

ICHOR HOLDINGS, LTD.

FORM 8-K (Current report filing)

Filed 04/24/17 for the Period Ending 04/24/17

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): April 24, 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))

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

Preliminary Estimated Unaudited Financial Results for the Three Months Ended March 31, 2017

The preliminary estimated unaudited financial results of Ichor Holdings, Ltd. (the “Company,” “we” or “our”) for the three months ended March 31, 2017 based on currently available information are set forth below. Estimates of results are inherently uncertain and subject to change, and we undertake no obligation to update or revise the estimates set forth below as a result of new information, future events or otherwise, except as otherwise required by law. These estimates may differ from actual results. Actual results remain subject to the completion of our quarter-end closing process which includes a final review by our management and audit committee. During the course of the preparation of the financial statements and related notes and our final review, additional items that require material adjustments to the preliminary financial information presented below may be identified. Therefore, you should not place undue reliance upon these preliminary financial results. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates,” “Risk Factors—Risks Related to Our Business — Our quarterly sales and operating results fluctuate significantly from period to period, and this may cause volatility in our stock price” and “Cautionary Statement Concerning Forward-Looking Statements” in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 28, 2017.

The preliminary estimated unaudited financial results set forth below should not be viewed as a substitute for full financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). These estimates were prepared by our management, and are based upon a number of assumptions and have not been audited or reviewed by our independent registered public accounting firm. These preliminary estimates for the three months ended March 31, 2017 are not necessarily indicative of the results to be achieved in any future period.

The following table sets forth certain estimated financial results we expect to report for the three months ended March 31, 2017 and actual financial results for the three months ended March 25, 2016:

	Three Months Ended	
	March 31, 2017 (Estimated)	March 25, 2016 (Actual)
	(Unaudited)	
(In thousands, except per share data)		
Net sales	\$ 148,704	\$ 73,287
Net income from continuing operations	12,952	1,832
Net income (loss) per share from continuing operations attributable to ordinary shareholders:		
Basic (1)	\$ 0.53	\$ 0.11
Diluted (2)	\$ 0.51	\$ 0.03
Adjusted net income from continuing operations (3)	14,567	4,545
Non-GAAP adjusted diluted EPS (3)(4)	\$ 0.57	\$ 0.19

(1) Calculated based on 24,654,416 ordinary shares as of March 31, 2017 and 65,673 ordinary shares as of March 25, 2016.

(2) Calculated based on 25,640,089 diluted ordinary shares as of March 31, 2017 and 249,889 diluted ordinary shares as of March 25, 2016.

(3) Adjusted net income from continuing operations and adjusted diluted EPS are non-GAAP financial measures. Management uses adjusted net income from continuing operations to evaluate our operating and financial results. We believe the presentation of non-GAAP results is useful to investors for analyzing business trends and comparing performance to prior periods, along with enhancing investors’ ability to view our results from management’s perspective. Adjusted net income from continuing operations is defined as net income from continuing operations, adjusted to exclude (i) amortization of intangible assets, share-based compensation expense, and other non-recurring expenses, (ii) tax adjustments related to those non-GAAP adjustments, and (iii) the tax benefit related to the acquisition of Ajax-United Patterns & Molds, Inc. and its subsidiaries in April 2016. Non-GAAP adjusted diluted EPS is defined as adjusted net income from continuing operations divided by adjusted diluted ordinary shares, which assumes our initial public offering and conversion of preferred shares into ordinary shares occurred at the beginning of the measurement period.

Adjusted net income from continuing operations has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for net income or any of our other operating results reported under GAAP. Other companies may calculate adjusted net income differently or may use other measures to evaluate their performance, both of which could reduce the usefulness of our adjusted net income as a tool for comparison.

Because of these limitations, you should consider adjusted net income from continuing operations alongside other financial performance measures, including net income from continuing operations and other financial results presented in accordance with GAAP. In addition, in evaluating adjusted net income, you should be aware that in the future we will incur expenses such as those that are the subject of adjustments in deriving adjusted net income and you should not infer from our presentation of adjusted net income that our future results will not be affected by these expenses or any unusual or non-recurring items.

