

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 30, 2020

KULICKE AND SOFFA INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Pennsylvania
(State or Other Jurisdiction
of Incorporation)

000-00121
(Commission File Number)

23-1498399
(I.R.S. Employer
Identification No.)

23A Serangoon North Avenue 5 , #01-01 , K&S Corporate Headquarters , Singapore 554369
(Address of Principal Executive Offices and Zip Code)

Registrant's telephone number, including area code: (215) 784-6000
N/A

(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 (see General Instruction A.2. below):

- 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 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.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Without Par Value	KLIC	The Nasdaq Global Market

Item 2.02 Results of Operations and Financial Condition.

On April 30, 2020, Kulicke and Soffa Industries, Inc. (the “Company”) issued a press release with respect to its financial results for its second fiscal quarter ended March 28, 2020. A copy of this press release is furnished as Exhibit 99.1 to this report, and is incorporated by reference into this Item 2.02 as if fully set forth herein.

The information in this report, furnished under “Item 2.02 Results of Operations and Financial Condition,” shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), 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 shall be expressly set forth by specific reference in such filing.

Item 8.01 Other Events

In light of the ongoing COVID-19 pandemic, the Company will be including the following Risk Factor in the Company’s Form 10-Q for the three months ended March 28, 2020:

The effects of the COVID-19 pandemic could adversely affect our business, results of operations, and financial condition.

A strain of Coronavirus (“COVID-19”), which was first detected in Wuhan, China in December 2019, has rapidly spread across China and across the globe, and on March 11, 2020, the World Health Organization declared COVID-19 a pandemic. As a result of the COVID-19 pandemic, many countries have suspended travel to and from affected countries and imposed quarantines on affected individuals. The commercial activities of our customers and suppliers in China and our manufacturing facility in Suzhou, China, were restricted for a period of time due to government-mandated closures, and employees were delayed in returning to work at our facility. COVID-19 has continued to spread into other parts of the world, with Europe and United States becoming the new epicenters of the COVID-19 pandemic. Various countries have implemented partial or national lockdowns to curb the spread.

The COVID-19 pandemic has significantly impacted the global economy, disrupted global supply chains, lowered equity market valuations, created significant volatility and disruption in financial markets, and significantly increased unemployment levels. In addition, the pandemic has resulted in temporary closures and failures of many businesses and the institution of social distancing and sheltering-in-place requirements in many jurisdictions.

In response to the outbreak, we have temporarily closed certain offices in the United States, Europe and Asia as well as executed our Business Continuity Plan (“BCP”), which measures have significantly disrupted how we operate our business. While we are currently operating at nearly full capacity in all of our manufacturing locations, work-from-home practices were instituted across every office worldwide, which have impacted our non-manufacturing productivity, including our research & development.

The duration and extent of the impact from the COVID-19 pandemic depends on future developments that cannot be accurately predicted at this time, but may include the following:

- a decrease in short-term and/or long-term demand for our products resulting from widespread business shutdowns and slowdowns, quarantines, travel and logistics restrictions and other actions taken by governments, businesses, and the general public in an effort to limit exposure to and spread of COVID-19;
- negative impacts to our operations, technology development, new product introduction and customer qualifications resulting from our efforts to mitigate the impact of COVID-19 through execution of our BCP;
- disruptions to our supply chain, including materials, equipment, engineering support and services, due to efforts to contain the spread of COVID-19;
- more difficult and more expensive travel and transportation of our supplies and products, ultimately affecting the sales of our products;
- increased volatility in the semiconductor industry due to heightened uncertainty, including our inability to keep pace relative to our competitors during a post-COVID-19 market recovery should that occur; and
- reduced sales volume to or loss of significant customers, or cancellation, delay or reduction of backlogged customer orders.

Due to the unprecedented and rapidly changing social and economic impacts associated with the COVID-19 pandemic on the global economy generally, we are unable to predict or estimate the ultimate impact on our business or business prospects. The ultimate significance of COVID-19 on our business will depend on, among other things: the extent and duration of the pandemic, the severity of the disease and the number of people infected with the virus; the effects on the economy of the pandemic and of the measures taken by governmental authorities and other third parties restricting day-to-day life and the length of time that such measures remain in place; and governmental programs implemented to assist businesses impacted by the COVID-19 pandemic.

