

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): **May 2, 2018**

CIRRUS LOGIC, INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

0-17795

(Commission
File Number)

77-0024818

(IRS Employer
Identification No.)

800 W. 6th Street, Austin, TX

(Address of Principal Executive Offices)

78701

(Zip Code)

Registrant's telephone number, including area code: **(512) 851-4000**

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 May 2, 2018, the Company issued a press release announcing its financial results for its fourth quarter and full fiscal year 2018. The full text of the press release is furnished as Exhibit No. 99.1 to this Current Report on Form 8-K.

Item 7.01 Regulation FD Disclosure.

On May 2, 2018, in addition to issuing a press release, the Company posted on its website a shareholder letter to investors summarizing the financial results for its fourth quarter and full fiscal year 2018. The full text of the shareholder letter is furnished as Exhibit No. 99.2 to this Current Report on Form 8-K.

Use of Non-GAAP Financial Information

To supplement Cirrus Logic's financial statements presented on a GAAP basis, Cirrus has provided non-GAAP financial information, including non-GAAP net income, diluted earnings per share, operating income, operating expenses, gross margins, tax expenses and tax expense impact on earnings per share. A reconciliation of the adjustments to GAAP results is included in the tables below. Non-GAAP financial information is not meant as a substitute for GAAP results, but is included because management believes such information is useful to our investors for informational and comparative purposes. In addition, certain non-GAAP financial information is used internally by management to evaluate and manage the company. The non-GAAP financial information used by Cirrus Logic may differ from that used by other companies. These non-GAAP measures should be considered in addition to, and not as a substitute for, the results prepared in accordance with GAAP.

The information contained in Items 2.02, 7.01, and 9.01 in this Current Report on Form 8-K and the exhibits furnished hereto contain forward-looking statements regarding the Company and cautionary statements identifying important factors that could cause actual results to differ materially from those anticipated. In addition, this information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) **Exhibits**

<u>Exhibit</u>	<u>Description</u>
Exhibit 99.1	Cirrus Logic, Inc. press release dated May 2, 2018
Exhibit 99.2	Cirrus Logic, Inc. shareholder letter dated May 2, 2018

SIGNATURES

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

CIRRUS LOGIC, INC.

Date: May 2, 2018

By: /s/ Thurman K. Case
Name: Thurman K. Case
Title: Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Registrant's press release dated May 2, 2018
99.2	Cirrus Logic, Inc. shareholder letter dated May 2, 2018

[Exhibit 99.1](#)
[Exhibit 99.2](#)

Cirrus Logic Reports Q4 FY18 Revenue of \$303.2 Million***Progress on Strategic Initiatives in FY18 Positions the Company for Future Growth***

AUSTIN, Texas--(BUSINESS WIRE)--May 2, 2018--Cirrus Logic, Inc. (Nasdaq: CRUS), a leader in high performance, low-power ICs for audio and voice signal processing applications, today posted on its website at <http://investor.cirrus.com> the quarterly Shareholder Letter that contains the complete financial results for the fourth quarter and full fiscal year 2018, which ended Mar. 31, 2018, as well as the company's current business outlook.

"While revenue for Q4 and FY18 was below expectations due to lower than anticipated smartphone unit volumes, Cirrus Logic made meaningful progress this past year on numerous strategic initiatives that we expect to position the company for a return to year-over-year growth in FY20," said Jason Rhode, president and chief executive officer. "We have expanded our portfolio of products to address a wide range of solutions for flagship and mid-tier devices and are moving into new markets such as haptics and voice biometrics. As customers' interest in enhancing the audio and voice user experience grows, we believe the breadth of Cirrus Logic's portfolio and our cutting-edge technology will contribute to our continued success."

Reported Financial Results – Fourth Quarter FY18

- Revenue of \$303.2 million;
- GAAP and non-GAAP gross margin of 50.3 percent and 50.5 percent, respectively;
- GAAP operating expenses of \$131.9 million and non-GAAP operating expenses of \$106.8 million; and
- GAAP diluted earnings per share of \$0.19 and non-GAAP diluted earnings per share of \$0.51.

Reported Financial Results – Full Year FY18

- Revenue of \$1.5 billion;
- GAAP and non-GAAP gross margin of 49.6 percent and 49.7 percent, respectively;
- GAAP operating expenses of \$498.2 million and non-GAAP operating expenses of \$407.3 million; and
- GAAP diluted earnings per share of \$2.46 and non-GAAP diluted earnings per share of \$4.27.

A reconciliation of the non-GAAP charges is included in the tables accompanying this press release.

Business Outlook – First Quarter FY19

- Revenue is expected to range between \$210 million and \$250 million;
- GAAP gross margin is expected to be between 48 percent and 50 percent; and
- Combined GAAP R&D and SG&A expenses are expected to range between \$133 million and \$139 million, which includes approximately \$13 million in share-based compensation and \$13 million in amortization of acquired intangibles.

Cirrus Logic will host a live Q&A session at 5 p.m. EDT today to answer questions related to its financial results and business outlook. Participants may listen to the conference call on the Cirrus Logic website. Participants who would like to submit a question to be addressed during the call are requested to email investor_relations@cirrus.com. A replay of the webcast can be accessed on the Cirrus Logic website approximately two hours following its completion, or by calling (416) 621-4642, or toll-free at (800) 585-8367 (Access Code: 9676759).

Cirrus Logic, Inc.

Cirrus Logic is a leader in high performance, low-power ICs for audio and voice signal processing applications. Cirrus Logic's products span the entire audio signal chain, from capture to playback, providing innovative products for the world's top smartphones, tablets, digital headsets, wearables and emerging smart home applications. With headquarters in Austin, Texas, Cirrus Logic is recognized globally for its award-winning corporate culture. Check us out at www.cirrus.com.

Cirrus Logic and Cirrus are registered trademarks of Cirrus Logic, Inc. All other company or product names noted herein may be trademarks of their respective holders.

Use of non-GAAP Financial Information

To supplement Cirrus Logic's financial statements presented on a GAAP basis, Cirrus has provided non-GAAP financial information, including non-GAAP net income, diluted earnings per share, operating income, operating expenses, gross margin, tax expense and tax expense impact on earnings per share. A reconciliation of the adjustments to GAAP results is included in the tables below. Non-GAAP financial information is not meant as a substitute for GAAP results, but is included because management believes such information is useful to our investors for informational and comparative purposes. In addition, certain non-GAAP financial information is used internally by management to evaluate and manage the company. The non-GAAP financial information used by Cirrus Logic may differ from that used by other companies. These non-GAAP measures should be considered in addition to, and not as a substitute for, the results prepared in accordance with GAAP.

