

SEMILEDS CORP

FORM 8-K (Current report filing)

Filed 11/15/17 for the Period Ending 11/15/17

Telephone	886-37-586788
CIK	0001333822
Symbol	LEDS
SIC Code	3674 - Semiconductors and Related Devices
Industry	Semiconductors
Sector	Technology
Fiscal Year	08/31

**UNITED STATES
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): November 15, 2017

SEMILEDS CORPORATION

(Exact name of registrant as specified in charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34992
(Commission File Number)

20-2735523
(IRS Employer
Identification No.)

**3F, No.11 Ke Jung Rd., Chu-Nan Site,
Hsinchu Science Park, Chu-Nan 350,
Miao-Li County, Taiwan, R.O.C.**
(Address of principal executive offices)

350
(Zip Code)

Registrant's telephone number, including area code: +886-37-586788

N/A
(Former name or former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On November 15, 2017, SemiLEDs Corporation issued a press release announcing its preliminary financial results for the fourth quarter and the fiscal year ended August 31, 2017.

Such information is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release, dated November 15, 2017, entitled “SemiLEDs Reports Fourth Quarter and Fiscal Year End 2017 Financial Results.”

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 15, 2017

SemiLEDs Corporation

By: /s/ Christopher Lee

Name: **Christopher Lee**

Title: **Chief Financial Officer**

**SemiLEDs Reports Fourth Quarter and Fiscal Year End 2017
Financial Results**

Hsinchu, Taiwan (November 15, 2017) — SemiLEDs Corporation (NASDAQ: LEDS), “SemiLEDs” or the “Company,” a developer and manufacturer of LED chips and LED components, today announced its financial results for the fourth quarter and full year of fiscal year 2017, ended August 31, 2017.

Revenue for the fourth quarter of fiscal 2017 was \$2.6 million, a 22% increase compared to \$2.1 million in the third quarter of fiscal 2017. GAAP net loss attributable to SemiLEDs stockholders for the fourth quarter of fiscal 2017 was \$0.7 million, compared to a loss of \$1.6 million in the third quarter of 2017, or a net loss of \$0.19 per diluted share, compared to a net loss of \$0.45 per diluted share for the third quarter of fiscal 2017.

GAAP gross margin for the fourth quarter of fiscal 2017 was 6%, compared with gross margin for the third quarter of fiscal 2017 of negative 9%. Operating margin for the fourth quarter of fiscal 2017 was negative 31%, compared with negative 61% in the third quarter of fiscal 2017. The Company’s cash and cash equivalents was \$3.6 million as of August 31, 2017, compared to \$3.1 million at the end of the third quarter of fiscal 2017. The net cash inflows in operating activities was \$0.5 million in the fourth quarter of fiscal 2017, compared with net cash outflows \$0.9 million in the third quarter of fiscal 2017.

We expect revenue for the first quarter ending November 30, 2017 to be \$2.1 million +/- 15%.

Revenue for the fiscal year 2017 was \$9.2 million, a 9% decrease compared to \$10.1 million in the fiscal year 2016. GAAP net loss attributable to SemiLEDs stockholders for the fiscal year 2017 was \$4.1 million, compared to a loss of \$21.3 million in the fiscal year 2016 or a net loss of \$1.16 per diluted share, compared to a net loss of \$7.25 per diluted share for the fiscal year 2016.

GAAP gross margin for the fiscal year 2017 was 1%, compared with gross margin for the fiscal year 2016 of negative 49%. Operating margin for the fiscal year 2017 was negative 47%, compared with negative 203% in the fiscal year 2016. The Company’s cash and cash equivalents was \$3.6 million as of August 31, 2017, compared to \$6.0 million as of August 31, 2016. The net cash outflows in operating activities was \$2.1 million in the fiscal year 2017, compared with net cash outflows \$3.4 million in the fiscal year 2016.

About SemiLEDs

SemiLEDs develops and manufactures LED chips and LED components primarily for general lighting applications, including street lights and commercial, industrial and residential lighting, along with specialty industrial applications such as ultraviolet (UV) curing, medical/cosmetic, counterfeit detection, horticulture, architectural lighting and entertainment lighting. SemiLEDs sells blue, white, green and UV LED chips.

Forward Looking Statements

This press release contains statements that may constitute “forward-looking” statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the U.S. Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact could be deemed forward-looking, including, but not limited to, any projection of future revenues, any statements about historical results that may suggest trends for SemiLEDs’ business; any statements of the plans, strategies and objectives of management for future operations; any statements of expectation or belief regarding recovery of the LED industry, market opportunities and other future events or technology developments; any statements regarding SemiLEDs’ position to capitalize on any market opportunities; and any statements of assumptions underlying any of the foregoing. These forward-looking statements are based on current expectations, estimates, forecasts and projections of future SemiLEDs’ or industry performance based on management’s judgment, beliefs, current trends and market conditions and involve risks and uncertainties that may cause actual results to differ materially from those contained in the forward-looking statements. SemiLEDs’ Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) and other SemiLEDs filings with the SEC (which you may obtain for free at the SEC’s website at <http://www.sec.gov>) discuss some of the important risks and other factors that may affect SemiLEDs’ business, results of operations and financial condition. SemiLEDs undertakes no intent or obligation to publicly update or revise any of these forward looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Contacts:

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SEMILEDs CORPORATION AND SUBSIDIARIES
Unaudited Condensed Consolidated Balance Sheets
(In thousands of U.S. dollars)

