

ICHOR HOLDINGS, LTD.

FORM 8-K (Current report filing)

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Address	3185 LAURELVIEW CT. FREMONT, CA, 94538
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): November 3, 2017

ICHOR HOLDINGS, LTD.

(Exact name of registrant as specified in its charter)

Cayman Islands
(State or other jurisdiction of
incorporation)

001-37961
(Commission File Number)

Not Applicable
(IRS Employer Identification No.)

3185 Laurelview Ct.
Fremont, California 94538
(Address of principal executive offices, including Zip Code)

(510) 897-5200
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in 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 1.01 Entry into a Material Definitive Agreement.

On November 3, 2017, Ichor Holdings, LLC, a Delaware limited liability company and an indirect, wholly-owned subsidiary of Ichor Holdings, Ltd. (“Ichor”) entered into a Stock Purchase Agreement (the “Agreement”), with Talon Innovations Corporation, a Minnesota corporation (“Talon”), Talon Innovations Holdings LLC, a Delaware limited liability company (the “Seller”), and the guarantors party thereto, pursuant to which Ichor agreed to acquire all of the issued and outstanding stock of Talon (the “Acquisition”). The consideration to be paid by Ichor in connection with the Acquisition will consist of \$130 million in cash, subject to customary closing and post-closing adjustments for net working capital, indebtedness, cash and transaction expenses as of the closing. The Agreement contains customary representations, warranties, covenants and indemnification obligations of the parties. The Acquisition is expected to close in the fourth quarter of 2017.

The foregoing description of the Agreement does not purport to be complete and is qualified in its entirety by reference to the Agreement, which will be filed with Ichor’s Annual Report on Form 10-K for fiscal year 2017.

Item 7.01. Regulation FD Disclosure.

On November 9, 2017, Ichor issued a press release announcing the acquisition of Talon. A copy of the press release is attached hereto as Exhibit 99.1.

The information in this Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.1 hereto, 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. The information in this Item 7.01 of this Current Report on Form 8-K shall not be deemed to be 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 filing

Item 9.01. Financial Statements and Exhibits.

(a) Financial statements of the business acquired.

The Company intends to file any financial statements that may be required by Item 9.01(a) of Form 8-K with respect to the Acquisition within 71 calendar days after the date that this Form 8-K was required to be filed pursuant to Item 9.01(a)(4) of Form 8-K.

(b) Pro forma financial information.

The Company intends to file any pro forma financial information required by Item 9.01(b) of Form 8-K with respect to the Acquisition within 71 calendar days after the date that this Form 8-K was required to be filed pursuant to Item 9.01(b)(2) of Form 8-K.

(d) Exhibits

99.1 Press Release dated November 9, 2017.

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated November 9, 2017.

SIGNATURES

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

ICHOR HOLDINGS, LTD.

/s/ Maurice Carson

Name: Maurice Carson

Title: President and Chief Financial Officer

Date: November 9, 2017

ICHOR HOLDINGS, LTD. ANNOUNCES ACQUISITION OF TALON INNOVATIONS

Talon is a leader in high precision machining for leading edge semiconductor equipment; acquisition is expected to be immediately accretive to Ichor's operating model and non-GAAP adjusted diluted EPS

FREMONT, Calif. — (BUSINESS WIRE) – November 9, 2017 — Ichor Holdings, Ltd. (NASDAQ: ICHR), a leader in the design, engineering and manufacturing of critical fluid delivery subsystems for semiconductor capital equipment, today announced that its wholly-owned subsidiary, Ichor Holdings, LLC, has entered into a stock purchase agreement for the acquisition of Talon Innovations Corporation (“Talon”), a leader in the design and manufacturing of high precision machined parts used in leading edge semiconductor tools, for \$130 million, subject to customary adjustments. Ichor is financing the acquisition with approximately \$10 million of cash on hand and \$120 million of incremental borrowing pursuant to an amendment to Ichor's current credit facility. The acquisition signed November 3, 2017, is subject to satisfaction of customary closing conditions, including approval under the Hart-Scott-Rodino Antitrust Improvements Act, and is expected to close in the fourth quarter of 2017.

