

SKYWORKS SOLUTIONS, INC.

Form 10-Q

August 09, 2011

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

FORM 10-Q

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

For the quarterly period ended July 1, 2011

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 1-5560

SKYWORKS SOLUTIONS, INC.

(Exact Name of Registrant as Specified in its Charter)

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Delaware
(State or Other Jurisdiction of

04-2302115
(I.R.S. Employer

Incorporation or Organization)

Identification No.)

20 Sylvan Road, Woburn, Massachusetts
(Address of Principal Executive Offices)

01801
(Zip Code)

Registrant's Telephone Number, Including Area Code: (781) 376-3000

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. (Check one):

Large accelerated filer ☒

Accelerated filer ☐

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class
Common Stock, par value \$.25 per share

Outstanding at July 31, 2011
186,277,145

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FOR THE QUARTER ENDED JULY 1, 2011
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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****SKYWORKS SOLUTIONS, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS**

(Unaudited, in thousands, except per share amounts)

	Three-months Ended		Nine-months Ended	
	July 1, 2011	July 2, 2010	July 1, 2011	July 2, 2010
Net revenue	\$ 356,075	\$ 275,370	\$ 1,016,606	\$ 758,566
Cost of goods sold	199,850	157,104	570,862	437,892
Gross profit	156,225	118,266	445,744	320,674
Operating expenses:				
Research and development	43,067	34,882	121,228	98,731
Selling, general and administrative	35,451	29,451	98,167	84,164
Restructuring and other charges (credits)	1,475	(1,040)	1,475	(1,040)
Amortization of intangibles	4,006	1,501	7,246	4,502
Total operating expenses	83,999	64,794	228,116	186,357
Operating income	72,226	53,472	217,628	134,317
Interest expense	(465)	(867)	(1,463)	(3,619)
Other (loss) income, net	(2)	64	(185)	(379)
Income before income taxes	71,759	52,669	215,980	130,319
Provision for income taxes	20,211	17,933	53,604	39,829
Net income	\$ 51,548	\$ 34,736	\$ 162,376	\$ 90,490
Earnings per share:				
Basic	\$ 0.28	\$ 0.20	\$ 0.89	\$ 0.52
Diluted	\$ 0.27	\$ 0.19	\$ 0.85	\$ 0.50
Weighted average shares:				
Basic	183,750	175,495	182,642	174,220
Diluted	191,380	183,889	190,628	182,072

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

Table of Contents**SKYWORKS SOLUTIONS, INC.****CONSOLIDATED BALANCE SHEETS**

(Unaudited, in thousands, except per share amounts)

	As of	
	July 1, 2011	October 1, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 309,645	\$ 453,257
Restricted cash	712	6,128
Receivables, net of allowance for doubtful accounts of \$1,280 and \$1,177, respectively	186,129	175,232
Inventory	188,795	125,059
Other current assets	26,852	30,189
Total current assets	712,133	789,865
Property, plant and equipment, net	252,755	204,363
Goodwill	672,693	485,587
Intangible assets, net	96,303	12,509
Deferred tax assets, net	62,088	60,569
Other assets	9,627	11,159
Total assets	\$ 1,805,599	\$ 1,564,052
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 25,744	\$ 50,000
Accounts payable	116,648	111,967
Accrued compensation and benefits	28,948	35,695
Other current liabilities	73,009	6,662
Total current liabilities	244,349	204,324
Long-term debt, less current maturities		24,743
Other long-term liabilities	29,076	18,389
Total liabilities	273,425	247,456
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, no par value: 25,000 shares authorized, no shares issued		
Common stock, \$0.25 par value: 525,000 shares authorized; 194,668 shares issued and 186,154 shares outstanding at July 1, 2011 and 185,683 shares issued and 180,263 shares outstanding at October 1, 2010	46,538	45,066
Additional paid-in capital	1,773,264	1,641,406
Treasury stock, at cost	(120,847)	(40,719)
Accumulated deficit	(165,484)	(327,860)
Accumulated other comprehensive loss	(1,297)	(1,297)
Total stockholders' equity	1,532,174	1,316,596
Total liabilities and stockholders' equity	\$ 1,805,599	\$ 1,564,052

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Table of Contents**SKYWORKS SOLUTIONS, INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited, in thousands)

	Nine-months Ended	
	July 1, 2011	July 2, 2010
Cash flows from operating activities:		
Net income	\$ 162,376	\$ 90,490
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation	42,688	26,239
Depreciation	43,120	34,155
Amortization of intangible assets	7,246	4,502
Amortization of discount and deferred financing costs on convertible debt	1,066	2,348
Contribution of common shares to savings and retirement plans	8,241	6,834
Deferred income taxes	6,954	23,831
Excess tax benefit from share-based payments	(12,074)	
Loss on disposals of assets	206	263
Provision for losses on accounts receivable	103	554
Changes in assets and liabilities:		
Receivables	4,655	(40,303)
Inventory	(40,560)	(31,897)
Other current and long-term assets	440	(6,542)
Accounts payable	(12,992)	33,490
Other current and long-term liabilities	31,550	5,713
Net cash provided by operating activities	243,019	149,677
Cash flows from investing activities:		
Capital expenditures	(85,371)	(59,609)
Payments for acquisitions, net of cash acquired	(249,829)	(6,000)
Net cash used in investing activities	(335,200)	(65,609)
Cash flows from financing activities:		
Retirement of 2007 Convertible Notes		(51,107)
Reacquisition of equity component of 2007 Convertible Notes		(29,602)
Payments to retire short term line of credit	(50,000)	
Excess tax benefit from share-based payments	12,074	
Change in restricted cash	5,416	(265)
Repurchase of common stock payroll tax withholdings on equity awards	(19,942)	(4,325)
Repurchase of common stock share repurchase program	(60,187)	
Proceeds from exercise of stock options	61,208	20,834