	August 31, 2017	August 31, 2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,582	\$ 6,030
Accounts receivable (including related parties), net	1,111	900
Inventories	2,946	4,067
Prepaid expenses and other current assets	405	640
Total current assets	8,044	11,637
Property, plant and equipment, net	8,275	8,813
Intangible assets, net	104	44
Investments in unconsolidated entities	992	1,368
Other assets	255	373
TOTAL ASSETS	\$ 17,670	\$ 22,235
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Current installments of long-term debt	\$ 335	\$ 314
Accounts payable	1,145	1,326
Advance receipt toward the convertible note	500	500
Accrued expenses and other current liabilities	5,482	2,761
Total current liabilities	7,462	4,901
Long-term debt, excluding current installments	2,391	2,595
Other liability	—	3,097
Total liabilities	9,853	10,593
Commitments and contingencies		
EQUITY:		
SemiLEDs stockholders' equity		
Common stock	—	—
Additional paid-in capital	175,386	175,384
Accumulated other comprehensive income	3,701	3,398
Accumulated deficit	(171,270)	(167,179)
Total SemiLEDs stockholders' equity	7,817	11,603
Noncontrolling interests	—	39
Total equity	7,817	11,642
TOTAL LIABILITIES AND EQUITY	\$ 17,670	\$ 22,235

SEMILEDS CORPORATION AND SUBSIDIARIES
Unaudited Condensed Consolidated Statements of Operations
(In thousands of U.S. dollars and shares, except per share data)

	<u>Three Months Ended</u>		<u>Year Ended August 31,</u>	
	<u>August 31,</u> <u>2017</u>	<u>May 31, 2017</u>	<u>2017</u>	<u>2016</u>
Revenues, net	\$ 2,571	\$ 2,111	\$ 9,214	\$ 10,140
Cost of revenues	2,426	2,297	9,132	15,078
Gross loss	<u>145</u>	<u>(186)</u>	<u>82</u>	<u>(4,938)</u>
Operating expenses:				
Research and development	200	257	851	2,026
Selling, general and administrative	788	879	3,708	4,767
Impairment of long-lived assets	—	—	—	8,635
Goodwill impairment	—	—	—	55
Employee termination benefits	—	—	—	207
Gain on disposals of long-lived assets, net	(36)	(33)	(149)	(23)
Total operating expenses	<u>952</u>	<u>1,103</u>	<u>4,410</u>	<u>15,667</u>
Loss from operations	(807)	(1,289)	(4,328)	(20,605)
Other income (expenses):				
Impairment loss on investment	—	(352)	(352)	(597)
Equity in loss from unconsolidated entities	—	—	(11)	(79)
Interest expenses, net	(8)	(9)	(34)	(52)
Other income (loss), net	69	29	594	85
Foreign currency transaction gain (loss), net	73	35	27	(56)
Total other expenses, net	<u>134</u>	<u>(297)</u>	<u>224</u>	<u>(699)</u>
Loss before income taxes	(673)	(1,586)	(4,104)	(21,304)
Income tax expense	—	—	—	—
Net loss	(673)	(1,586)	(4,104)	(21,304)
Less: Net loss attributable to noncontrolling interests		—	(13)	(29)
Net loss attributable to SemiLEDs stockholders	<u>\$ (673)</u>	<u>\$ (1,586)</u>	<u>\$ (4,091)</u>	<u>\$ (21,275)</u>
Net loss per share attributable to SemiLEDs stockholders:				
Basic and diluted	<u>\$ (0.19)</u>	<u>\$ (0.45)</u>	<u>\$ (1.16)</u>	<u>\$ (7.25)</u>
Shares used in computing net loss per share attributable to SemiLEDs stockholders:				
Basic and diluted	<u>3,544</u>	<u>3,544</u>	<u>3,544</u>	<u>2,934</u>

SEMILEDS CORPORATION AND SUBSIDIARIES
Unaudited Reconciliation of GAAP to Non-GAAP Measures
(In thousands of U.S. dollars, except per share data)

	<u>Three Months Ended</u>		<u>Year Ended August 31,</u>	
	<u>August 31,</u> <u>2017</u>	<u>May 31,</u> <u>2017</u>	<u>2017</u>	<u>2016</u>
Non-GAAP Net Loss				
GAAP net loss attributable to SemiLEDs stockholders	\$ (673)	\$ (1,586)	\$ (4,091)	\$ (21,275)
Adjustments:				
Impairment losses	—	352	352	9,287
Employee termination benefits	—	—	—	207
Stock-based compensation expense	(182)	43	25	382
Income tax effect	—	—	—	—
Non-GAAP net loss attributable to SemiLEDs stockholders	<u>\$ (855)</u>	<u>\$ (1,191)</u>	<u>\$ (3,714)</u>	<u>\$ (11,399)</u>
Diluted net loss per share attributable to SemiLEDs stockholders:				
GAAP net loss	\$ (0.19)	\$ (0.45)	\$ (1.16)	\$ (7.25)
Non-GAAP net loss	<u>\$ (0.24)</u>	<u>\$ (0.34)</u>	<u>\$ (1.05)</u>	<u>\$ (3.88)</u>
Free Cash Flow				
Net cash provided by (used in) operating activities	\$ 508	\$ (858)	\$ (2,109)	\$ (3,439)
Less: Capital expenditures	1	61	150	821
Total free cash flows	<u>\$ 507</u>	<u>\$ (919)</u>	<u>\$ (2,259)</u>	<u>\$ (4,260)</u>