Safe Harbor Statement

Except for historical information contained herein, the matters set forth in this news release contain forward-looking statements including our statements about our future growth opportunities and expectations for a return to year-over-year growth in fiscal year 2020, along with estimates for the first quarter fiscal year 2019 revenue, gross margin, combined research and development and selling, general and administrative expense levels, share-based compensation expense and amortization of acquired intangibles. In some cases, forward-looking statements are identified by words such as "expect," "anticipate," "target," "project," "believe," "goals," "opportunity," "estimates," "intend," and variations of these types of words and similar expressions. In addition, any statements that refer to our plans, expectations, strategies or other characterizations of future events or circumstances are forward-looking statements. These forward-looking statements are based on our current expectations, estimates and assumptions and are subject to certain risks and uncertainties that could cause actual results to differ materially. These risks and uncertainties include, but are not limited to, the following: the level of orders and shipments during the first quarter of fiscal year 2019, customer cancellations of orders, or the failure to place orders consistent with forecasts, along with the timing and success of new product ramps and the extent to which customers adopt our new technologies and devices in new markets such as haptics; and the risk factors listed in our Form 10-K for the year ended March 25, 2017 and in our other filings with the Securities and Exchange Commission, which are available at www.sec.gov. The foregoing information concerning our business outlook represents our outlook as of the date of this news release, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new developments or otherwise.

Summary financial data follows:

CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS
(unaudited)
(in thousands, except per share data)

	Three Months Ended			Twelve Months Ended	
	Mar. 31, 2018 Q4'18	Dec. 30, 2017 Q3'18	Mar. 25, 2017 Q4'17	Mar. 31, 2018 Q4'18	Mar. 25, 2017 Q4'17
Portable audio products	\$ 262,777	\$ 438,650	\$ 290,658	\$ 1,363,876	\$ 1,373,848
Non-portable audio and other products	40,396	44,091	37,206	168,310	165,092
Net sales	303,173	482,741	327,864	1,532,186	1,538,940
Cost of sales	150,543	247,653	163,585	771,470	781,125
Gross profit	152,630	235,088	164,279	760,716	757,815
Gross margin	50.3%	48.7%	50.1%	49.6%	49.2%
Research and development	95,556	96,978	77,972	366,444	303,658
Selling, general and administrative	36,307	34,604	31,752	131,811	127,265
Asset impairment	-	-	9,842	-	9,842
Total operating expenses	131,863	131,582	119,566	498,255	440,765
Income from operations	20,767	103,506	44,713	262,461	317,050
Interest income (expense), net	1,378	912	118	3,609	(1,924)
Other income (expense), net	(158)	322	82	(971)	(79)
Income before income taxes	21,987	104,740	44,913	265,099	315,047
Provision for income taxes	9,983	70,961	9,855	103,104	53,838
Net income	\$ 12,004	\$ 33,779	\$ 35,058	\$ 161,995	\$ 261,209
Basic earnings per share:	\$ 0.19	\$ 0.53	\$ 0.55	\$ 2.55	\$ 4.12
Diluted earnings per share:	\$ 0.19	\$ 0.52	\$ 0.52	\$ 2.46	\$ 3.92
Weighted average number of shares:					
Basic	62,654	63,453	64,232	63,407	63,329
Diluted	64,572	65,557	67,062	65,951	66,561

Prepared in accordance with Generally Accepted Accounting Principles

RECONCILIATION BETWEEN GAAP AND NON-GAAP FINANCIAL INFORMATION
(unaudited, in thousands, except per share data)
(not prepared in accordance with GAAP)

Non-GAAP financial information is not meant as a substitute for GAAP results, but is included because management believes such information is useful to our investors for informational and comparative purposes. In addition, certain non-GAAP financial information is used internally by management to evaluate and manage the company. As a note, the non-GAAP financial information used by Cirrus Logic may differ from that used by other companies. These non-GAAP measures should be considered in addition to, and not as a substitute for, the results prepared in accordance with GAAP.

