

ANALOG DEVICES INC  
Form 10-Q  
August 22, 2018

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 August 4, 2018

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 No. 1-7819

Analog Devices, Inc.  
(Exact name of registrant as specified in its charter)

Massachusetts 04-2348234  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

One Technology Way, Norwood, MA 02062-9106  
(Address of principal executive offices) (Zip Code)

(781) 329-4700  
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 (§232.405 of this chapter) 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.

Large accelerated filer  Accelerated filer

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

Emerging growth company

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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

As of August 4, 2018 there were 371,669,966 shares of common stock of the registrant, \$0.16 2/3 par value per share, outstanding.

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## PART I - FINANCIAL INFORMATION

## ITEM 1. Financial Statements

ANALOG DEVICES, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	August 4, 2018	July 29, 2017	August 4, 2018	July 29, 2017
Revenue	\$1,572,679	\$1,433,902	\$4,604,356	\$3,566,333
Cost of sales (1)	502,033	667,278	1,464,708	1,510,762
Gross margin	1,070,646	766,624	3,139,648	2,055,571
Operating expenses:				
Research and development (1)	291,642	275,670	869,711	694,856
Selling, marketing, general and administrative (1)	171,487	183,980	520,541	505,325
Amortization of intangibles	107,409	112,153	321,557	199,003
Special charges	1,069	—	59,476	49,463
	571,607	571,803	1,771,285	1,448,647
Operating income	499,039	194,821	1,368,363	606,924
Nonoperating expense (income):				
Interest expense	61,665	73,073	194,487	187,323
Interest income	(2,588)	(5,524)	(6,592)	(27,945)
Other, net	(632)	474	(527)	725
	58,445	68,023	187,368	160,103
Income before income taxes	440,594	126,798	1,180,995	446,821
Provision for income taxes	26,130	57,882	118,528	67,212
Net income	\$414,464	\$68,916	\$1,062,467	\$379,609
Shares used to compute earnings per common share – basic	371,315	367,315	370,211	339,139
Shares used to compute earnings per common share – diluted	375,815	371,159	374,880	343,286
Basic earnings per common share	\$1.11	\$0.18	\$2.86	\$1.12
Diluted earnings per common share	\$1.10	\$0.18	\$2.82	\$1.10
Dividends declared and paid per share	\$0.48	\$0.45	\$1.41	\$1.32
(1) Includes stock-based compensation expense as follows:				
Cost of sales	\$5,734	\$4,375	\$13,775	\$8,885
Research and development	\$18,018	\$15,781	\$59,764	\$34,712
Selling, marketing, general and administrative	\$13,143	\$12,668	\$40,172	\$28,242

See accompanying notes.

ANALOG DEVICES, INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
 (Unaudited)  
 (thousands)

	Three Months Ended		Nine Months Ended	
	August 4, 2018	July 29, 2017	August 4, 2018	July 29, 2017
Net income	\$414,464	\$68,916	\$1,062,467	\$379,609
Foreign currency translation adjustments	(9,345 )	3,119	(2,593 )	4,297
Change in fair value of available-for-sale securities (net of taxes of \$0, \$21, \$0 and \$12, respectively)	2	30	5	(426 )
Change in fair value of derivative instruments designated as cash flow hedges (net of taxes of \$847, \$594, \$476 and \$2,901, respectively)	(4,378 )	5,172	(2,641 )	11,738