At this time, we cannot estimate the short- or long-term impacts of COVID-19 on our business, liquidity, results of operations or financial condition.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No. Description

99.1 Press Release dated April 30, 2020

104 Inline XBRL for the cover page of this Current Report on Form 8-K.

SIGNATURE

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 hereunto duly authorized.

KULICKE AND SOFFA INDUSTRIES, INC.

Date: April 30, 2020

By: /s/ LESTER WONG

Name: Lester Wong

Title: Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated April 30, 2020
104	Inline XBRL for the cover page of this Current Report on Form 8-K.

**K&S Corporate Headquarters**

Kulicke & Soffa Pte Ltd

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Co. Regn. No. 199902120H

Kulicke & Soffa Reports Second Quarter 2020 Results

Singapore – April 30, 2020 – Kulicke and Soffa Industries, Inc. (NASDAQ: KLIC) (“Kulicke & Soffa,” “K&S” or the “Company”), today announced financial results of its second fiscal quarter ended March 28, 2020 . The Company reported second quarter net revenue of \$150.7 million , net income of \$11.9 million and non-GAAP net income of \$13.7 million .

Quarterly Results - U.S. GAAP

	Fiscal Q2 2020	Change vs. Fiscal Q2 2019	Change vs. Fiscal Q1 2020
Net Revenue	\$150.7 million	up 30.1%	up 4.4%
Gross Profit	\$69.3 million	up 24.6%	down 1.6%
Gross Margin	46.0%	down 190 bps	down 280 bps
Income from Operations	\$11.1 million	up 544%	down 17.2%
Operating Margin	7.3%	up 950 bps	down 200 bps
Net Income	\$11.9 million	up 430.6%	down 11.9%
Net Margin	7.9%	up 1100 bps	down 150 bps
EPS – Diluted ^(a)	\$0.19	up 480%	down 9.5%

(a) GAAP diluted net earnings per share reflects any dilutive effect of outstanding restricted stock units and stock options, but that effect is excluded when calculating GAAP diluted net (loss) per share because it would be anti-dilutive. For the three months ended March 30, 2019, 0.8 million shares of restricted stock units and stock options were excluded due to the Company's net loss.

Quarterly Results - Non-GAAP

	Fiscal Q2 2020	Change vs. Fiscal Q2 2019	Change vs. Fiscal Q1 2020
Income from Operations	\$12.9 million	up 1175%	down 17.3%
Operating Margin	8.6%	up 970 bps	down 220 bps
Net Income	\$13.7 million	up 6750%	down 12.7%
Net Margin	9.1%	up 890 bps	down 180 bps
EPS - Diluted	\$0.22	NA	down 8.3%

A reconciliation of the GAAP and non-GAAP adjusted results is provided in the financial tables included in this release. See also “Use of non-GAAP Financial Results” section.

Dr. Fusen Chen, Kulicke & Soffa's President and Chief Executive Officer, stated, "While the ongoing COVID-19 pandemic continues to have severe health and economic effects throughout the world, and has created operational challenges for our business, our strong fundamental position and long-term efforts around business continuity planning have allowed us to continue pursuing an aggressive development roadmap while minimizing operational disruptions. We also remain focused on increasing production and driving market adoption of our new advanced packaging and advanced LED offerings."

The Company's manufacturing facility in China was impacted by a government-mandated shutdown but has returned to full capacity within the second fiscal quarter. Its other manufacturing facilities in Singapore and the Netherlands also remain at full capacity.

Second Quarter Fiscal 2020 Financial Highlights

- Net revenue of \$150.7 million .
- Gross margin of 46.0% .
- Net income of \$11.9 million or \$0.19 per share; non-GAAP net income of \$13.7 million or \$0.22 per share.
- Cash, cash equivalents, and short-term investments, net of bank overdraft facility were \$524.7 million as of March 28, 2020 .

