

NETLOGIC MICROSYSTEMS INC

Form 10-Q

November 08, 2005

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to _____

Commission File Number: 000-50838

NETLOGIC MICROSYSTEMS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

77-0455244
(I.R.S. Employer
Identification No.)

1875 Charleston Rd.
Mountain View, CA 94043
(650) 961-6676

(Address and telephone number of principal executive offices)

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) had been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding of the Registrant's Common Stock, \$0.01 par value, was 17,976,442 as of October 31, 2005.

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NETLOGIC MICROSYSTEMS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS)

(UNAUDITED)

	September 30, 2005	December 31, 2004
	<u> </u>	<u> </u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 60,464	\$ 41,411
Accounts receivable, net	3,319	5,873
Inventory	8,016	7,759
Prepaid expenses and other current assets	1,061	1,408
	<u> </u>	<u> </u>
Total current assets	72,860	56,451
Property and equipment, net	3,671	2,953
Other assets	103	50
	<u> </u>	<u> </u>
Total assets	<u>\$ 76,634</u>	<u>\$ 59,454</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 6,928	\$ 5,690
Accrued liabilities	6,067	4,164
Capital lease obligations, current	262	1,314
	<u> </u>	<u> </u>
Total current liabilities	13,257	11,168
Capital lease obligations, long-term	253	3
Other liabilities	297	181
	<u> </u>	<u> </u>
Total liabilities	13,807	11,352
Stockholders' equity:		
Common stock	179	176
Additional paid-in capital	151,908	150,771
Notes receivable from stockholders	(60)	(434)
Deferred stock-based compensation	(1,472)	(3,227)
Accumulated deficit	(87,728)	(99,184)
	<u> </u>	<u> </u>
Total stockholders' equity	62,827	48,102
	<u> </u>	<u> </u>

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Total liabilities and stockholders' equity	\$ 76,634	\$ 59,454
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The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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NETLOGIC MICROSYSTEMS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(IN THOUSANDS, EXCEPT FOR PER SHARE AMOUNTS)

(UNAUDITED)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2005	2004	2005	2004
Revenue:				
Product revenue	\$ 20,029	\$ 12,441	\$ 60,538	\$ 31,456
License and engineering service revenue				1,128
Total revenue	20,029	12,441	60,538	32,584
Cost of revenue:				
Cost of product revenue	7,796	6,861	25,500	18,766
Cost of license and engineering service revenue				
Total cost of revenue	7,796	6,861	25,500	18,766
Gross profit	12,233	5,580	35,038	13,818
Operating expenses:				
Research and development	6,048	3,891	15,401	12,365
Selling, general and administrative	2,432	1,735	7,073	4,895
Stock-based compensation	397	1,090	1,487	4,616
Total operating expenses	8,877	6,716	23,961	21,876
Income (loss) from operations	3,356	(1,136)	11,077	(8,058)
Interest and other income (expense), net	378	(2,502)	785	(3,897)
Income (loss) before income taxes	3,734	(3,638)	11,862	(11,955)
Provision for income taxes	126		406	
Net income (loss)	\$ 3,608	\$ (3,638)	\$ 11,456	\$ (11,955)
Net income (loss) per share - Basic	\$ 0.20	\$ (0.22)	\$ 0.65	\$ (1.50)
Net income (loss) per share - Diluted	\$ 0.19	\$ (0.22)	\$ 0.61	\$ (1.50)
Shares used in calculation - Basic	17,798	16,243	17,650	7,954

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Shares used in calculation - Diluted	19,268	16,243	18,907	7,954
(1) Stock-based compensation included in cost of product revenue	\$ 22	\$ 67	\$ 56	\$ 168
(2) Components of stock-based compensation included in operating expenses:				
Research and development	\$ 192	\$ 410	\$ 653	\$ 1,843
Selling, general and administrative	205	680	834	2,773
Total	\$ 397	\$ 1,090	\$ 1,487	\$ 4,616

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NETLOGIC MICROSYSTEMS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS)

(UNAUDITED)

	Nine months ended September 30,	
	2005	2004
Cash flows from operating activities:		
Net income (loss)	\$ 11,456	\$ (11,955)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,548	1,223
Non-cash interest expense	204	3,445
Amortization of deferred stock-based compensation	1,543	4,784
Non-cash stock compensation charge	19	11
Provision for inventory reserves	2,828	
Provision for allowance for doubtful accounts	(247)	192
Changes in assets and liabilities:		
Accounts receivable	2,801	236
Inventory	(3,085)	(4,887)
Prepaid expenses and other assets	93	(616)
Accounts payable	1,238	380
Accrued liabilities	1,903	(3,966)
Deferred revenue		(500)
Other long-term liabilities	116	72
Net cash provided by (used in) operating activities	20,417	(11,581)
Cash flows from investing activities:		
Purchase of property and equipment	(975)	(1,034)
Sale (purchase) of short-term investments, net		2,995
Restricted cash		5,000
Net cash provided by (used in) investing activities	(975)	6,961
Cash flows from financing activities:		
Proceeds from issuance of common stock	1,340	1,048
Proceeds from initial public offering, net		39,228
Proceeds from convertible promissory notes		7,650