

ILLUMINA INC
Form 10-Q
May 07, 2014
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarterly Period Ended March 30, 2014

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 001-35406
Illumina, Inc.
(Exact name of registrant as specified in its charter)

Delaware 33-0804655
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

5200 Illumina Way, 92122
San Diego, CA (Zip Code)
(Address of principal executive offices)
(858) 202-4500
(Registrant's telephone number, including area code)

Indicate by check mark whether the 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) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of April 11, 2014, there were 128.4 million shares of the registrant's Common Stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

ILLUMINA, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	March 30, 2014 (Unaudited)	December 29, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$518,513	\$711,637
Short-term investments	573,289	453,966
Accounts receivable, net	293,045	238,946
Inventory	164,231	154,099
Deferred tax assets, current portion	40,349	36,076
Prepaid expenses and other current assets	42,516	22,811
Total current assets	1,631,943	1,617,535
Property and equipment, net	210,372	202,666
Goodwill	723,259	723,061
Intangible assets, net	316,984	331,173
Deferred tax assets, long-term portion	101,336	88,480
Other assets	69,676	56,091
Total assets	\$3,053,570	\$3,019,006
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$86,471	\$73,655
Accrued liabilities	215,292	219,120
Long-term debt, current portion	848,016	29,288
Total current liabilities	1,149,779	322,063
Long-term debt	—	839,305
Long-term legal contingencies	138,780	132,933
Other long-term liabilities	191,398	191,221
Conversion option subject to cash settlement	—	282
Stockholders' equity:		
Preferred stock	—	—
Common stock	1,778	1,753
Additional paid-in capital	2,681,983	2,562,705
Accumulated other comprehensive income	1,208	1,234
Retained earnings	267,832	207,855
Treasury stock, at cost	(1,379,188)	(1,240,345)
Total stockholders' equity	1,573,613	1,533,202
Total liabilities and stockholders' equity	\$3,053,570	\$3,019,006
See accompanying notes to the condensed consolidated financial statements.		

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ILLUMINA, INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (Unaudited)
 (In thousands, except per share amounts)

	Three Months Ended		
	March 30, 2014	March 31, 2013	
Revenue:			
Product revenue	\$362,211	\$296,170	
Service and other revenue	58,570	34,788	
Total revenue	420,781	330,958	
Cost of revenue:			
Cost of product revenue	111,441	89,978	
Cost of service and other revenue	21,513	15,138	
Amortization of acquired intangible assets	9,535	6,550	
Total cost of revenue	142,489	111,666	
Gross profit	278,292	219,292	
Operating expense:			
Research and development	77,041	61,450	
Selling, general and administrative	109,573	85,074	
Acquisition related (gain) expense, net	(1,013) 3,821	
Headquarter relocation	595	757	
Legal contingencies	—	105,853	
Unsolicited tender offer related expense	—	7,484	
Total operating expense	186,196	264,439	
Income (loss) from operations	92,096	(45,147)
Other income (expense):			
Interest income	956	1,933	
Interest expense	(9,743) (9,747)
Cost-method investment related gain	—	6,113	
Other income (expense), net	479	(714)
Total other expense, net	(8,308) (2,415)
Income (loss) before income taxes	83,788	(47,562)
Provision for (benefit from) income taxes	23,811	(24,975)
Net income (loss)	\$59,977	\$(22,587)
Net income (loss) per basic share	\$0.47	\$(0.18)
Net income (loss) per diluted share	\$0.40	\$(0.18)
Shares used in calculating basic net income (loss) per share	128,146	123,768	
Shares used in calculating diluted net income (loss) per share	150,619	123,768	
See accompanying notes to the condensed consolidated financial statements.			

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