

CADENCE DESIGN SYSTEMS INC
Form 10-Q
October 26, 2017

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, 2017

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 000-15867

CADENCE DESIGN SYSTEMS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware 00-0000000
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

2655 Seely Avenue, Building 5, San Jose, California 95134
(Address of Principal Executive Offices) (Zip Code)
(408) 943-1234

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Smaller reporting company

Non-accelerated filer (Do not check if a smaller reporting company) 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.

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

On September 30, 2017, approximately 282,360,000 shares of the registrant's common stock, \$0.01 par value, were outstanding.

CADENCE DESIGN SYSTEMS, INC.
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CADENCE DESIGN SYSTEMS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

(Unaudited)

	As of	
	September 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$678,284	\$465,232
Short-term investments	4,135	3,057
Receivables, net	170,312	157,171
Inventories	36,000	39,475
Prepaid expenses and other	42,374	37,099
Total current assets	931,105	702,034
Property, plant and equipment, net of accumulated depreciation of \$648,298 and \$612,961, respectively	244,620	238,607
Goodwill	574,912	572,764
Acquired intangibles, net of accumulated amortization of \$283,632 and \$267,723, respectively	216,177	258,814
Long-term receivables	11,590	12,949
Other assets	326,823	311,740
Total assets	\$2,305,227	\$2,096,908
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Revolving credit facility	\$—	\$50,000
Accounts payable and accrued liabilities	199,672	239,496
Current portion of deferred revenue	320,462	296,066
Total current liabilities	520,134	585,562
Long-term liabilities:		
Long-term portion of deferred revenue	57,865	66,769
Long-term debt	644,146	643,493
Other long-term liabilities	72,342	59,314
Total long-term liabilities	774,353	769,576
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Common stock and capital in excess of par value	1,807,839	1,820,081
Treasury stock, at cost	(1,142,524)	(1,190,053)
Retained earnings	355,445	136,902
Accumulated other comprehensive loss	(10,020)	(25,160)
Total stockholders' equity	1,010,740	741,770
Total liabilities and stockholders' equity	\$2,305,227	\$2,096,908

See notes to condensed consolidated financial statements.

CADENCE DESIGN SYSTEMS, INC.
 CONDENSED CONSOLIDATED INCOME STATEMENTS

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,	October 1,	September 30,	October 1,
	2017	2016	2017	2016
Revenue:				
Product and maintenance	\$451,229	\$415,370	\$1,346,483	\$1,247,077
Services	34,169	30,850	94,827	100,026
Total revenue	485,398	446,220	1,441,310	1,347,103
Costs and expenses:				
Cost of product and maintenance	34,825	38,740	117,371	125,881
Cost of services	19,657	17,867	59,735	54,563
Marketing and sales	104,263	96,793	311,507	297,103
Research and development	206,568	191,547	600,755	553,824
General and administrative	36,302			