

CREE INC
Form 10-Q
April 22, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 29, 2015

or

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 0-21154

CREE, INC.

(Exact name of registrant as specified in its charter)

North Carolina

(State or other jurisdiction of incorporation or organization)

56-1572719

(I.R.S. Employer Identification No.)

4600 Silicon Drive

Durham, North Carolina

(Address of principal executive offices)

(919) 407-5300

(Registrant's telephone number, including area code)

27703

(Zip Code)

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 Web site, 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, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

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 outstanding of the registrant's common stock, par value \$0.00125 per share, as of April 15, 2015, was 109,114,990.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CREE, INC.

CONSOLIDATED BALANCE SHEETS

	March 29, 2015 (unaudited) (In thousands, except par value)	June 29, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$204,728	\$286,824
Short-term investments	577,313	875,642
Total cash, cash equivalents and short-term investments	782,041	1,162,466
Accounts receivable, net	216,247	225,160
Income tax receivable	1,521	—
Inventories	299,360	284,780
Deferred income taxes	29,344	29,414
Prepaid expenses and other current assets	69,949	72,071
Total current assets	1,398,462	1,773,891
Property and equipment, net	654,248	605,713
Goodwill	616,345	616,345
Intangible assets, net	322,229	336,423
Other long-term investments	76,865	—
Other assets	11,703	11,997
Total assets	\$3,079,852	\$3,344,369
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable, trade	\$124,966	\$202,294
Accrued salaries and wages	41,745	50,527
Income taxes payable	—	14,848
Other current liabilities	33,554	38,986
Total current liabilities	200,265	306,655
Long-term liabilities:		
Long-term debt	150,000	—
Deferred income taxes	14,243	12,173
Other long-term liabilities	24,376	35,395
Total long-term liabilities	188,619	47,568
Commitments and contingencies (Note 11)		
Shareholders' equity:		
Preferred stock, par value \$0.01; 3,000 shares authorized at March 29, 2015 and June 29, 2014; none issued and outstanding	—	—
Common stock, par value \$0.00125; 200,000 shares authorized at March 29, 2015 and June 29, 2014; 109,929 and 120,114 shares issued and outstanding at March 29, 2015 and June 29, 2014, respectively	136	149
Additional paid-in-capital	2,261,085	2,190,011
Accumulated other comprehensive income, net of taxes	7,308	11,405
Retained earnings	422,439	788,581
Total shareholders' equity	2,690,968	2,990,146
Total liabilities and shareholders' equity	\$3,079,852	\$3,344,369

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

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CREE, INC.
(UNAUDITED)
CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended		Nine Months Ended	
	March 29, 2015	March 30, 2014	March 29, 2015	March 30, 2014
	(In thousands, except per share amounts)			
Revenue, net	\$409,519	\$405,259	\$1,250,348	\$1,211,351
Cost of revenue, net	284,111	255,265	852,341	754,822
Gross profit	125,408	149,994	398,007	456,529
Operating expenses:				
Research and development	43,823	46,626	137,537	132,805
Sales, general and administrative	71,860	65,368	213,927	197,589
Amortization or impairment of acquisition-related intangibles	6,749	7,257	19,743	21,800
Loss on disposal or impairment of long-lived assets	1,459	364	3,641	1,781
Total operating expenses	123,891	119,615	374,848	353,975
Operating income				