	Three Months Ended			Twelve Months Ended	
	Mar. 31, 2018	Dec. 30, 2017	Mar. 25, 2017	Mar. 31, 2018	Mar. 25, 2017
	Q4'18	Q3'18	Q4'17	Q4'18	Q4'17
<i>Net Income Reconciliation</i>					
GAAP Net Income	\$ 12,004	\$ 33,779	\$ 35,058	\$ 161,995	\$ 261,209
Amortization of acquisition intangibles	13,266	11,600	8,255	48,066	33,252
Stock based compensation expense	12,533	12,512	10,888	48,740	39,594
Acquisition-related items	(279)	-	-	(4,327)	(3,566)
Asset impairment	-	-	9,842	-	9,842
Adjustment to income taxes	(4,502)	46,273	(7,289)	27,254	(41,480)
Non-GAAP Net Income	\$ 33,022	\$ 104,164	\$ 56,754	\$ 281,728	\$ 298,851
<i>Earnings Per Share Reconciliation</i>					
GAAP Diluted earnings per share	\$ 0.19	\$ 0.52	\$ 0.52	\$ 2.46	\$ 3.92
Effect of Amortization of acquisition intangibles	0.21	0.18	0.13	0.73	0.50
Effect of Stock based compensation expense	0.19	0.19	0.16	0.74	0.59
Effect of Acquisition-related items	-	-	-	(0.07)	(0.05)
Effect of Asset impairment	-	-	0.15	-	0.15
Effect of Adjustment to income taxes	(0.08)	0.70	(0.11)	0.41	(0.62)
Non-GAAP Diluted earnings per share	\$ 0.51	\$ 1.59	\$ 0.85	\$ 4.27	\$ 4.49
<i>Operating Income Reconciliation</i>					
GAAP Operating Income	\$ 20,767	\$ 103,506	\$ 44,713	\$ 262,461	\$ 317,050
<i>GAAP Operating Profit</i>	<i>7%</i>	<i>21%</i>	<i>14%</i>	<i>17%</i>	<i>21%</i>
Amortization of acquisition intangibles	13,266	11,600	8,255	48,066	33,252
Stock compensation expense - COGS	422	386	324	1,474	1,071
Stock compensation expense - R&D	6,847	6,995	5,987	26,136	21,186
Stock compensation expense - SG&A	5,264	5,131	4,577	21,130	17,337
Acquisition-related items	(279)	-	-	(4,327)	(3,566)
Asset impairment	-	-	9,842	-	9,842
Non-GAAP Operating Income	\$ 46,287	\$ 127,618	\$ 73,698	\$ 354,940	\$ 396,172
<i>Non-GAAP Operating Profit</i>	<i>15%</i>	<i>26%</i>	<i>22%</i>	<i>23%</i>	<i>26%</i>
<i>Operating Expense Reconciliation</i>					
GAAP Operating Expenses	\$ 131,863	\$ 131,582	\$ 119,566	\$ 498,255	\$ 440,765
Amortization of acquisition intangibles	(13,266)	(11,600)	(8,255)	(48,066)	(33,252)
Stock compensation expense - R&D	(6,847)	(6,995)	(5,987)	(26,136)	(21,186)
Stock compensation expense - SG&A	(5,264)	(5,131)	(4,577)	(21,130)	(17,337)
Acquisition-related items	279	-	-	4,327	3,566
Asset impairment	-	-	(9,842)	-	(9,842)
Non-GAAP Operating Expenses	\$ 106,765	\$ 107,856	\$ 90,905	\$ 407,250	\$ 362,714
<i>Gross Margin/Profit Reconciliation</i>					
GAAP Gross Profit	\$ 152,630	\$ 235,088	\$ 164,279	\$ 760,716	\$ 757,815
<i>GAAP Gross Margin</i>	<i>50.3%</i>	<i>48.7%</i>	<i>50.1%</i>	<i>49.6%</i>	<i>49.2%</i>
Stock compensation expense - COGS	422	386	324	1,474	1,071
Non-GAAP Gross Profit	\$ 153,052	\$ 235,474	\$ 164,603	\$ 762,190	\$ 758,886
<i>Non-GAAP Gross Margin</i>	<i>50.5%</i>	<i>48.8%</i>	<i>50.2%</i>	<i>49.7%</i>	<i>49.3%</i>
<i>Effective Tax Rate Reconciliation</i>					
GAAP Tax Expense	\$ 9,983	\$ 70,961	\$ 9,855	\$ 103,104	\$ 53,838
<i>GAAP Effective Tax Rate</i>	<i>45.4%</i>	<i>67.7%</i>	<i>21.9%</i>	<i>38.9%</i>	<i>17.1%</i>
Adjustments to income taxes	4,502	(46,273)	7,289	(27,254)	41,480
Non-GAAP Tax Expense	\$ 14,485	\$ 24,688	\$ 17,144	\$ 75,850	\$ 95,318
<i>Non-GAAP Effective Tax Rate</i>	<i>30.5%</i>	<i>19.2%</i>	<i>23.2%</i>	<i>21.2%</i>	<i>24.2%</i>
<i>Tax Impact to EPS Reconciliation</i>					
GAAP Tax Expense	\$ 0.15	\$ 1.08	\$ 0.15	\$ 1.56	\$ 0.81
Adjustments to income taxes	0.08	(0.70)	0.11	(0.41)	0.62
Non-GAAP Tax Expense	\$ 0.23	\$ 0.38	\$ 0.26	\$ 1.15	\$ 1.43

CONSOLIDATED CONDENSED BALANCE SHEET
unaudited; in thousands

	Mar. 31, 2018	Dec. 30, 2017	Mar. 25, 2017
ASSETS			
Current assets			
Cash and cash equivalents	\$ 235,604	\$ 226,640	\$ 351,166
Marketable securities	26,397	12,822	99,813
Accounts receivable, net	100,801	217,619	119,974
Inventories	205,760	192,967	167,895
Other current assets	45,112	29,445	37,080
Total current Assets	<u>613,674</u>	<u>679,493</u>	<u>775,928</u>
Long-term marketable securities	172,499	173,717	-
Property and equipment, net	191,154	187,143	168,139
Intangibles, net	111,547	126,183	135,188
Goodwill	288,718	288,481	286,767
Deferred tax asset	14,716	16,467	32,841
Other assets	37,809	21,841	14,607
Total assets	<u>\$ 1,430,117</u>	<u>\$ 1,493,325</u>	<u>\$ 1,413,470</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable	\$ 69,850	\$ 116,274	\$ 73,811
Accrued salaries and benefits	35,721	29,543	40,190
Other accrued liabilities	34,638	29,903	30,074
Total current liabilities	<u>140,209</u>	<u>175,720</u>	<u>144,075</u>
Long-term debt	-	-	60,000
Other long-term liabilities	128,180	106,239	57,703
Stockholders' equity:			
Capital stock	1,312,434	1,301,800	1,259,279
Accumulated deficit	(139,345)	(92,402)	(107,014)
Accumulated other comprehensive income (loss)	(11,361)	1,968	(573)
Total stockholders' equity	<u>1,161,728</u>	<u>1,211,366</u>	<u>1,151,692</u>
Total liabilities and stockholders' equity	<u>\$ 1,430,117</u>	<u>\$ 1,493,325</u>	<u>\$ 1,413,470</u>

Prepared in accordance with Generally Accepted Accounting Principles

CONTACT:
 Cirrus Logic, Inc.
Investor Contact:
 Thurman K. Case, 512-851-4125
 Chief Financial Officer
Investor.Relations@cirrus.com



May 2, 2018

Letter to Shareholders Q4 FY18

CIRRUS LOGIC, INC.

800 WEST SIXTH STREET, AUSTIN, TEXAS 78701





May 2, 2018

Dear Shareholders,

Cirrus Logic delivered revenue of \$1.5 billion in FY18, GAAP operating profit of 17 percent and non-GAAP operating profit of 23 percent. GAAP and non-GAAP EPS for the full fiscal year were \$2.46 and \$4.27, respectively. Revenue for the year was below our expectations due to lower than anticipated smartphone unit volumes. In Q4, we reported GAAP EPS of \$0.19 and non-GAAP EPS of \$0.51 on revenue of \$303.2 million. Revenue for the quarter was at the low end of guidance as a result of weaker than expected sales of portable audio products targeting smartphones. Although our revenue results are disappointing, we executed on a number of strategic initiatives in FY18 that we believe will enable Cirrus Logic to capitalize on the growing demand for audio and voice components in the future. This past year, we expanded our product portfolio to span a more diverse range of solutions for flagship and mid-tier devices and continued to increase our penetration of the Android market with new and existing customers. The company also introduced innovative new technologies that we believe will drive meaningful growth opportunities in both existing and new adjacent markets, including our 28-nanometer voice biometrics component and 55-nanometer audio and haptic boosted amplifiers. With a robust product portfolio, compelling roadmap and exceptional engineering, marketing and operations teams, we are confident in the company's ability to continue to be a leading supplier of audio and voice components in the coming years.

