

FORM 8-K

CURRENT REPORT

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

August 3, 2017

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 3, 2017, EMCORE Corporation (the “Registrant”) issued a press release disclosing its unaudited financial results for its third quarter ended June 30, 2017. 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>
99.1	Press Release, dated August 3, 2017, issued by EMCORE Corporation.

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/ Jikun Kim

Name: Jikun Kim
Dated: August 3, 2017 Title: Chief Financial Officer



PRESS RELEASE

EMCORE Corporation Announces Financial Results for Third Quarter Ended June 30, 2017

- Consolidated Q3 revenue of \$31 million
- Consolidated Q3 GAAP operating income of \$2.0 million and Non-GAAP operating income of \$3.6 million
- GAAP EPS from continuing operations of \$0.09 and Non-GAAP pre-tax EPS from continuing operations of \$0.13
- Expected Q4 revenue of \$29 to \$31 million

ALHAMBRA, California, August 3, 2017 - EMCORE Corporation (NASDAQ: [EMKR](#) - [News](#)), a leading provider of advanced *Mixed-Signal Optics* products that provide the foundation for today's high-speed communications network infrastructures and leading-edge defense systems, today announced financial results for its third quarter ended June 30, 2017.

Jeffrey Rittichier, EMCORE's President and CEO remarked, "EMCORE completed important operational transition milestones and delivered a solid quarter financially." Rittichier went on to say, "We made strong investments in R&D in the quarter and announced the new EMCORE-Orion™ family of Inertial Navigation Systems. In addition, we received major design wins from our CATV customers for new linear transmission products based on our industry leading L-EML technology, positioning us for future growth."

Financial Highlights - Third Quarter Ended June 30, 2017

Financial Highlights	For the Three Months Ended		
	June 30, 2017	March 31, 2017	June 30, 2016
<i>(in thousands)</i>			
Revenue	\$ 30,952	\$ 32,591	\$ 22,376
GAAP Gross Profit	\$ 10,842	\$ 11,038	\$ 7,412
Non-GAAP Gross Profit	\$ 10,972	\$ 11,202	\$ 7,508
GAAP Operating income	\$ 2,009	\$ 1,757	\$ 1,522
Non-GAAP Operating Income	\$ 3,565	\$ 3,703	\$ 567
GAAP pre-tax EPS from continuing operations - per diluted share	\$ 0.09	\$ 0.07	\$ 0.05
Non-GAAP pre-tax EPS from continuing operations - per diluted share	\$ 0.13	\$ 0.14	\$ 0.02

Financial Statement Highlights for the Third Quarter of Fiscal 2017:

- Consolidated revenue was \$31.0 million, representing an 5.0% decrease from the prior quarter
- Consolidated GAAP gross margin was 35.0%, representing an increase from the 33.9% gross margin reported in the prior quarter
- Consolidated Non-GAAP gross margin was 35.4%, representing an increase from 34.4% reported in the prior quarter
- Consolidated GAAP operating margin was 6.5%, representing an increase from 5.5% in the prior quarter
- Consolidated Non-GAAP operating margin was 11.5%, representing an increase from 11.4% in the prior quarter
- GAAP diluted pre-tax EPS from continuing operations of \$0.09, representing an increase from \$0.07 in the prior quarter
- Non-GAAP diluted pre-tax EPS from continuing operations of \$0.13, representing a decrease from \$0.14 in the prior quarter
- Cash and cash equivalents was \$66.1 million at the end of the quarter

Business Outlook

The Company expects revenue for the fourth quarter ended September 30, 2017 to be in the range of \$29 to \$31 million.

Conference Call

The Company will discuss its financial results August 3 at 8:00 a.m. EST (5:00 a.m. PST). The call will be available, live, to interested parties by dialing 866-428-9517. For international callers, please dial +1 224-357-2194. The conference passcode number is 50681906. 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 3, 2017 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 high-speed communication network infrastructures and leading-edge defense systems. 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, 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 facilities in Warminster, Pennsylvania and China. For further information about EMCORE, visit <http://www.emcore.com>.

Use of Non-GAAP Financial Measures

We disclose non-GAAP gross margin percentage, operating margin percentage, pre-tax EPS and income from continuing operations as a supplemental measure to U.S. GAAP income from continuing operations 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, it has not been calculated in accordance with U.S. GAAP. A reconciliation of non-GAAP pre-tax income from continuing operations to GAAP income from continuing operations, 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 it 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 its 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 it 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. 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, 2016, 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, 2017	March 31, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Revenue	\$ 30,952	\$ 32,591	\$ 22,376	\$ 93,719	\$ 66,398
Cost of revenue	20,110	21,553	14,964	61,796	44,563
Gross profit	10,842	11,038	7,412	31,923	21,835
Operating expense:					
Selling, general, and administrative	5,815	5,672	6,125	17,065	15,771
Research and development	3,340	3,141	2,405	8,680	7,529
Impairments	—	468	—	468	—
Recovery of previously incurred litigation related fees and expenses from arbitration award		—	(2,599)	—	(2,599)
Gain on sale of assets	(322)	—	(41)	(322)	(41)
Total operating expense	8,833	9,281	5,890	25,891	20,660
Operating income	2,009	1,757	1,522	6,032	1,175
Other income (expense):					
Interest income, net	77	46	32	146	40
Foreign exchange gain (loss)	53	44	(201)	(306)	(311)
Other income	316	—	—	316	—
Total other income (expense)	446	90	(169)	156	(271)
Income from continuing operations before income tax (expense) benefit	2,455	1,847	1,353	6,188	904
Income tax (expense) benefit	(19)	8	(175)	(131)	(22)
Income (loss) from continuing operations	2,436	1,855	1,178	6,057	882
(Loss) income from discontinued operations, net of tax	(11)	(7)	123	(27)	5,388
Net income	<u>\$ 2,425</u>	<u>\$ 1,848</u>	<u>\$ 1,301</u>	<u>\$ 6,030</u>	<u>\$ 6,270</u>
Per share data:					
Net income (loss) per basic share:					
Continuing operations	\$ 0.09	\$ 0.07	\$ 0.05	\$ 0.23	\$ 0.04
Discontinued operations	(0.00)	(0.00)	0.00	(0.00)	0.20
Net income per basic share	<u>\$ 0.09</u>	<u>\$ 0.07</u>	<u>\$ 0.05</u>	<u>\$ 0.23</u>	<u>\$ 0.24</u>
Net income (loss) per diluted share:					
Continuing operations	\$ 0.09	\$ 0.07	\$ 0.05	\$ 0.22	\$ 0.04
Discontinued operations	(0.00)	(0.00)	0.00	(0.00)	0.20
Net income per diluted share	<u>\$ 0.09</u>	<u>\$ 0.07</u>	<u>\$ 0.05</u>	<u>\$ 0.22</u>	<u>\$ 0.24</u>
Weighted-average number of basic shares outstanding	26,833	26,622	26,103	26,577	25,913
Weighted-average number of diluted shares outstanding	27,816	27,585	26,269	27,548	26,186