Third Quarter Fiscal 2020 Outlook

The Company currently expects net revenue in the third fiscal quarter of 2020 ending June 27, 2020 to be approximately \$140 million to \$160 million. This outlook considers currently projected demand impacts of ongoing global semiconductor production disruptions, due to regional shelter-in-place and movement control orders.

Looking forward, Dr. Fusen Chen commented, "The current global environment remains very fluid and dynamic, but we continue to anticipate gradual demand improvements through our second fiscal half. We anticipate ongoing improvements in the general semiconductor, LED and memory markets."

Earnings Conference Call Details

A conference call to discuss these results will be held tomorrow, April 30, 2020, beginning at 8:00am EDT. To access the conference call, interested parties may call +1-877-407-8037 or internationally +1-201-689-8037. A live webcast will also be available at investor.kns.com.

A replay will be available from approximately one hour after the completion of the call through May 7th by calling toll-free +1-877-660-6853 or internationally +1-201-612-7415 and using the replay ID number of 13700377. A webcast replay will also be available at investor.kns.com.

Use of Non-GAAP Financial Results

In addition to U.S. GAAP results, this press release also contains non-GAAP financial results. The Company's non-GAAP results exclude amortization related to intangible assets acquired through business combinations, goodwill impairment, costs associated with restructuring, income tax expense related to the Tax Cuts and Jobs Act of 2017 as well as tax benefits or expense associated with the foregoing non-GAAP items. These non-GAAP measures are consistent with the way management analyzes and assesses the Company's operating results. The Company believes these non-GAAP measures enhance investors' understanding of the Company's underlying operational performance, as well as their ability to compare the Company's period-to-period financial results and the Company's overall performance to that of its competitors.

Management uses both U.S. GAAP metrics as well as non-GAAP operating income, operating margin, net income, net margin and net income per diluted share to evaluate the Company's operating and financial results. Non-GAAP financial measures may not provide information that is directly comparable to that provided by other companies in the Company's industry, as other companies in the industry may calculate non-GAAP financial results differently. In addition, there are limitations in using non-GAAP financial measures because the non-GAAP financial measures are not prepared in accordance with GAAP, may be different from non-GAAP financial measures used by other companies and exclude expenses that may have a material impact on the Company's reported financial results. The presentation of non-GAAP items is meant to supplement, but not substitute for, GAAP financial measures or information. The Company believes the presentation of non-GAAP results in combination with GAAP results provides better transparency to the investment community when analyzing business trends, providing meaningful comparisons with prior period performance and enhancing investors' ability to view the Company's results from management's perspective. A reconciliation of each available GAAP to non-GAAP financial measure discussed in this press release is contained in the attached exhibit.

About Kulicke & Soffa

Kulicke & Soffa (NASDAQ: KLIC) is a leading provider of semiconductor and electronic assembly solutions serving the global automotive, consumer, communications, computing and industrial markets. Founded in 1951, K&S prides itself on establishing

foundations for technological advancement - creating pioneering interconnect solutions that enable performance improvements, power efficiency, form-factor reductions and assembly excellence of current and next-generation semiconductor devices.

Leveraging decades of development proficiency and extensive process technology expertise, Kulicke & Soffa's expanding portfolio provides equipment solutions, aftermarket products and services supporting a comprehensive set of interconnect technologies including wire bonding, advanced packaging, lithography, and electronics assembly. Dedicated to empowering technological discovery, always, K&S collaborates with customers and technology partners to push the boundaries of possibility, enabling a smarter future (www.kns.com).

Caution Concerning Results and Forward-Looking Statements

In addition to historical statements, this press release contains statements relating to future events and our future results. These statements are “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. While these forward-looking statements represent our judgments and future expectations concerning our business, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to the factors listed or discussed in our 2019 Annual Report on Form 10-K, our Current Report on Form 8-k filed April 29, 2020, and our other filings with the Securities and Exchange Commission. Kulicke and Soffa Industries, Inc. is under no obligation to (and expressly disclaims any obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

Contacts:

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KULICKE & SOFFA INDUSTRIES, INC.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(In thousands, except per share and employee data)
(Unaudited)