Figure A: Cirrus Logic Q4 FY18 and Full Year FY18 GAAP to Non-GAAP Reconciliation

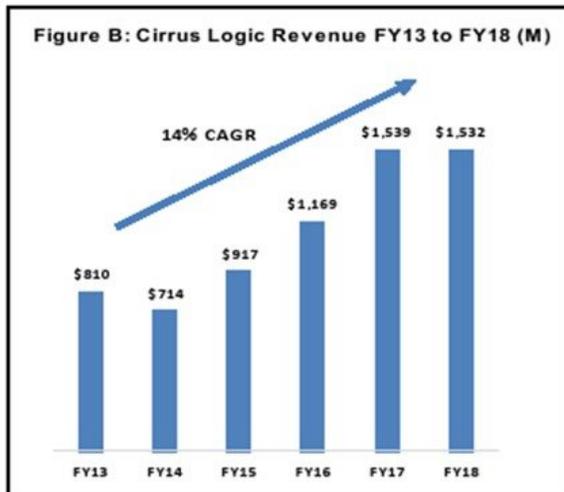
Q4 FY18	GAAP	Other	Non-GAAP	FY18	GAAP	Other	Non-GAAP
Revenue	\$303.2		\$303.2	Revenue	\$1,532.2		\$1,532.2
Gross Profit	\$152.6	\$0.4	\$153.0	Gross Profit	\$760.7	\$1.5	\$762.2
Gross Margin	50.3%		50.5%	Gross Margin	49.6%		49.7%
Operating Expense	\$131.9	(\$25.1)	\$106.8	Operating Expense	\$498.2	(\$90.9)	\$407.3
Operating Income	\$20.8	\$25.5	\$46.3	Operating Income	\$262.5	\$92.4	\$354.9
Operating Profit	7%		15%	Operating Profit	17%		23%
Other Income / (Expense)	\$1.2		\$1.2	Other Income / (Expense)	\$2.6		\$2.6
Income Tax Expense	\$10.0	\$4.5	\$14.5	Income Tax Expense	\$103.1	(\$27.3)	\$75.8
Net Income	\$12.0	\$21.0	\$33.0	Net Income	\$162.0	\$119.7	\$281.7
Diluted EPS	\$0.19	\$0.33	\$0.51	Diluted EPS	\$2.46	\$1.82	\$4.27

*Complete GAAP to Non-GAAP reconciliations available on page 34

\$ millions, except EPS



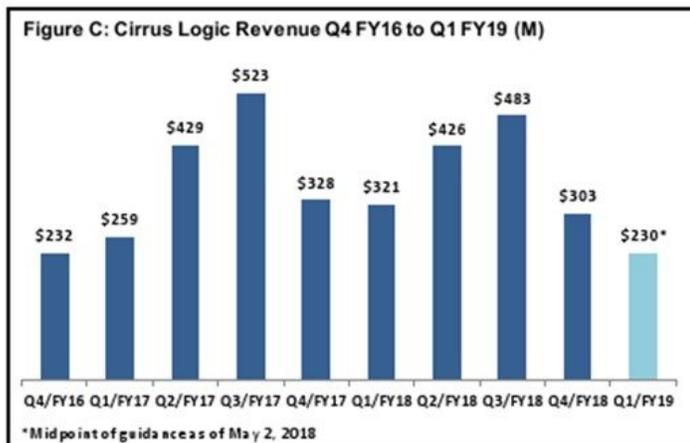
Revenue and Gross Margins



Cirrus Logic reported revenue of \$1.5 billion in FY18, down slightly from the prior year. Revenue for the fourth quarter was \$303.2 million, down 37 percent sequentially and 8 percent year over year. As previously disclosed, the company anticipated revenue for the year to be impacted by the sale of lower ASP components at a key Android OEM and ASP reductions on certain other portable audio products. In addition, sales for the full fiscal year

and quarter were lower than we originally anticipated due to the impact of reduced smartphone unit volumes in the back half of the year. One customer contributed 79 percent of sales for the quarter. Our relationship with our largest customer remains outstanding with design activity continuing on various products. While we understand there is intense interest in this customer, in accordance with our policy, we do not discuss specifics about our business relationship.

In the June quarter, we expect revenue to range from \$210 million to \$250 million, down 24 percent sequentially and 28 percent year over year at the midpoint. Guidance for the quarter reflects continued weakness in demand for portable audio products targeting the smartphone market. Based on our current visibility and the weaker than anticipated outlook for Q1 FY19, we now expect revenue for the full fiscal year to be down approximately 10 percent year over year. Nonetheless, with a solid







product roadmap and meaningful customer engagements, including expectations for content gains and new design wins, we continue to anticipate a return to year-over-year revenue growth in FY20. We remain optimistic about our future and believe the company will continue to be a leading supplier of innovative audio and voice products in the coming years.

FY18 GAAP gross margins were 49.6 percent, compared to 49.2 percent in FY17. Non-GAAP gross margins for the full fiscal year were 49.7 percent, versus 49.3 percent the prior year. The slight uptick in gross margin was primarily driven by supply chain efficiencies. GAAP gross margins in the March quarter were 50.3 percent, compared to 48.7 percent in Q3 FY18. Non-GAAP gross margins in Q4 FY18 were 50.5 percent, versus 48.8 percent in the prior quarter. The sequential increase in gross margin reflects a shift in product mix and supply chain efficiencies. In the June quarter, gross margin is expected to range from 48 percent to 50 percent.

Operating Profit, Earnings and Cash

For the fiscal year, Cirrus Logic delivered GAAP operating profit of approximately 17 percent, compared to 21 percent the prior year. On a non-GAAP basis, operating profit was 23 percent, down from 26 percent in FY17. GAAP and non-GAAP operating expense for fiscal year 2018 was \$498.2 million and \$407.3 million, respectively. GAAP operating expense included approximately \$47.3 million in share-based compensation and \$48.1 million in amortization of acquired intangibles. GAAP operating expense in FY17 was \$440.8 million, including approximately \$38.5 million in share-based compensation and \$33.3 million in amortization of acquired intangibles. Non-GAAP operating expense for the prior year was \$362.7 million.