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

	As of June 30, 2017	As of September 30, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 66,094	\$ 63,905
Restricted cash	423	965
Accounts receivable, net	22,285	18,432
Inventory	26,147	24,150
Prepaid expenses and other current assets	6,633	3,764
Total current assets	121,582	111,216
Property, plant, and equipment, net	15,684	12,213
Non-current inventory	3,115	3,531
Other non-current assets, net	95	251
Total assets	\$ 140,476	\$ 127,211
LIABILITIES and SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 12,951	\$ 10,575
Accrued expenses and other current liabilities	8,687	7,684
Total current liabilities	21,638	18,259
Asset retirement obligations	1,620	1,573
Other long-term liabilities	55	62
Total liabilities	23,313	19,894
Shareholders' equity:		
Common stock	729,467	725,666
Treasury stock	(47,721)	(47,721)
Accumulated other comprehensive income	594	579
Accumulated deficit	(565,177)	(571,207)
Total shareholders' equity	117,163	107,317
Total liabilities and shareholders' equity	\$ 140,476	\$ 127,211

We have provided a reconciliation of our non-GAAP pre-tax income from continuing operations 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
Income (Loss) from Continuing Operations
(in thousands, except per share data)
(unaudited)

	For the Three Months Ended			For the Nine Months Ended	
	June 30, 2017	March 31, 2017	June 30, 2016	June 30, 2017	June 30, 2016
US GAAP net income	\$ 2,425	\$ 1,848	\$ 1,301	\$ 6,030	\$ 6,270
US GAAP net loss (income) from discontinued operations	11	7	(123)	27	(5,388)
US GAAP net income from Continuing Operations	2,436	1,855	1,178	6,057	882
Income tax expense (benefit)	19	(8)	175	131	22
Other income	(316)	—	—	(316)	—
Currency exchange (gain) loss	(53)	(44)	201	306	311
Total other income & tax related adjustments	(350)	(52)	376	121	333
Stock based compensation expense - R&D	143	119	91	362	277
Stock based compensation expense - SG&A	824	563	555	1,957	1,163
Litigation related expenses	7	96	265	361	1,482
Severance charges	774	536	678	1,482	678
Impairments	—	468	—	468	—
Recovery of previously incurred litigation related fees and expenses associated with arbitration award	—	—	(2,599)	—	(2,599)
Gain on sale of assets	(322)	—	(41)	(322)	(41)
Total operating expense adjustments	1,426	1,782	(1,051)	4,308	960
ARO accretion	17	17	15	51	45
Stock based compensation expense - COGS	113	147	81	353	263
Total COGS adjustments	130	164	96	404	308
Non-GAAP pre-tax income from continuing operations	\$ 3,642	\$ 3,749	\$ 599	\$ 10,890	\$ 2,483
GAAP EPS from continuing operations - per diluted share	\$ 0.09	\$ 0.07	\$ 0.05	\$ 0.22	\$ 0.04
Other income and tax related adjustments	(0.01)	0.00	0.01	0.00	0.01
Operating expense adjustments	0.05	0.06	(0.04)	0.16	0.03
COGS adjustments	0.00	0.01	0.00	0.01	0.01
Non-GAAP pre-tax EPS from continuing operations - per diluted share	\$ 0.13	\$ 0.14	\$ 0.02	\$ 0.39	\$ 0.09
GAAP Gross Margin Percentage	35.0%	33.9%	33.1%	34.1%	32.9%
Non GAAP Gross Margin Percentage	35.4%	34.4%	33.6%	34.5%	33.3%
GAAP Operating Margin Percentage	6.5%	5.5%	6.8%	6.4%	1.8%
Non GAAP Operating Margin Percentage	11.5%	11.4%	2.5%	11.5%	3.7%

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, 2017	March 31, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Cost of revenue	\$ 113	\$ 147	\$ 81	\$ 353	\$ 263
Selling, general, and administrative	824	563	555	1,957	1,163
Research and development	143	119	91	362	277
Total stock-based compensation expense	<u>\$ 1,080</u>	<u>\$ 829</u>	<u>\$ 727</u>	<u>\$ 2,672</u>	<u>\$ 1,703</u>

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