

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

August 8, 2019

Date of Report (Date of earliest event reported)



EMCORE CORPORATION

Exact Name of Registrant as Specified in its Charter

New Jersey

State of Incorporation

001-36632

Commission File Number

22-2746503

IRS Employer Identification Number

2015 W. Chestnut Street, Alhambra, California, 91803

Address of principal executive offices, including zip code

(626) 293-3400

Registrant's telephone number, including area code

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 August 8, 2019, EMCORE Corporation (the “Registrant”) issued a press release disclosing its financial results for its third quarter ended June 30, 2019. A copy of this press release is attached as Exhibit 99.1 to this Current Report.

The information in this Current Report, including Exhibit 99.1 hereto, shall not be incorporated by reference into any filing of the Registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference to such filing. Furthermore, the information in this Current Report, including Exhibit 99.1 hereto, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise be subject to the liabilities of that section.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Exhibit Description</u>
<u>99.1</u>	<u>Press Release, dated August 8, 2019, issued by EMCORE Corporation.</u>

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 hereunto duly authorized.

EMCORE CORPORATION

By: /s/ Mark A. Gordon

Dated: August 8, 2019 Name: Mark A. Gordon
Title: Interim Principal Financial and Accounting Officer



PRESS RELEASE

EMCORE Corporation Announces Financial Results for Fiscal Third Quarter Ended June 30, 2019

- Consolidated Q3 revenue of \$17.2 million
- Consolidated Q3 GAAP operating loss of \$10.2 million and Non-GAAP operating loss of \$5.1 million
- GAAP pre-tax EPS from continuing operations of \$(0.37) and Non-GAAP pre-tax EPS from continuing operations of \$(0.18)

ALHAMBRA, California, August 8, 2019 - EMCORE Corporation (NASDAQ: [EMKR](#) - [News](#)), a leading provider of advanced *Mixed-Signal Optics* products that provide the foundation for today's leading-edge defense systems and high-speed communications network infrastructures, today announced financial results for its fiscal second quarter ended June 30, 2019.

Jeffrey Rittichier, EMCORE's President and CEO remarked, "Low capital spending by the CATV service providers coupled with the China trade dispute created significant headwinds for Emcore in Q3 which will continue into Q4". Rittichier went on to say, "Emcore's Aerospace and Defense products performed well over the quarter and Raytheon is now Emcore's largest customer. Going forward, Aerospace and Defense will be Emcore's largest business".

Financial Highlights - Fiscal Third Quarter Ended June 30, 2019

Financial Highlights <i>(in thousands)</i>	For the Three Months Ended		
	June 30, 2019	March 31, 2019	June 30, 2018
Revenue	\$ 17,219	\$ 21,745	\$ 17,717
GAAP Gross Profit	\$ 3,704	\$ 5,809	\$ 1,198
Non-GAAP Gross Profit	\$ 3,838	\$ 5,932	\$ 1,298
GAAP Operating loss	\$ (10,213)	\$ (5,507)	\$ (7,954)
Non-GAAP Operating (loss) income	\$ (5,120)	\$ (2,196)	\$ (6,926)
GAAP pre-tax loss	\$ (10,463)	\$ (4,979)	\$ (8,414)
Non-GAAP pre-tax (loss) income	\$ (5,021)	\$ (1,972)	\$ (6,710)
GAAP pre-tax EPS - per diluted share	\$ (0.37)	\$ (0.18)	\$ (0.31)
Non-GAAP pre-tax EPS - per diluted share	\$ (0.18)	\$ (0.07)	\$ (0.26)

Financial Statement Highlights for the Third Quarter of Fiscal 2019:

- Consolidated revenue was \$17.2 million, representing a 20.8% decrease from the prior quarter
- Consolidated GAAP gross margin was 21.5%, representing a decrease from 26.7% in the prior quarter
- Consolidated Non-GAAP gross margin was 22.3%, representing a decrease from 27.3% in the prior quarter
- Consolidated GAAP operating margin was (59.3)%, representing a decrease from (25.3)% in the prior quarter
- Consolidated Non-GAAP operating margin was (29.7)%, representing a decrease from (10.1)% in the prior quarter
- GAAP diluted pre-tax EPS was \$(0.37), representing a decrease from \$(0.18) in the prior quarter
- Non-GAAP diluted pre-tax EPS was \$(0.18), representing a decrease from \$(0.07) in the prior quarter
- Cash and cash equivalents were \$20.5 million at the end of the quarter, a decrease of \$30.1 million when compared to the end of the prior quarter

Business Outlook

The Company expects revenue for the fiscal fourth quarter ending September 30, 2019 to be in the range of \$22 to \$24 million.