A reconciliation of estimated and actual net income from continuing operations to estimated and actual adjusted net income for the three months ended March 31, 2017 and March 25, 2016, respectively, is set forth below.

(4) For the quarter ended March 25, 2016, assumes the shares sold in our initial public offering, the conversion of all our outstanding preferred shares into ordinary shares, and vesting of restricted shares and options that vested at our initial public offering occurred at the beginning of the measurement period, for comparability between current and prior periods.

The increase in sales from the first quarter of 2016 to the first quarter of 2017 was primarily due to an increase in our market share at our two largest customers and an increase in the volume of purchases by our two largest customers driven by overall industry growth.

The increase in net income from continuing operations from the first quarter of 2016 to the first quarter of 2017 was primarily due to an increase in sales volume.

The following table presents a reconciliation of our estimated and actual net income from continuing operations to our estimated and actual non-GAAP adjusted net income for the three months ended March 31, 2017 and March 25, 2016, respectively. Net income from continuing operations is the most directly comparable financial measure presented in accordance with GAAP and has been estimated based on our preliminary operating results.

	Three Months Ended	
	March 31, 2017	March 25, 2016
	(Estimated)	(Actual)
	(Unaudited)	
(In thousands, except share and per share data)		
Net income from continuing operations	\$ 12,952	\$ 1,832
Non-GAAP adjustments:		
Amortization of intangible assets	1,795	1,603
Share-based compensation	344	417
Other non-recurring expenses	(500)	713
Tax adjustment related to non-GAAP adjustments	(24)	(20)
Tax benefit related to Ajax acquisition	—	—
Adjusted net income from continuing operations	<u>\$ 14,567</u>	<u>\$ 4,545</u>
Non-GAAP adjusted diluted EPS (1)	<u>\$ 0.57</u>	<u>\$ 0.19</u>
Diluted shares used to compute non-GAAP adjusted diluted EPS (2)	25,640,089	24,002,128

(1) Calculated by dividing adjusted net income from continuing operations by non-GAAP diluted shares outstanding.

(2) For the quarter ended March 25, 2016, assumes the shares sold in our initial public offering, the conversion of all our outstanding preferred shares into ordinary shares, and vesting of restricted shares and options that vested at our initial public offering occurred at the beginning of the measurement period, for comparability between current and prior periods. No adjustment is needed to diluted shares outstanding for the quarter ended March 31, 2017.

Press Release

On April 24, 2017, the Company issued a press release announcing certain preliminary financial results for the first quarter of the 2017 fiscal year. A copy of the press release is attached as Exhibit 99.1.

The information in this Form 8-K 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 it 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.

FORWARD-LOOKING STATEMENTS

Certain statements in this filing are “forward-looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as “guidance,” “expects,” “intends,” “projects,” “plans,” “believes,” “estimates,” “targets,” “anticipates,” and similar expressions are used to identify these forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements regarding expected sales, as well as any other statement that does not directly relate to any historical or current fact. Forward-looking statements are based on current expectations and assumptions, which may not prove to be accurate. These statements are not guarantees and are subject to risks, uncertainties and changes in circumstances that are difficult to predict. Please refer to our filings with the Securities and Exchange Commission for a discussion of other factors that may affect future performance or results. We undertake no obligation to update publicly or revise any forward-looking statements contained herein to reflect future events or developments, except as required by law.

Item 9.01 Financial Statements and Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated April 24, 2017, announcing preliminary results for first quarter.