	Three months ended		Six months ended	
	March 28, 2020	March 30, 2019	March 28, 2020	March 30, 2019
Net revenue	\$ 150,741	\$ 115,908	\$ 295,038	\$ 273,116
Cost of sales	81,438	60,335	155,371	142,744
Gross profit	69,303	55,573	139,667	130,372
Operating expenses:				
Selling, general and administrative	27,331	27,235	53,755	55,768
Research and development	29,067	29,577	57,359	59,380
Amortization of intangible assets	1,820	1,869	3,637	3,746
Restructuring	9	(643)	426	(612)
Total operating expenses	58,227	58,038	115,177	118,282
Income/(loss) from operations	11,076	(2,465)	24,490	12,090
Other income (expense):				
Interest income	2,675	3,865	5,514	7,691
Interest expense	(661)	(254)	(1,244)	(505)
Income before income taxes	13,090	1,146	28,760	19,276
Income tax expense	1,162	4,672	3,295	15,242
Share of results of equity-method investee, net of tax	40	29	100	72
Net income /(loss)	\$ 11,888	\$ (3,555)	\$ 25,365	\$ 3,962
Net income per share:				
Basic	\$ 0.19	\$ (0.05)	\$ 0.40	\$ 0.06
Diluted	\$ 0.19	\$ (0.05)	\$ 0.39	\$ 0.06
Cash dividends declared per share	\$ 0.12	\$ 0.12	\$ 0.24	\$ 0.24
Weighted average shares outstanding:				
Basic	63,679	65,930	63,675	66,530
Diluted	64,219	65,930	64,266	67,344

<i>Supplemental financial data:</i>	Three months ended		Six months ended	
	March 28, 2020	March 30, 2019	March 28, 2020	March 30, 2019
Depreciation and amortization	\$ 4,769	\$ 5,237	\$ 9,528	\$ 10,006
Capital expenditures	2,775	2,234	5,099	7,176
Equity-based compensation expense:				
Cost of sales	183	160	415	310
Selling, general and administrative	2,695	2,330	5,430	5,255
Research and development	844	811	1,486	1,609
Total equity-based compensation expense	\$ 3,722	\$ 3,301	\$ 7,331	\$ 7,174

	As of	
	March 28, 2020	March 30, 2019
Backlog of orders ¹	\$ 136,353	\$ 89,439
Number of employees	2,929	2,747

1. Represents customer purchase commitments. While the Company believes these orders are firm, they are generally cancellable by customers without penalty.

KULICKE & SOFFA INDUSTRIES, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(In thousands)
(Unaudited)

ASSETS	As of	
	March 28, 2020	September 28, 2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 392,307	\$ 364,184
Short-term investments	248,000	229,000
Accounts and other receivable, net of allowance for doubtful accounts of \$501 and \$597, respectively	199,793	195,830
Inventories, net	106,178	89,308
Prepaid expenses and other current assets	24,149	15,429
TOTAL CURRENT ASSETS	970,427	893,751
Property, plant and equipment, net	55,647	72,370
Operating right-of-use assets	22,692	—
Goodwill	55,946	55,691
Intangible assets, net	39,757	42,651
Deferred tax assets	6,975	6,409
Equity investments	7,427	6,250
Other assets	2,027	2,494
TOTAL ASSETS	\$ 1,160,898	\$ 1,079,616
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short term debt	\$ 115,617	\$ 60,904
Accounts payable	50,530	36,711
Operating lease liabilities	5,236	—
Accrued expenses and other current liabilities	78,296	64,533
Income taxes payable	12,358	12,494
TOTAL CURRENT LIABILITIES	262,037	174,642
Financing obligation	—	14,207
Deferred income taxes	33,690	32,054
Income taxes payable	74,469	80,290
Operating lease liabilities	18,550	—
Other liabilities	9,754	9,360
TOTAL LIABILITIES	398,500	310,553
SHAREHOLDERS' EQUITY		
Common stock, no par value	532,912	533,590
Treasury stock, at cost	(365,095)	(349,212)
Retained earnings	604,013	594,625
Accumulated other comprehensive loss	(9,432)	(9,940)
TOTAL SHAREHOLDERS' EQUITY	\$ 762,398	\$ 769,063
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,160,898	\$ 1,079,616