Conference Call

The Company will discuss its financial results on August 8, 2019 at 8:00 a.m. ET (5:00 a.m. PT). The call will be available by dialing 800-367-2403. For international callers, please dial +1 334-777-6978. The conference passcode number is 2766905. The call will be webcast live via the Company's website at <http://investor.emcore.com/events.cfm>. A webcast will be available for replay beginning Thursday, August 8, 2019 for at least 90 days following the conclusion of the call on the Company's website.

About EMCORE

EMCORE Corporation is a leading provider of advanced *Mixed-Signal Optics* products that provide the foundation for today's leading-edge defense systems and high-speed communication network infrastructures. Our optical chips, components, subsystems and systems enable broadband and wireless providers to continually enhance their network capacity, speed and coverage to advance the free flow of information that empowers the lives of millions of people daily. The *Mixed-Signal Optics* technology at the heart of our broadband transmission products is shared with our fiber optic gyros and military communications links to provide the aerospace and defense markets state-of-the-art systems that keep us safe in an increasingly unpredictable world. EMCORE's performance-leading optical components and systems serve a broad array of applications including cable television, fiber-to-the-premise networks, telecommunications, data centers, wireless infrastructure, satellite RF fiber links, navigation systems and military communications. EMCORE has fully vertically-integrated manufacturing capability through its world-class Indium Phosphide (InP) wafer fabrication facility at our headquarters in Alhambra, California and is ISO 9001 certified in Alhambra and at our facility in Beijing, China. For further information about EMCORE, visit <http://www.emcore.com>.

Use of Non-GAAP Financial Measures

We disclose non-GAAP gross profit, gross margin percentage, operating income (loss), operating margin percentage, pre-tax EPS and pre-tax income (loss) as a supplemental measure to U.S. GAAP gross profit, gross margin percentage, operating income (loss), operating margin percentage, pre-tax EPS and pre-tax income (loss) regarding our operational performance. These financial measures exclude the impact of certain items that we do not believe are indicative of our core operating results; therefore, they have not been calculated in accordance with U.S. GAAP. A reconciliation of non-GAAP pre-tax income (loss) to GAAP income (loss), which identifies the items excluded from the non-GAAP measures, are provided in the table below titled "Reconciliation of GAAP to Non-GAAP Financial Measures".

We believe that these additional non-GAAP financial measures are useful to investors in assessing our operating performance. We also use these financial measures internally to evaluate our operating performance and for planning and forecasting of future periods. In addition, financial analysts that follow us may focus on and publish both historical results and future projections based on our non-GAAP financial measures. We also believe that it is in the best interests of our investors to provide this non-GAAP information.

While we believe that these non-GAAP financial measures provide useful supplemental information to investors, there are limitations associated with the use of these non-GAAP financial measures. Our non-GAAP financial measures may not be reported by all of our competitors and they may not be directly comparable to similarly titled measures of other companies due to potential differences in calculation. We compensate for these limitations by using these non-GAAP financial measures as a supplement to U.S. GAAP and by providing a reconciliation of our non-GAAP financial measures to the most comparable U.S. GAAP financial measures.

Non-GAAP financial measures are not in accordance with or an alternative for U.S. GAAP. Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable U.S. GAAP financial measures and our disclosures of these measures should be read only in conjunction with our consolidated financial statements prepared in accordance with U.S. GAAP.

Forward-Looking Statements

The information provided herein may include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (“Exchange Act”). These forward-looking statements are largely based on our current expectations and projections about future events and financial trends affecting the financial condition of our business. Such forward-looking statements include, in particular, projections about our future results included in our Exchange Act reports, statements about our plans, strategies, business prospects, changes and trends in our business and the markets in which we operate.