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: April 24, 2017

**Exhibit
Number**

Description

99.1 Press Release, dated April 24, 2017, announcing preliminary results for first quarter.

**ICHOR HOLDINGS, LTD. ANNOUNCES PRELIMINARY UNAUDITED REVENUE AND EARNINGS FOR FIRST QUARTER AND GUIDANCE
FOR SECOND QUARTER OF FISCAL YEAR 2017**

FREMONT, CA., April 24th, 2017—(BUSINESS WIRE)—Ichor Holdings, Ltd. (NASDAQ: ICHR), a leader in the design, engineering, and manufacturing of critical fluid delivery subsystems for semiconductor capital equipment, today announced its preliminary sales and earnings results for the first quarter. Ichor expects revenue of approximately \$148.7 million, U.S. GAAP net income from continuing operations of approximately \$13.0 million, non-GAAP adjusted net income from continuing operations of approximately \$14.6 million, diluted earnings per share (“diluted EPS”) of \$0.51, and non-GAAP adjusted diluted EPS of \$0.57. Additionally, Ichor expects sales for the second quarter of the 2017 fiscal year to be in the range of \$152 million to \$162 million.

	Three Months Ended
	March 31, 2017
	<i>(in thousands, except share and per share amounts)</i>
Reconciliation of U.S. GAAP to Non-GAAP Data (unaudited):	
Net income from continuing operations	\$ 12,952
Non-GAAP adjustments:	
Amortization of intangible assets	1,795
Share-based compensation	344
Other non-recurring expenses	(500)
Tax adjustments related to non-GAAP adjustments	(24)
Tax benefit related to Ajax acquisition	—
Non-GAAP adjusted net income from continuing operations	\$ 14,567
Non-GAAP adjusted diluted EPS (1)	\$ 0.57
Shares used to compute U.S. GAAP and non-GAAP diluted EPS	25,640,089

(1) Calculated by dividing non-GAAP adjusted net income from continuing operations by diluted shares outstanding.

Fiscal 2017 First Quarter Earnings Conference Call

Ichor will conduct a conference call to discuss its fiscal 2017 first quarter results and business outlook on May 11, 2017 at 1:30 p.m. Pacific time. After the close of the market on May 11th, Ichor will issue an earnings press release. The press release will be available on Ichor’s website at www.ichorsystems.com.

To listen to the conference call via the Internet, please visit the investor relations section of Ichor’s Web site at ir.ichorsystems.com. To listen to the conference call via telephone, please call 844-395-9251 (domestic) or 478-219-0504 (international), conference ID: 11540047.

A taped replay of the webcast will be available shortly after the call on Ichor’s website or by calling 855-859-2056 (domestic) or 404-537-3406 (international), conference ID: 11540047.

About Ichor

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. For more information, please visit Ichor’s website at: www.ichorsystems.com.

Safe Harbor Statement

Certain statements in this release are “forward-looking statements” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Words such as “guidance,” “expects,” “intends,” “projects,” “plans,” “believes,” “estimates,” “targets,” “anticipates,” and similar expressions are used to identify these forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements regarding expected sales, as well as any other statement that does not directly relate to any historical or current fact. Forward-looking statements are based on current expectations and assumptions, which may not prove to be accurate. These statements are not guarantees and are subject to risks, uncertainties and changes in circumstances that are difficult to predict. Many factors could cause actual results to differ materially and adversely from these forward-looking statements, including: (1) dependence on expenditures by manufacturers and cyclical downturns in the semiconductor capital equipment industry, (2) reliance on a very small number of original equipment manufacturers for a significant portion of sales, (3) negotiating leverage held by our customers, (4) competitiveness and rapid evolution of the industries in which we participate, (5) risks associated with weakness in the global economy and geopolitical instability, (6) keeping pace with developments in the industries we serve and with technological innovation generally, (7) designing, developing and introducing new products that are accepted by original equipment manufacturers in order to retain our existing customers and obtain new customers, (8) managing our manufacturing and procurement process effectively, (9) defects in our products that could damage our reputation, decrease market acceptance and result in potentially costly litigation, and (10) 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. We undertake no obligation to update publicly or revise any forward-looking statements contained herein to reflect future events or developments, except as required by law.

Contact:

Maurice Carson, 510-897-5200

IR@ichorsystems.com

Source: Ichor Holdings, Ltd.