KULICKE & SOFFA INDUSTRIES, INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three months ended		Six months ended	
	March 28, 2020	March 30, 2019	March 28, 2020	March 30, 2019
Net cash provided by operating activities	\$ 14,055	\$ 27,334	\$ 39,083	\$ 83,335
Net cash (used in)/provided by investing activities	(131,466)	138,962	(24,979)	73,689
Net cash provided by/(used in) financing activities	12,106	(25,176)	14,258	(59,092)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	238	275	(239)	257
Changes in cash, cash equivalents and restricted cash	(105,067)	141,395	28,123	98,189
Cash and cash equivalents, beginning of period	497,374	277,942	364,184	321,148
Cash and cash equivalents, end of period	<u>\$ 392,307</u>	<u>\$ 419,337</u>	<u>\$ 392,307</u>	<u>\$ 419,337</u>
Short-term investments	248,000	208,000	248,000	208,000
Total cash, cash equivalents and short-term investments	<u>\$ 640,307</u>	<u>\$ 627,337</u>	<u>\$ 640,307</u>	<u>\$ 627,337</u>

**Reconciliation of U.S. GAAP Income from Operating
to Non-GAAP Income from Operation and Operating Margin**
(in thousands, except percentages)
(unaudited)

	Three months ended		
	March 28, 2020	March 30, 2019	December 28, 2019
Net revenue	\$ 150,741	\$ 115,908	\$ 144,297
U.S. GAAP income/(loss) from operations	11,076	(2,465)	13,414
U.S. GAAP operating margin	7.3%	(2.1)%	9.3%
Pre-tax non-GAAP items:			
Amortization related to intangible assets acquired through business combination- selling, general and administrative	1,820	1,869	1,817
Restructuring	9	(643)	417
Non-GAAP income/(loss) from operations	\$ 12,905	\$ (1,239)	\$ 15,648
Non-GAAP operating margin	8.6%	(1.1)%	10.8%

**Reconciliation of U.S. GAAP Net Income to Non-GAAP Net Income and
U.S. GAAP net income per share to Non-GAAP net income per share
(in thousands, except per share data)
(unaudited)**

	Three months ended		
	March 28, 2020	March 30, 2019	December 28, 2019
Net revenue	\$ 150,741	\$ 115,908	\$ 144,297
U.S. GAAP net income/(loss)	11,888	(3,555)	13,477
U.S. GAAP net margin	7.9%	(3.1)%	9.3%
Non-GAAP adjustments:			
Amortization related to intangible assets acquired through business combination- selling, general and administrative	1,820	1,869	1,817
Restructuring	9	(643)	417
Income tax expense- Tax Reform	—	2,499	—
Net income tax benefit on non-GAAP items	(27)	28	(51)
Total non-GAAP adjustments	\$ 1,802	\$ 3,753	\$ 2,183
Non-GAAP net income	\$ 13,690	\$ 198	\$ 15,660
Non-GAAP net margin	9.1%	0.2 %	10.9%
U.S. GAAP net income per share:			
Basic	0.19	(0.05)	0.21
Diluted ^(a)	0.19	(0.05)	0.21
Non-GAAP adjustments per share: ^(b)			
Basic	0.03	0.05	0.03
Diluted	0.03	0.05	0.03
Non-GAAP net income per share:			
Basic	\$ 0.22	\$ —	\$ 0.24
Diluted ^(c)	\$ 0.22	\$ —	\$ 0.24

(a) GAAP diluted net earnings per share reflects any dilutive effect of outstanding restricted stock units and stock options, but that effect is excluded when calculating GAAP diluted net (loss) per share because it would be anti-dilutive. For the three months ended March 30, 2019, 0.8 million shares of restricted stock units and stock options were excluded due to the Company's net loss.

(b) Non-GAAP adjustments per share includes amortization related to intangible assets acquired through business combinations, costs associated with restructuring, income tax expense related to the Tax Cuts and Jobs Act of 2017 as well as tax benefits or expense associated with the foregoing non-GAAP items.

(c) Non-GAAP diluted net earnings per share reflects any dilutive effect of outstanding restricted stock units and stock options.