These forward-looking statements may be identified by the use of terms and phrases such as “anticipates”, “believes”, “can”, “could”, “estimates”, “expects”, “forecasts”, “intends”, “may”, “plans”, “projects”, “targets”, “will”, and similar expressions or variations of these terms and similar phrases. Additionally, statements concerning future matters such as the development of new products, enhancements or technologies, sales levels, expense levels and other statements regarding matters that are not historical are forward-looking statements. We caution that these forward-looking statements relate to future events or our future financial performance and are subject to business, economic, and other risks and uncertainties, both known and unknown, that may cause actual results, levels of activity, performance or achievements of our business or our industry to be materially different from those expressed or implied by any forward-looking statements.

These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those projected, including without limitation, the following: (a) the rapidly evolving markets for the Company's products and uncertainty regarding the development of these markets; (b) the Company's historical dependence on sales to a limited number of customers and fluctuations in the mix of products and customers in any period; (c) delays and other difficulties in commercializing new products; (d) the failure of new products: (i) to perform as expected without material defects, (ii) to be manufactured at acceptable volumes, yields, and cost, (iii) to be qualified and accepted by our customers, and (iv) to successfully compete with products offered by our competitors; (e) uncertainties concerning the availability and cost of commodity materials and specialized product components that we do not make internally; (f) actions by competitors; and (g) other risks and uncertainties discussed under Item 1A - Risk Factors in our Annual Report on Form 10-K for the fiscal year ended September 30, 2018, as updated by our subsequent periodic reports.

Forward-looking statements are based on certain assumptions and analysis made in light of our experience and perception of historical trends, current conditions and expected future developments as well as other factors that we believe are appropriate under the circumstances. While these statements represent our judgment on what the future may hold, and we believe these judgments are reasonable, these statements are not guarantees of any events or financial results. All forward-looking statements in this press release are made as of the date hereof, based on information available to us as of the date hereof, and subsequent facts or circumstances may contradict, obviate, undermine, or otherwise fail to support or substantiate such statements. We caution you not to rely on these statements without also considering the risks and uncertainties associated with these statements and our business that are addressed in our filings with the Securities and Exchange Commission (“SEC”) that are available on the SEC’s web site located at www.sec.gov, including the sections entitled “Risk Factors” in our Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q. Certain information included in this press release may supersede or supplement forward-looking statements in our other Exchange Act reports filed with the SEC. We assume no obligation to update any forward-looking statement to conform such statements to actual results or to changes in our expectations, except as required by applicable law or regulation.

EMCORE CORPORATION
Condensed Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	For the Three Months Ended			For the Nine Months Ended	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Revenue	\$ 17,219	\$ 21,745	\$ 17,717	\$ 62,965	\$ 60,376
Cost of revenue	13,515	15,936	16,519	47,644	46,317
Gross profit	3,704	5,809	1,198	15,321	14,059
Operating expense:					
Selling, general, and administrative	9,288	6,996	5,237	23,877	15,700
Research and development	4,629	4,360	3,915	13,008	11,015
Loss from change in estimate on ARO obligation	—	(40)	—	(40)	—
(Gain) loss on sale of assets	—	—	—	—	39
Total operating expense	13,917	11,316	9,152	36,845	26,754
Operating loss	(10,213)	(5,507)	(7,954)	(21,524)	(12,695)
Other income (expense):					
Interest income, net	99	224	216	590	490
Foreign exchange gain (loss)	(349)	304	(676)	(31)	136
Other income	—	—	—	—	—
Total other income (expense)	(250)	528	(460)	559	626
Loss before income tax (expense) benefit	(10,463)	(4,979)	(8,414)	(20,965)	(12,069)
Income tax (expense) benefit	(14)	(15)	—	(44)	502
Net (loss) income	\$ (10,477)	\$ (4,994)	\$ (8,414)	\$ (21,009)	\$ (11,567)
Per share data:					
Net loss per basic and diluted share	\$ (0.37)	\$ (0.18)	\$ (0.31)	\$ (0.76)	\$ (0.43)
Weighted-average number of basic and diluted shares outstanding	28,005	27,652	27,387	27,730	27,204

EMCORE CORPORATION
Condensed Consolidated Balance Sheets
(in thousands)
(unaudited)