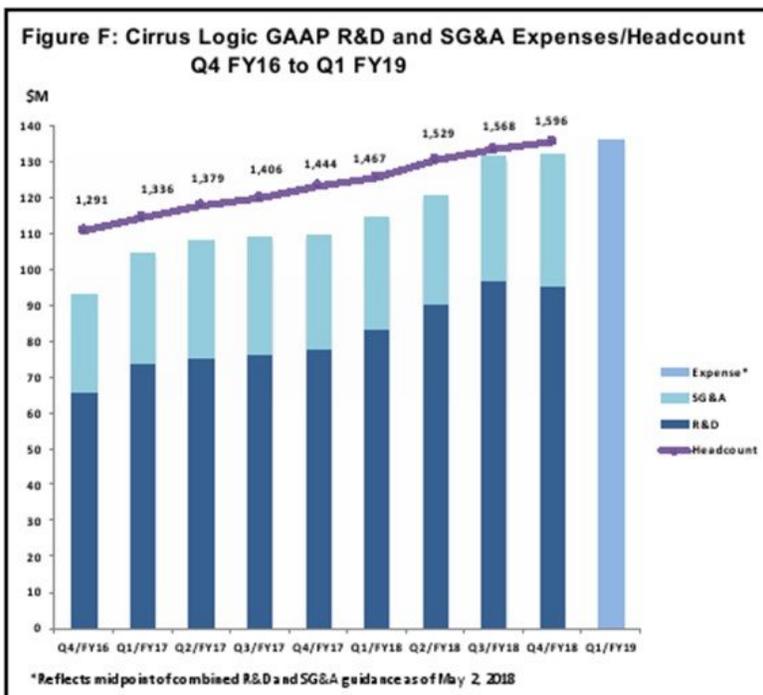


Operating profit for the fourth quarter was approximately 7 percent GAAP and 15 percent non-GAAP. GAAP operating expense was \$131.9 million, up \$281 thousand sequentially and \$12.3 million year over year. GAAP operating expense



included \$12.1 million in share-based compensation and \$13.3 million in amortization of acquired intangibles. Non-GAAP operating expense was \$106.8 million, down \$1.1 million sequentially and up \$15.9 million year over year. The primary drivers of the full fiscal year and quarterly GAAP and non-GAAP operating expense are detailed in Figures D and E.

In the June quarter, GAAP R&D and SG&A expenses should range from \$133 million to \$139 million, including roughly \$13 million in share-based compensation and \$13 million in



amortization of acquired intangibles. Guidance reflects an increase in product development expense due to a large number of tape outs and higher employee costs associated with headcount. For the remainder of FY19, we anticipate quarterly operating expenses will be relatively flat with the midpoint of our Q1 guidance. We expect to manage expenses prudently as we balance our long-term

profitability goals with the necessary increased investment in certain important R&D projects that





we expect to drive future growth opportunities. Longer term, we remain committed to our target operating profit model in the mid-20 percent range. Our total headcount exiting Q4 was 1,596.

FY18 GAAP earnings per share were \$2.46, compared to \$3.92 the prior year. GAAP earnings per share for the fiscal year include approximately \$60.1 million of discrete items related to U.S. tax reform. Non-GAAP earnings per share for the full fiscal year were \$4.27, versus \$4.49 in FY17. GAAP earnings per share for the March quarter were \$0.19, compared to \$0.52 the prior quarter and \$0.52 in Q4 FY17. GAAP earnings per share for the quarter include approximately \$2.1 million of discrete items related to U.S. tax reform. Non-GAAP earnings per share were \$0.51, versus \$1.59 in Q3 FY18 and \$0.85 in Q4 FY17.

Our ending cash balance in the March quarter was approximately \$435 million, up from \$413 million the prior quarter. Cash from operations was approximately \$318.3 million for the full fiscal year and \$105.3 million for the quarter. In FY18, the company used \$175.8 million to repurchase 3.4 million shares at an average price of \$51.86 and paid off the remaining \$60 million in debt on the balance sheet. In the March quarter, we used roughly \$60.2 million to repurchase 1.4 million shares at an average price of \$42.20. The company utilized the remaining funds in the October 2015 share repurchase program and has \$200 million remaining in the January 2018 authorization. We will continue to evaluate potential uses of cash, including acquisitions and the repurchase of shares. Net interest income is currently expected to be slightly above \$1 million in Q1 FY19.

Taxes and Inventory

GAAP tax expense for FY18 was \$103.1 million, resulting in an effective tax rate of 39 percent. Non-GAAP tax expense and the effective tax rate for the full fiscal year were approximately \$75.9 million and 21 percent, respectively. FY18 non-GAAP tax expense excludes approximately \$60.1 million of discrete items related to U.S. tax reform, partially offset by the tax effect of higher non-GAAP income in various jurisdictions. GAAP tax expense for the March quarter was approximately \$10 million, resulting in an effective tax rate of 45 percent. Non-GAAP tax expense and the effective tax rate for the quarter were approximately \$14.5 million and 31





percent, respectively. Non-GAAP tax expense for the quarter excludes approximately \$2.1 million of discrete items related to U.S. tax reform, partially offset by the tax effect of higher non-GAAP income in various jurisdictions. Based on our current visibility and taking into account the uncertainties surrounding the recently enacted U.S. tax reform legislation, we currently estimate that our worldwide non-GAAP effective tax rate in FY19 will range from 16 percent to 18 percent.

Q4 inventory was \$205.8 million, up from \$193 million the prior quarter. The increase in inventory reflects continued softness in sales during the quarter. Inventory is expected to decrease in the June quarter.

Company Strategy

In FY18, Cirrus Logic made several meaningful technological advancements that we believe are essential for the company's future success. We began sampling our first 28-nanometer voice biometrics component and started shipping our 55-nanometer boosted amplifier with integrated DSP targeting the audio and haptic markets. In addition to these technology milestones, the company has been focused on growing our presence in the Android market, where interest in providing consumers a differentiated user experience is driving demand for a variety of audio and voice components. With a comprehensive portfolio of smart codecs, boosted amplifiers, hi-fi DACs and MEMS microphones that span a wide range of performance and cost requirements, the company increased our penetration of flagship and mid-tier smartphones and expanded our presence in digital headsets in FY18. With robust design activity across our portfolio, new devices utilizing our innovative products should be introduced throughout the year with both new and existing customers. Further, we expect to tape out a variety of new products over the next several quarters that will help position the company for growth in the coming years.

