

FORM 8-K

CURRENT REPORT

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

February 7, 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))
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Item 2.02 Results of Operations and Financial Condition.

On February 7, 2017, EMCORE Corporation (the “Registrant”) issued a press release disclosing its unaudited financial results for its first quarter ended December 31, 2016. 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 February 7, 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

Title: Chief Financial Officer

Dated: **February 7, 2017**



PRESS RELEASE

EMCORE Corporation Announces Financial Results for First Quarter Ended December 31, 2016

- Consolidated Q1 revenue of \$30.2 million
- Consolidated Q1 GAAP pre-tax income from continuing operations of \$1.9 million and Non-GAAP pre-tax income from continuing operations of \$3.5 million
- GAAP EPS from continuing operations of \$0.07 and Non-GAAP EPS from continuing operations of \$0.13
- Expected Q2 revenue of \$29 to \$31 million

ALHAMBRA, California, February 7, 2017 - EMCORE Corporation (NASDAQ: [EMKR](#) - [News](#)), a leading provider of Indium Phosphide (InP) optical chips, components, subsystems, and systems for the broadband and specialty fiber optics market, today announced financial results for its first quarter ended December 31, 2016.

Jeffrey Rittichier, EMCORE's President and CEO remarked, "EMCORE turned in a solid quarter, with excellent growth in revenue and Non-GAAP pre-tax income". Rittichier went on to say, "With our improvement in Non-GAAP operating margin to 11.5%, we're rapidly closing in on our target of 12.5% by the end of FY 17".

Financial Highlights - First Quarter Ended December 31, 2016

Financial Highlights

(in thousands)

| | |
|--|--|
| Revenue | |
| Gross Profit | |
| Operating income | |
| Consolidated net income, including discontinued operations | |
| Pre-tax income (loss) from continuing operations - GAAP | |
| Pre-tax income from continuing operations - Non-GAAP | |

For the Three Months Ended

| | September 30, | |
|--|--------------------------|--------------------------|
| | December 31, 2016 | December 31, 2015 |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

Financial Statement Highlights for the First Quarter of Fiscal 2017:

- Consolidated revenue was \$30.2 million, representing a 17.9% increase from the prior quarter
- Consolidated gross margin was 33.3%, a decrease from the 35.6% gross margin reported in the prior quarter
- Consolidated operating income was \$2.3 million, representing a 28% increase from the prior quarter
- GAAP pre-tax income from continuing operations was \$1.9 million, an increase of approximately \$0.2 million over the prior quarter
- GAAP pre-tax EPS from continuing operations of \$0.07, an increase of \$0.01 compared to the prior quarter

- Non-GAAP pre-tax income from continuing operations was \$3.5 million, a \$0.9 million increase compared to the prior quarter
- Non-GAAP pre-tax EPS from continuing operations of \$0.13, an increase of \$0.03 compared to the prior quarter
- Cash and cash equivalents was \$62.2 million at the end of the quarter

Business Outlook

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

Conference Call

The Company will discuss its financial results today at 4:30 p.m. EST. 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 56115573. 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 Tuesday, February 7, 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 pre-tax income from continuing operations as a supplemental measure to U.S. GAAP income from continuing operations regarding our operational performance. This financial measure excludes 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 (loss) from continuing operations, which identifies the items excluded from the non-GAAP measure, is provided in the table below titled "Reconciliation of GAAP to Non-GAAP Financial Measures".

We believe that this additional non-GAAP financial measure is useful to investors in assessing our operating performance. We also use this financial measure 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 measure. We also believe that it is in the best interests of our investors to provide this non-GAAP information.

While we believe that this non-GAAP financial measure provides useful supplemental information to investors, there are limitations associated with the use of this non-GAAP financial measure. Our non-GAAP financial measure 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 this non-GAAP financial measure as a supplement to U.S. GAAP and by providing a reconciliation of our non-GAAP financial measure to its most comparable U.S. GAAP financial measure.

