

CREE INC
Form 10-Q
October 23, 2013
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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 September 29, 2013

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

27703

(Zip Code)

(Registrant's telephone number, including area 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 October 16, 2013, was 120,702,745.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CREE, INC.

CONSOLIDATED BALANCE SHEETS

	September 29, 2013 (unaudited) (In thousands, except par value)	June 30, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$187,882	\$190,069
Short-term investments	900,965	833,846
Total cash, cash equivalents and short-term investments	1,088,847	1,023,915
Accounts receivable, net	209,250	192,507
Inventories	217,307	197,001
Deferred income taxes	26,208	26,125
Prepaid expenses and other current assets	108,640	76,218
Total current assets	1,650,252	1,515,766
Property and equipment, net	550,121	542,833
Intangible assets, net	352,630	357,525
Goodwill	616,345	616,345
Other assets	23,795	19,941
Total assets	\$3,193,143	\$3,052,410
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable, trade	\$148,513	\$121,441
Accrued salaries and wages	41,948	41,407
Income taxes payable	10,851	1,315
Other current liabilities	57,468	43,248
Total current liabilities	258,780	207,411
Long-term liabilities:		
Deferred income taxes	25,720	25,504
Other long-term liabilities	27,886	12,843
Total long-term liabilities	53,606	38,347
Commitments and contingencies (Note 11)		
Shareholders' equity:		
Preferred stock, par value \$0.01; 3,000 shares authorized at September 29, 2013 and June 30, 2013; none issued and outstanding	—	—
Common stock, par value \$0.00125; 200,000 shares authorized at September 29, 2013 and June 30, 2013; 120,315 and 119,623 shares issued and outstanding at September 29, 2013 and June 30, 2013, respectively	149	148
Additional paid-in-capital	2,067,849	2,025,764
Accumulated other comprehensive income, net of taxes	9,766	8,244
Retained earnings	802,993	772,496
Total shareholders' equity	2,880,757	2,806,652
Total liabilities and shareholders' equity	\$3,193,143	\$3,052,410
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	
	September 29, 2013	September 23, 2012
	(In thousands, except per share amounts)	
Revenue, net	\$391,006	\$315,753
Cost of revenue, net	240,249	199,704
Gross profit	150,757	116,049
Operating expenses:		
Research and development	41,743	37,547
Sales, general and administrative	64,278	52,645
Amortization of acquisition-related intangibles	7,287	7,670
Loss on disposal or impairment of long-lived assets	657	898
Total operating expenses	113,965	98,760
Operating income	36,792	17,289
Non-operating income, net	2,818	3,385
Income before income taxes	39,610	20,674
Income tax expense	9,113	4,551
Net income	\$30,497	\$16,123
Earnings per share:		
Basic	\$0.26	\$0.14
Diluted	\$0.25	\$0.14
Shares used in per share calculation:		
Basic	119,564	115,539
Diluted	122,364	115,960

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

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