We are delighted with this past year's success within our boosted amplifier product line. The desire to deliver louder, higher quality sound output across flagship and mid-tier smartphones has generated meaningful demand for audio amplifiers. Cirrus Logic introduced our first 55-nanometer boosted amplifier with integrated DSP in Q2 FY18. This sophisticated product enables a range of audio functionality across various price points while delivering a compelling user





experience. Customer response has been very positive as our new amplifier significantly reduces required board area, has integrated ultra-low power DSP capability and improves the audio output. We are pleased to have design wins with many of the largest smartphone OEMs in the world, including our first high-volume socket in a mid-tier platform at a key Android account. Initial shipments with this customer have begun and are expected to accelerate as we move throughout the quarter. We are also excited to ramp another new flagship boosted amplifier over the coming quarters and have several new chips in development that target larger form factor, multi-speaker applications. With an extensive portfolio of boosted amplifiers, a solid pipeline of design wins in mid-tier and flagship smartphones and a growing customer base, we believe the company will continue to gain market share in audio amplifiers over the next 12-18 months.

The ability to leverage our audio amplifier technology into the adjacent haptics market has significantly increased the size of Cirrus Logic's serviceable market. Driven by the desire to remove mechanical buttons without compromising the tactile feedback and user experience, Android OEMs are in the early stages of transitioning toward using high-voltage boosted amplifiers to drive haptics and force sensing in smartphones. We continued to gain momentum with this product line in the March quarter and are actively designing with a variety of Android OEMs. We are pleased to have secured our lead design win with the first-generation haptics product, which is expected to begin shipping later this year, and we are engaging with customers on our second-generation component. We will continue to develop this product line in the June quarter as we tape out a new ultra-low power haptic device optimized for always-on applications. We believe Cirrus Logic is in a strong position in this emerging market given our ability to provide components across product tiers, coupled with software solutions that enable OEMs to customize the user's tactile experience and protect components from damage.

Cirrus Logic's digital headset business has been highly successful since its launch in CY16, shipping over 765 million components into wired and wireless headsets and adaptors. While we continue to focus on diversifying our customer base, we are excited to be enabling continuously adaptive ANC in retail headsets with the two largest smartphone OEMs in the world. Over the past year, our engineering and technical marketing teams have broadened the product portfolio to address a wider range of functionality and price specifications, including our first hi-fi audio codec





with an integrated USB interface for USB-C digital headsets. More recently, we began sampling our latest generation continuously adaptive ANC smart codec that builds on this USB technology and adds new compelling voice features. Design activity is healthy and we have multiple customer engagements for both wired and wireless digital headsets and adaptors that are targeting inbox and accessory products. As we move throughout the year we expect more products utilizing Cirrus Logic technology to be introduced. While broad-based adoption of digital headsets in the highly fragmented Android market was slower than anticipated in FY18, we are encouraged as more OEMs are transitioning to USB-C and removing the 3.5-millimeter jack from certain models. We remain optimistic that the transition to digital will continue and we are committed to our investment in this market as we believe it will drive meaningful opportunities over the next 5 years.

The company is also continuing to invest in new and emerging markets such as voice biometrics, smart home and MEMS microphones. We are actively engaged with an Android customer on the evaluation of our 28-nanometer voice biometrics technology. While still in the early stages of development, we are encouraged with our ongoing progress and continued customer interest. We remain enthusiastic about this emerging market as consumers increasingly utilize voice as an interface across a variety of applications, including mobile phones and smart home. The need for security, user identification, and a more natural interface with devices will help to improve the user experience and fuel broad-based consumer adoption. This past year, Cirrus Logic leveraged technology developed for mobile into products targeting smart home applications. We continue to engage numerous customers, both directly and through our reference designs, and expect new products to launch as we move throughout the year. It was also an important year for Cirrus Logic's MEMS microphone business, as we broadened our product portfolio, began transitioning our supply chain to Taiwan and made significant improvements to our technology. We remain actively engaged with key customers and expect to continue to enhance our technology and increase capacity in FY19.

As we move through the next year, the need for sophisticated processing to enable voice as an interface for connected devices is expected to be stronger than ever from OEMs across all of our served markets. We are in the early stages of the proliferation of this technology, as hand-held battery powered mobile products, plugged in connected devices in the home and everything in





between have the potential to use voice as an interface. Cirrus Logic is well positioned to lead the market and support OEMs in deploying world class products with fantastic user experiences. We are already introducing components from our advanced R&D investments and are excited about the new complex analog and mixed-signal audio and voice-related IP we are developing for the next several generations of new consumer products. As an example, we recently sampled a purpose built ultra-low power voice processor smart codec targeting the mid-tier smartphone space to enable always-on access to digital assistants. We are also demonstrating to customers our latest four-microphone far-field processing solution to enable users at home to interact with and control smart home devices, such as speakers. As we look further out, we recognize that our business model requires a substantial investment in future R&D efforts, and we are actively engaged in adjacent domains that we believe will provide new opportunities beyond audio and voice as we leverage our mixed-signal and low power signal processing expertise.

In conclusion, Cirrus Logic achieved numerous technological milestones in FY18 and we remain laser focused on execution, expanding our customer base and capitalizing on increasing demand for compelling audio and voice components. With a robust roadmap and diverse portfolio of components, we have products in various stages of development that address a wide range of customer requirements which we believe will add incremental content opportunities over the next several years.

Summary and Guidance

For the June quarter we expect the following results:

- Revenue to range between \$210 million and \$250 million;
- GAAP gross margin to be between 48 percent and 50 percent; and
- Combined GAAP R&D and SG&A expenses to range between \$133 million and \$139 million, including approximately \$13 million in share-based compensation expense and \$13 million in amortization of acquired intangibles;





In summary, Cirrus Logic made meaningful progress in FY18 with numerous strategic initiatives that we believe position the company to return to growth in the coming years. Specifically, we expanded our portfolio of smart codecs and boosted amplifiers, moved into new applications with haptics and voice biometrics products and broadened our customer base. We believe these innovative products coupled with an extensive roadmap targeting mid-tier and flagship devices across the smartphone, digital headset and smart home markets will enable Cirrus Logic to help deliver a differentiated and consistent audio and voice experience and contribute to the company's future success.

Sincerely,



Jason Rhode
President and Chief Executive Officer



Thurman Case
Chief Financial Officer

Conference Call Q&A Session

Cirrus Logic will host a live Q&A session at 5 p.m. EDT today to answer questions related to its financial results and business outlook. Participants may listen to the conference call on the Cirrus Logic [website](#). Participants who would like to submit a question to be addressed during the call are requested to email investor.relations@cirrus.com.