The acquisition is projected to be accretive to Ichor's gross profit, gross margin and non-GAAP adjusted diluted earnings per share in 2018.

“Talon brings to Ichor the capability to deliver complex precision components to mission critical areas of semiconductor manufacturing. It will enable Ichor to extend our fluid delivery product portfolio and deepen our collaboration with our customers design teams,” said Tom Rohrs, Chairman and Chief Executive Officer of Ichor. “This acquisition augments Ichor's state of the art manufacturing facilities, highly skilled workforce and long history of improving semiconductor equipment performance,” Mr. Rohrs continued.

Talon fits Ichor's acquisition strategy, specifically:

- The acquisition is projected to be accretive to Ichor's operating model, and is expected to add around 200 and 250 basis points to gross margin in 2018, after eliminating the impact of purchase accounting adjustments.
- On an annual basis based on current industry activity levels, Talon is expected to generate between \$70 million and \$90 million of revenue and \$0.40 to \$0.50 of non-GAAP adjusted EPS.
- Talon continues Ichor's push to include highly engineered value added products.
- The addition of Talon is expected to favorably impact Ichor's market share.

The incremental borrowing was arranged by Bank of America, SunTrust and Societe Generale. The credit facility amendment provides for a \$120 million increase to the term loan of Ichor's credit facility.

Ichor management will discuss the Talon acquisition during its previously announced earnings call for the third quarter of fiscal year 2017 at 1:30 Pacific time on November 9th, 2017.

About Ichor Holdings

Ichor is a leader in the design, engineering and manufacturing of critical fluid delivery subsystems for semiconductor capital equipment. Our primary offerings include gas and chemical delivery subsystems, collectively known as fluid delivery subsystems, which are key elements of the process tools used in the manufacturing of semiconductor devices. Our gas delivery subsystems deliver, monitor and control precise quantities of the specialized gases used in semiconductor manufacturing processes such as etch and deposition. Our chemical delivery subsystems precisely blend and dispense the reactive liquid chemistries used in semiconductor manufacturing processes such as electroplating and cleaning. We also manufacture certain components for internal use in fluid delivery systems and for direct sales to our customers. This vertically integrated portion of our business is primarily focused on metal and plastic parts that are used in gas and chemical systems, respectively. Ichor is headquartered in Fremont, CA. www.ichorsystems.com.

Safe Harbor Statement

This press release contains forward-looking statements that may state Ichor's or its management's intentions, beliefs, expectations or predictions for the future. Such forward-looking statements are subject to certain risks, uncertainties and assumptions, and typically can be identified by the use of words such as "will," "expect," "estimate," "project," "anticipate," "forecast," "plan," "believe," and similar terms. Although Ichor believes that its expectations are reasonable, it can give no assurance that these expectations will prove to have been correct, and actual results may vary materially. Factors that could cause actual results to differ materially from those contemplated above include, among others, risks and uncertainties related to: (1) the integration of Talon with Ichor, including the ability to retain customers, suppliers and key employees, (2) dependence on expenditures by manufacturers and cyclical downturns in the semiconductor capital equipment industry, (3) reliance on a very small number of original equipment manufacturers for a significant portion of sales, (4) negotiating leverage held by our customers, (5) competitiveness and rapid evolution of the industries in which we participate, (6) risks associated with weakness in the global economy and geopolitical instability, (7) keeping pace with developments in the industries we serve and with technological innovation generally, (8) designing, developing and introducing new products that are accepted by original equipment manufacturers in order to retain our existing customers and obtain new customers, (9) managing our manufacturing and procurement process effectively, (10) defects in our products that could damage our reputation, decrease market acceptance and result in potentially costly litigation, and (11) dependence on a limited number of suppliers. Additional information concerning these and other factors can be found in Ichor's filings with the Securities and Exchange Commission, including other risks, relevant factors and uncertainties identified in the "Risk Factors" section of Ichor's Annual Report on Form 10-K and Quarterly Reports on 10-Q. Any forward looking information presented herein is made only as of the date of this press release, and Ichor does not undertake any obligation to update or revise any forward-looking information to reflect changes in assumptions, the occurrence of unanticipated events, or otherwise.

Ichor Holdings, Ltd.

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Source: Ichor Holdings, Ltd.