to sequentially reduce combined R&D and SG&A expenses for the seventh consecutive quarter. As we complete the shift of development resources from standalone DVD players towards recording applications, we expect to further reduce operating expenses by the March quarter."

Third Quarter FY04 (ending Dec. 27, 2003)

-- Revenue is expected to be \$53 million to \$56 million.

-- Gross margins are expected to be 50 percent to 52 percent.

-- Combined R&D and SG&A expenses are expected to total \$31 million to \$33 million.

-- Total cash at the end of the third quarter is expected to be in the range of \$172 million to \$177 million, an increase of \$45 million to \$50 million, and reflects the receipt earlier this month of \$9 million from the settlement with ATI Technologies recorded in the second quarter and

\$45 million for the previously announced litigation settlement with Western Digital Corporation.

Conference Call

Cirrus Logic management will hold a conference call to discuss these results today, Oct. 22, at 4 p.m. Central Time. Those wishing to join should dial (617) 847-8707 (pass code: Cirrus Logic) at approximately 3:50 p.m. Central Time. A replay of the call will be available starting one hour after the completion of the call until Oct. 29, 2003. To access the replay, dial (617) 801-6888 (pass code: 83104155). A live web cast of the conference call will also be available via the company's web site at www.cirrus.com.

Upcoming Investor Conferences

Cirrus Logic management will be presenting at the AeA Classic Financial Conference in San Diego on Nov. 3-4, the Lehman Brothers 2003 Semiconductor and Computer Systems Conference in San Francisco on Nov. 19, the Pacific Growth Equities Bus Tour in the Bay Area on Dec. 2, and the Needham Conference in New York on Jan. 6-8. Those wishing to listen to management's presentations can hear a live and/or an archived web cast via the company's web site at www.cirrus.com.

Cirrus Logic, Inc.

Cirrus Logic is a premier supplier of high-performance analog, mixed-signal and digital processing solutions for consumer entertainment electronics, automotive entertainment and industrial product applications. Building on its global market leadership in audio ICs and its rich mixed-signal patent portfolio, Cirrus Logic targets audio, video and precision mixed-signal applications in these growing markets. The company operates from headquarters in Austin, Texas, with offices in California, 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 third fiscal quarter revenues, combined research and development and selling, general and administrative expense levels, gross margin and cash levels, expectations regarding our revenue growth opportunities, including the introduction of new products by other companies containing our components during the third quarter of fiscal 2004 and calendar 2004, our anticipated reduction in operating expenses and our estimates regarding future retail prices, are forward-looking statements. These forward-looking statements are based on our current expectations and are subject to certain risks and uncertainties that could cause actual results to differ materially from our current expectations 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; the expansion of the consumer digital entertainment electronics 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 third fiscal quarter of 2004, as well as customer cancellations of orders, or the failure to place orders consistent with forecasts; our expectations regarding our potential cost savings and the benefits of the ChipPAC outsourcing transaction, as well as a successful transition of this outsourcing; pricing pressures; hardware or software deficiencies; a shortage of manufacturing capacity; 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; asset impairment charges; and the risk factors listed in our Form 10-K for the year ended March 29, 2003, 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. All other product names noted herein may be trademarks of their respective holders.

Summary financial data follows:

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

(in thousands, except per share data)

	Quarter Ended		
	Sep. 27, 2003	Jun. 28, 2003	Sep. 28, 2002
Net sales	\$ 50,130	\$ 40,724	\$ 73,314
Costs and expenses:			
Cost of sales	24,132	20,989	37,227
Research and development	20,427	20,646	25,955
Selling, general and administrative	12,203	12,517	19,939
Restructuring and other costs	395	7,640	3,102