A replay of the webcast can be accessed on the Cirrus Logic website approximately two hours following its completion, or by calling (416) 621-4642 or toll free at (800) 585-8367 (Access Code: 9676759).





Use of Non-GAAP Financial Information

To supplement Cirrus Logic's financial statements presented on a GAAP basis, Cirrus has provided non-GAAP financial information, including non-GAAP net income, diluted earnings per share, operating profit, operating expenses, gross margins, tax expenses and tax expense impact on earnings per share. A reconciliation of the adjustments to GAAP results is included in the tables below. We are also providing guidance on our non-GAAP expected effective tax rate. We are not able to provide guidance on our GAAP tax rate or a related reconciliation without unreasonable efforts since our future GAAP tax rate depends on our future stock price and related share-based compensation information that is not currently available.

Non-GAAP financial information is not meant as a substitute for GAAP results, but is included because management believes such information is useful to our investors for informational and comparative purposes. In addition, certain non-GAAP financial information is used internally by management to evaluate and manage the company. The non-GAAP financial information used by Cirrus Logic may differ from that used by other companies. These non-GAAP measures should be considered in addition to, and not as a substitute for, the results prepared in accordance with GAAP.

Safe Harbor Statement

Except for historical information contained herein, the matters set forth in this shareholder letter contain forward-looking statements, including statements about future revenue growth and market opportunities; future new product introductions and expected customer product ramps over the coming quarters; our expectations for future content gains and new design wins at existing and new customers; expected additional investments in new product tape outs and increased MEMS capacity; our ability to manage relatively flat quarterly operating expenses for the remainder of fiscal year 2019; our forecasts for revenue and operating expenses in fiscal year 2019; our forecasts for year-over-year revenue growth during fiscal year 2020; effective tax rates for fiscal year 2019 and future years; our ability to achieve mid-20 percent operating profit in the longer term; and our forecasts for the first quarter of fiscal year 2019 revenue, profit, net interest income, gross margin, combined research and development and selling general and administrative expense levels, share-based compensation expense, amortization of acquired intangibles and inventory levels. In some cases, forward-looking statements are identified by words such as "emerge," "expect," "anticipate," "foresee," "target," "project," "believe," "goals," "opportunity," "estimates," "intend," "will," and variations of these types of words and similar expressions. In addition, any statements that refer to our plans, expectations, strategies or other characterizations of future events or circumstances are forward-looking statements. These forward-looking statements are based on our current expectations, estimates and assumptions and are subject to certain risks and uncertainties that could cause actual results to differ materially. These risks and uncertainties include, but are not limited to, the following: the level of orders and shipments during the first quarter of fiscal year 2019 and fiscal year 2019, customer cancellations of orders, or the failure to place orders consistent with forecasts; changes with respect to our current expectations of future smartphone unit volumes; any delays in the timing and/or success of customers' new product ramps; failure to win new designs or additional content as expected at Android customers; any changes in U.S. trade policy, including potential adoption and expansion of trade restrictions, higher tariffs, or cross border taxation by the U.S. government involving other countries, particularly China, that might impact overall customer demand for our products or affect our ability to manufacture and/or sell our products overseas; and the risk factors listed in our Form 10-K for the year ended March 25, 2017 and in our other filings with the Securities and Exchange Commission, which are available at www.sec.gov. The foregoing information concerning our business outlook represents our outlook as of the date of this news release, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new developments or otherwise.





Cirrus Logic and Cirrus are registered trademarks of Cirrus Logic, Inc. All other company or product names noted herein may be trademarks of their respective holders.

Summary financial data follows:

CONSOLIDATED CONDENSED STATEMENT OF OPERATIONS
(unaudited)
(in thousands, except per share data)

	Three Months Ended			Twelve Months Ended	
	Mar. 31, 2018	Dec. 30, 2017	Mar. 25, 2017	Mar. 31, 2018	Mar. 25, 2017
	Q4'18	Q3'18	Q4'17	Q4'18	Q4'17
Portable audio products	\$ 262,777	\$ 438,650	\$ 290,658	\$ 1,363,876	\$ 1,373,848
Non-portable audio and other products	40,396	44,091	37,206	168,310	165,092
Net sales	303,173	482,741	327,864	1,532,186	1,538,940
Cost of sales	150,543	247,653	163,585	771,470	781,125
Gross profit	152,630	235,088	164,279	760,716	757,815
Gross margin	50.3%	48.7%	50.1%	49.6%	49.2%
Research and development	95,556	96,978	77,972	366,444	303,658
Selling, general and administrative	36,307	34,604	31,752	131,811	127,265
Asset impairment	-	-	9,842	-	9,842
Total operating expenses	131,863	131,582	119,566	498,255	440,765
Income from operations	20,767	103,506	44,713	262,461	317,050
Interest income (expense), net	1,378	912	118	3,609	(1,924)
Other income (expense), net	(158)	322	82	(971)	(79)
Income before income taxes	21,987	104,740	44,913	265,099	315,047
Provision for income taxes	9,983	70,961	9,855	103,104	53,838
Net income	\$ 12,004	\$ 33,779	\$ 35,058	\$ 161,995	\$ 261,209
Basic earnings per share:	\$ 0.19	\$ 0.53	\$ 0.55	\$ 2.55	\$ 4.12
Diluted earnings per share:	\$ 0.19	\$ 0.52	\$ 0.52	\$ 2.46	\$ 3.92
Weighted average number of shares:					
Basic	62,654	63,453	64,232	63,407	63,329
Diluted	64,572	65,557	67,062	65,951	66,561

Prepared in accordance with Generally Accepted Accounting Principles





RECONCILIATION BETWEEN GAAP AND NON-GAAP FINANCIAL INFORMATION
(unaudited, in thousands, except per share data)
(not prepared in accordance with GAAP)

Non-GAAP financial information is not meant as a substitute for GAAP results, but is included because management believes such information is useful to our investors for informational and comparative purposes. In addition, certain non-GAAP financial information is used internally by management to evaluate and manage the company. As a note, the non-GAAP financial information used by Cirrus Logic may differ from that used by other companies. These non-GAAP measures should be considered in addition to, and not as a substitute for, the results prepared in accordance with GAAP.