	As of June 30, 2019	As of September 30, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 20,503	\$ 63,117
Restricted cash	158	78
Accounts receivable, net	18,451	19,275
Inventory	31,123	20,850
Prepaid expenses and other current assets	17,169	12,730
Total current assets	87,404	116,050
Property, plant, and equipment, net	37,231	18,216
Goodwill	798	—
Other intangible assets, net	250	—
Non-current inventory	912	1,433
Other non-current assets, net	61	199
Total assets	\$ 126,656	\$ 135,898
LIABILITIES and SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 10,615	\$ 12,997
Accrued expenses and other current liabilities	23,462	14,205
Total current liabilities	34,077	27,202
Asset retirement obligations	1,850	1,809
Other long-term liabilities	122	82
Total liabilities	36,049	29,093
Shareholders' equity:		
Common stock	738,841	734,066
Treasury stock	(47,721)	(47,721)
Accumulated other comprehensive income	921	885
Accumulated deficit	(601,434)	(580,425)
Total shareholders' equity	90,607	106,805
Total liabilities and shareholders' equity	\$ 126,656	\$ 135,898

We have provided a reconciliation of our non-GAAP pre-tax income (loss) financial measure to its most directly comparable U.S. GAAP financial measure as indicated in the table below:

EMCORE Corporation
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(in thousands, except per share data)
(unaudited)

	For the Three Months Ended			For the Nine Months Ended	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
US GAAP net loss	\$ (10,477)	\$ (4,994)	\$ (8,414)	\$ (21,009)	\$ (11,567)
Income tax expense (benefit)	14	15	—	44	(502)
Other income	—	—	—	—	—
Foreign exchange (gain) loss	349	(304)	676	31	(136)
Total other income & tax related adjustments	363	(289)	676	75	(638)
Stock based compensation expense - R&D	189	139	157	483	461
Stock based compensation expense - SG&A	367	473	625	999	1,915
Litigation, acquisition and strategic planning related expenses	521	2,635	127	5,827	593
Legal fees and interest related to Arbitration Award	3,745	—	—	3,745	—
Severance and restructuring charges	—	(19)	19	38	747
Severance associated with acquired business	137	—	—	137	—
Loss (gain) from change in estimate on ARO obligation	—	(40)	—	(40)	—
(Gain) loss on sale of assets	—	—	—	—	39
Total operating expense adjustments	4,959	3,188	928	11,189	3,755
ARO accretion	13	14	17	41	50
Stock based compensation expense - COGS	121	109	83	341	337
Total COGS adjustments	134	123	100	382	387
Non-GAAP pre-tax (loss) income	\$ (5,021)	\$ (1,972)	\$ (6,710)	\$ (9,363)	\$ (8,063)
GAAP EPS - per diluted share	\$ (0.37)	\$ (0.18)	\$ (0.31)	\$ (0.76)	\$ (0.43)
Other income and tax related adjustments	0.01	(0.01)	0.02	0.00	(0.02)
Operating expense adjustments	0.18	0.12	0.03	0.40	0.14
COGS adjustments	0.00	0.00	0.00	0.01	0.01
Non-GAAP pre-tax EPS - per diluted share	\$ (0.18)	\$ (0.07)	\$ (0.26)	\$ (0.35)	\$ (0.30)
GAAP Gross Margin Percentage	21.5 %	26.7 %	6.8 %	24.3 %	23.3 %
Non GAAP Gross Margin Percentage	22.3 %	27.3 %	7.3 %	24.9 %	23.9 %
GAAP Operating Margin Percentage	(59.3)%	(25.3)%	(44.9)%	(34.2)%	(21.0)%
Non GAAP Operating Margin Percentage	(29.7)%	(10.1)%	(39.1)%	(15.8)%	(14.2)%

Stock-based compensation expense

The effect of recording stock-based compensation expense was as follows:

Stock-based Compensation Expense <i>(in thousands)</i>	For the Three Months Ended			For the Nine Months Ended	
	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018
Cost of revenue	\$ 121	\$ 109	\$ 83	\$ 341	\$ 337
Selling, general, and administrative	367	473	625	999	1,915
Research and development	189	139	157	483	461
Total stock-based compensation expense	<u>\$ 677</u>	<u>\$ 721</u>	<u>\$ 865</u>	<u>\$ 1,823</u>	<u>\$ 2,713</u>

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