Non-GAAP financial measures are not in accordance with or an alternative for U.S. GAAP. Our non-GAAP financial measure is 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 | | |
|--|----------------------------|-----------------------|----------------------|
| | December 31, 2016 | September 30, 2016 | December 31, 2015 |
| Revenue | \$ 30,176 | \$ 25,600 | \$ 22,490 |
| Cost of revenue | 20,133 | 16,481 | 15,089 |
| Gross profit | 10,043 | 9,119 | 7,401 |
| Operating expense: | | | |
| Selling, general, and administrative | 5,578 | 4,963 | 4,821 |
| Research and development | 2,199 | 2,392 | 2,560 |
| Total operating expense | 7,777 | 7,355 | 7,381 |
| Operating income | 2,266 | 1,764 | 20 |
| Other income (expense): | | | |
| Interest income (expense), net | 23 | 48 | (17) |
| Foreign exchange loss | (403) | (83) | (135) |
| Total other expense | (380) | (35) | (152) |
| Income (loss) from continuing operations before income tax (expense) benefit | 1,886 | 1,729 | (132) |
| Income tax (expense) benefit | (120) | 8 | (2) |
| Income (loss) from continuing operations | 1,766 | 1,737 | (134) |
| (Loss) income from discontinued operations, net of tax | (9) | 259 | 1,121 |
| Net income | \$ 1,757 | \$ 1,996 | \$ 987 |
| Per share data: | | | |
| Net income (loss) per basic share: | | | |
| Continuing operations | \$ 0.07 | \$ 0.07 | \$ (0.00) |
| Discontinued operations | (0.00) | 0.01 | 0.04 |
| Net income per basic share | \$ 0.07 | \$ 0.08 | \$ 0.04 |
| Net income (loss) per diluted share: | | | |
| Continuing operations | \$ 0.07 | \$ 0.06 | \$ (0.00) |
| Discontinued operations | (0.00) | 0.01 | 0.04 |
| Net income per diluted share | \$ 0.07 | \$ 0.07 | \$ 0.04 |
| Weighted-average number of basic shares outstanding | 26,279 | 26,177 | 25,697 |
| Weighted-average number of diluted shares outstanding | 27,039 | 26,674 | 25,697 |

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

| | As of December 31, 2016 | As of September 30, 2016 |
|--|--|---|
| | | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 62,181 | \$ 63,905 |
| Restricted cash | 562 | 965 |
| Accounts receivable, net | 21,029 | 18,432 |
| Inventory | 28,198 | 24,150 |
| Prepaid expenses and other current assets | 3,564 | 3,764 |
| Total current assets | 115,534 | 111,216 |
| Property, plant, and equipment, net | 14,043 | 12,213 |
| Non-current inventory | 3,565 | 3,531 |
| Other non-current assets, net | 257 | 251 |
| Total assets | \$ 133,399 | \$ 127,211 |
| LIABILITIES and SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 14,806 | \$ 10,575 |
| Accrued expenses and other current liabilities | 7,331 | 7,684 |
| Total current liabilities | 22,137 | 18,259 |
| Asset retirement obligations | 1,590 | 1,573 |
| Other long-term liabilities | 60 | 62 |
| Total liabilities | 23,787 | 19,894 |
| Shareholders' equity: | | |
| Common stock | 726,678 | 725,880 |
| Treasury stock | (47,721) | (47,721) |
| Accumulated other comprehensive income | 319 | 579 |
| Accumulated deficit | (569,664) | (571,421) |
| Total shareholders' equity | 109,612 | 107,317 |
| Total liabilities and shareholders' equity | \$ 133,399 | \$ 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 | | |
|---|----------------------------|-----------------------|----------------------|
| | December 31, 2016 | September 30, 2016 | December 31, 2015 |
| US GAAP net income | \$ 1,757 | \$ 1,996 | \$ 987 |
| US GAAP net loss (income) from discontinued operations | 9 | (259) | (1,121) |
| US GAAP net income (loss) from Continuing Operations | 1,766 | 1,737 | (134) |
| Income tax expense (benefit) | 120 | (8) | 2 |
| Currency exchange exchange losses | 403 | 83 | 135 |
| Total other income & tax related adjustments | 523 | 75 | 137 |
| Stock based compensation expense - R&D | 100 | 95 | 106 |
| Stock based compensation expense - SG&A | 570 | 282 | 188 |
| Litigation related expenses | 258 | 301 | 904 |
| Severance charges | 172 | — | — |
| Total operating expense adjustments | 1,100 | 678 | 1,198 |
| ARO accretion | 17 | 21 | 15 |
| Stock based compensation expense - COGS | 93 | 82 | 69 |
| Total COGS adjustments | 110 | 103 | 84 |
| Non-GAAP pre-tax income from continuing operations | \$ 3,499 | \$ 2,593 | \$ 1,285 |
| Non-GAAP pre-tax income from continuing operations - per basic share | \$ 0.13 | \$ 0.10 | \$ 0.05 |
| Non-GAAP pre-tax income from continuing operations - per diluted share | \$ 0.13 | \$ 0.10 | \$ 0.05 |
| Weighted average number of basic shares outstanding | 26,279 | 26,177 | 25,697 |
| Weighted average number of diluted shares outstanding | 27,039 | 26,674 | 25,697 |

Stock-based compensation expense

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

| Stock-based Compensation Expense | For the Three Months Ended | | |
|--|----------------------------|-----------------------|----------------------|
| | December 31, 2016 | September 30, 2016 | December 31, 2015 |
| (in thousands) | | | |
| Cost of revenue | \$ 93 | \$ 82 | \$ 69 |
| Selling, general, and administrative | 570 | 282 | 188 |
| Research and development | 100 | 95 | 106 |
| Total stock-based compensation expense | <u>\$ 763</u> | <u>\$ 459</u> | <u>\$ 363</u> |

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