Amortization of acquired intangibles	3,778	3,778	4,661
Patent infringement settlements, net	(14,402)	-	-
	-----	-----	-----
Total costs and expenses	46,533	65,570	90,884
	-----	-----	-----
Income (loss) from operations	3,597	(24,846)	(17,570)
Realized gain (loss) on marketable equity securities	10,080	-	(947)
Interest income and (expense), net	247	623	541
Other income (expense), net	8	(73)	(354)
	-----	-----	-----
Income (loss) before income taxes and loss from discontinued operations	13,932	(24,296)	(18,330)
Provision (benefit) for income taxes	(7,122)	21	29
	-----	-----	-----
Income (loss) from continuing operations	21,054	(24,317)	(18,359)
Loss from discontinued operations	-	-	-
	-----	-----	-----
Net income (loss)	\$ 21,054	\$(24,317)	\$(18,359)
	=====	=====	=====
Basic income (loss) per share:			
From continuing operations	\$ 0.25	\$ (0.29)	\$ (0.22)
Discontinued operations	-	-	-
	-----	-----	-----
	\$ 0.25	\$ (0.29)	\$ (0.22)
	=====	=====	=====
Diluted income (loss) per share:			
From continuing operations	\$ 0.25	\$ (0.29)	\$ (0.22)
Discontinued operations	-	-	-
	-----	-----	-----
	\$ 0.25	\$ (0.29)	\$ (0.22)
	=====	=====	=====
Basic weighted average common shares outstanding	83,946	83,763	83,413
Diluted weighted average common shares outstanding	85,556	83,763	83,413

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

(in thousands, except per share data)

	Six Months Ended	
	Sep. 27, 2003	Sep. 28, 2002
	-----	-----
Net sales	\$ 90,854	\$149,338
Costs and expenses:		
Cost of sales	45,121	74,618
Research and development	41,073	53,918
Selling, general and administrative	24,720	40,410
Restructuring and other costs	8,035	5,187
Amortization of acquired intangibles	7,556	9,347
Patent infringement settlements, net	(14,402)	-
	-----	-----
Total costs and expenses	112,103	183,480
	-----	-----
Income (loss) from operations	(21,249)	(34,142)
Realized gain on marketable equity securities	10,080	453
Interest income and (expense), net	870	1,281
Other income (expense), net	(65)	(280)
	-----	-----
Income (loss) before income taxes and loss from discontinued operations	(10,364)	(32,688)
Provision (benefit) for income taxes	(7,101)	58

Income (loss) from continuing operations	(3,263)	(32,746)
Loss from discontinued operations	-	(1,452)
Net income (loss)	\$ (3,263)	\$(34,198)
Basic income (loss) per share:		
From continuing operations	\$ (0.04)	\$ (0.39)
Discontinued operations	-	(0.02)
	\$ (0.04)	\$ (0.41)
Diluted income (loss) per share:		
From continuing operations	\$ (0.04)	\$ (0.39)
Discontinued operations	-	(0.02)
	\$ (0.04)	\$ (0.41)
Basic weighted average common shares outstanding	83,855	83,215
Diluted weighted average common shares outstanding	83,855	83,215

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

	Sep. 27, 2003	Jun. 28, 2003	Sep. 28, 2002
ASSETS			
Current assets			
Cash and cash equivalents	\$ 119,059	\$ 103,667	\$ 114,332
Restricted cash	8,265	11,844	12,807
Marketable equity securities	1,654	754	526
Accounts receivable, net	21,860	23,627	35,011
Inventories	25,130	21,185	28,752
Other current assets	19,243	10,617	16,246
Total Current Assets	195,211	171,694	207,674
Property and equipment, net	25,317	26,987	36,685
Goodwill and intangibles, net	37,035	34,082	183,300
Other assets	5,220	5,895	4,932
Total Assets	\$ 262,783	\$ 238,658	\$ 432,591
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	\$ 53,342	\$ 43,900	\$ 57,658
Current maturities of long-term debt and capital lease obligations	-	-	141
Income taxes payable	30,319	37,531	41,530
Total Current Liabilities	83,661	81,431	99,329
Long-term obligations	16,587	17,077	5,809
Minority interest in eMicro	-	-	599
Stockholders' equity:			
Capital stock	869,238	868,827	866,531
Accumulated deficit	(707,175)	(728,229)	(538,897)
Accumulated other comprehensive income (loss)	472	(448)	(780)
Total Stockholders' Equity	162,535	140,150	326,854
Total Liabilities and Stockholders' Equity	\$ 262,783	\$ 238,658	\$ 432,591

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