

MICROCHIP TECHNOLOGY INC

Form 10-Q

August 11, 2014

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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 June 30, 2014.

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: 0-21184

MICROCHIP TECHNOLOGY INCORPORATED
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation or
Organization)

86-0629024
(IRS Employer Identification No.)

2355 W. Chandler Blvd., Chandler, AZ 85224-6199
(480) 792-7200
(Address, Including Zip Code, and Telephone Number,
Including Area Code, of Registrant's
Principal Executive Offices)

Indicate by checkmark 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 the 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

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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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). (Check One)

Yes No

Shares Outstanding of Registrant's Common Stock

Class	Outstanding at July 31, 2014
Common Stock, \$0.001 par value	200,400,918 shares

MICROCHIP TECHNOLOGY INCORPORATED AND SUBSIDIARIES

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Item 1. Financial Statements

MICROCHIP TECHNOLOGY INCORPORATED AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)

(unaudited)

ASSETS

	June 30, 2014	March 31, 2014
Cash and cash equivalents	\$617,770	\$466,603
Short-term investments	1,142,091	878,182
Accounts receivable, net	286,699	242,405
Inventories	264,505	262,725
Prepaid expenses	34,369	31,756
Deferred tax assets	70,926	67,490
Other current assets	33,991	20,238
Total current assets	2,450,351	1,969,399
Property, plant and equipment, net	569,908	531,967
Long-term investments	527,539	798,712
Goodwill	409,885	276,097
Intangible assets, net	498,079	445,499
Other assets	45,981	45,956
Total assets	\$4,501,743	\$4,067,630
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$79,889	\$74,050
Accrued liabilities	115,718	96,731
Short-term borrowings	17,500	17,500
Deferred income on shipments to distributors	146,583	147,798
Total current liabilities	359,690	336,079
Junior convertible debentures	374,227	371,873
Long-term line of credit	634,375	300,000
Long-term borrowings, net	327,076	331,385
Long-term income tax payable	144,549	179,966
Deferred tax liability	453,069	375,316
Other long-term liabilities	39,112	37,550
Stockholders' equity:		
Preferred stock, \$0.001 par value; authorized 5,000,000 shares; no shares issued or outstanding	—	—
Common stock, \$0.001 par value; authorized 450,000,000 shares; 218,789,994 shares issued and 200,401,106 shares outstanding at June 30, 2014; 218,789,994 shares issued and 200,002,736 shares outstanding at March 31, 2014	200	200
Additional paid-in capital	1,245,191	1,244,583
Common stock held in treasury: 18,388,888 shares at June 30, 2014; 18,787,258 shares at March 31, 2014	(565,551)	(577,382)
Accumulated other comprehensive income	4,089	1,051
Retained earnings	1,485,716	1,467,009
Total stockholders' equity	2,169,645	2,135,461
Total liabilities and stockholders' equity	\$4,501,743	\$4,067,630

See accompanying notes to condensed consolidated financial statements

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share amounts)

(unaudited)

	Three Months Ended		
	June 30,		
	2014	2013	
Net sales	\$528,876	\$462,792	
Cost of sales (1)	222,357	196,218	
Gross profit	306,519	266,574	
Operating expenses:			
Research and development (1)	84,370	73,085	
Selling, general and administrative (1)	69,255	65,710	
Amortization of acquired intangible assets	36,644	27,677	
Special charges	304	1,701	
	190,573	168,173	
Operating income	115,946	98,401	
Losses on equity method investments	(32) (260)
Other income (expense):			
Interest income	4,742	3,925	
Interest expense	(13,678) (11,856)
Other income, net	13	126	
Income before income taxes	106,991	90,336	
Income tax provision	17,082	11,757	
Net income	\$89,909	\$78,579	
Basic net income per common share	\$0.45		