	Three Months Ended			Twelve Months Ended	
	Mar. 31, 2018	Dec. 30, 2017	Mar. 25, 2017	Mar. 31, 2018	Mar. 25, 2017
	Q4'18	Q3'18	Q4'17	Q4'18	Q4'17
<i>Net Income Reconciliation</i>					
GAAP Net Income	\$ 12,004	\$ 33,779	\$ 35,058	\$ 161,995	\$ 261,209
Amortization of acquisition intangibles	13,266	11,600	8,255	48,066	33,252
Stock based compensation expense	12,533	12,512	10,888	48,740	39,594
Acquisition-related items	(279)	-	-	(4,327)	(3,566)
Asset impairment	-	-	9,842	-	9,842
Adjustment to income taxes	(4,502)	46,273	(7,389)	27,254	(41,480)
Non-GAAP Net Income	\$ 33,022	\$ 104,164	\$ 56,754	\$ 281,728	\$ 298,851
<i>Earnings Per Share Reconciliation</i>					
GAAP Diluted earnings per share	\$ 0.19	\$ 0.52	\$ 0.52	\$ 2.46	\$ 3.92
Effect of Amortization of acquisition intangibles	0.21	0.18	0.13	0.73	0.50
Effect of Stock based compensation expense	0.19	0.19	0.16	0.74	0.59
Effect of Acquisition-related items	-	-	-	(0.07)	(0.05)
Effect of Asset impairment	-	-	0.15	-	0.15
Effect of Adjustment to income taxes	(0.08)	0.70	(0.11)	0.41	(0.62)
Non-GAAP Diluted earnings per share	\$ 0.51	\$ 1.59	\$ 0.85	\$ 4.27	\$ 4.49
<i>Operating Income Reconciliation</i>					
GAAP Operating Income	\$ 20,767	\$ 103,506	\$ 44,713	\$ 262,461	\$ 317,050
GAAP Operating Profit	7%	21%	14%	17%	21%
Amortization of acquisition intangibles	13,266	11,600	8,255	48,066	33,252
Stock compensation expense - COGS	422	386	324	1,474	1,071
Stock compensation expense - R&D	6,847	6,995	5,987	26,136	21,186
Stock compensation expense - S G&A	5,264	5,131	4,577	21,130	17,337
Acquisition-related items	(279)	-	-	(4,327)	(3,566)
Asset impairment	-	-	9,842	-	9,842
Non-GAAP Operating Income	\$ 46,287	\$ 127,618	\$ 73,698	\$ 354,940	\$ 396,172
Non-GAAP Operating Profit	15%	26%	22%	23%	26%
<i>Operating Expense Reconciliation</i>					
GAAP Operating Expenses	\$ 131,863	\$ 131,582	\$ 119,566	\$ 498,255	\$ 440,765
Amortization of acquisition intangibles	(13,266)	(11,600)	(8,255)	(48,066)	(33,252)
Stock compensation expense - R&D	(6,847)	(6,995)	(5,987)	(26,136)	(21,186)
Stock compensation expense - S G&A	(5,264)	(5,131)	(4,577)	(21,130)	(17,337)
Acquisition-related items	279	-	-	4,327	3,566
Asset impairment	-	-	(9,842)	-	(9,842)
Non-GAAP Operating Expenses	\$ 106,765	\$ 107,856	\$ 90,905	\$ 407,250	\$ 362,714
<i>Gross Margin/Profit Reconciliation</i>					
GAAP Gross Profit	\$ 152,630	\$ 235,088	\$ 164,279	\$ 760,716	\$ 757,815
GAAP Gross Margin	50.3%	48.7%	50.1%	49.6%	49.2%
Stock compensation expense - COGS	422	386	324	1,474	1,071
Non-GAAP Gross Profit	\$ 153,052	\$ 235,474	\$ 164,603	\$ 762,190	\$ 758,886
Non-GAAP Gross Margin	50.5%	48.8%	50.2%	49.7%	49.3%
<i>Effective Tax Rate Reconciliation</i>					
GAAP Tax Expense	\$ 9,983	\$ 70,961	\$ 9,855	\$ 103,104	\$ 53,838
GAAP Effective Tax Rate	45.4%	67.7%	21.9%	38.9%	17.1%
Adjustments to income taxes	4,502	(46,273)	7,389	(27,254)	41,480
Non-GAAP Tax Expense	\$ 14,485	\$ 24,688	\$ 17,144	\$ 75,850	\$ 95,318
Non-GAAP Effective Tax Rate	30.5%	19.2%	23.2%	21.2%	24.2%
<i>Tax Impact to EPS Reconciliation</i>					
GAAP Tax Expense	\$ 0.15	\$ 1.08	\$ 0.15	\$ 1.56	\$ 0.81
Adjustments to income taxes	0.08	(0.70)	0.11	(0.41)	0.62
Non-GAAP Tax Expense	\$ 0.23	\$ 0.38	\$ 0.26	\$ 1.15	\$ 1.43





CONSOLIDATED CONDENSED BALANCE SHEET
unaudited, in thousands

	Mar. 31, 2018	Dec. 30, 2017	Mar. 25, 2017
ASSETS			
Current assets			
Cash and cash equivalents	\$ 235,604	\$ 226,640	\$ 351,166
Marketable securities	26,397	12,822	99,813
Accounts receivable, net	100,801	217,619	119,974
Inventories	205,760	192,967	167,895
Other current assets	45,112	29,445	37,080
Total current Assets	613,674	679,493	775,928
Long-term marketable securities	172,499	173,717	-
Property and equipment, net	191,154	187,143	168,139
Intangibles, net	111,547	126,183	135,188
Goodwill	288,718	288,481	286,767
Deferred tax asset	14,716	16,467	32,841
Other assets	37,809	21,841	14,607
Total assets	\$ 1,430,117	\$ 1,493,325	\$ 1,413,470
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable	\$ 69,850	\$ 116,274	\$ 73,811
Accrued salaries and benefits	35,721	29,543	40,190
Other accrued liabilities	34,638	29,903	30,074
Total current liabilities	140,209	175,720	144,075
Long-term debt	-	-	60,000
Other long-term liabilities	128,180	106,239	57,703
Stockholders' equity:			
Capital stock	1,312,434	1,301,800	1,259,279
Accumulated deficit	(139,345)	(92,402)	(107,014)
Accumulated other comprehensive income (loss)	(11,361)	1,968	(573)
Total stockholders' equity	1,161,728	1,211,366	1,151,692
Total liabilities and stockholders' equity	\$ 1,430,117	\$ 1,493,325	\$ 1,413,470

Prepared in accordance with Generally Accepted Accounting Principles