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SIMTEK CORP
Form 8-K
March 05, 2004

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): March 4, 2004

Simtek Corporation
(Exact name of registrant as specified in its charter)

Colorado	0-19027	84-1057605
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(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

4250 Buckingham Dr. #100
Colorado Springs, CO 80907
(Address and zip code of principal executive offices)

(719) 531-9444
(Registrant's telephone number, including area code)

Item 5: Other Information and Required FD Disclosure

Simtek Corporation released the following press release dated March 4, 2004
titled "Simtek Reports 2003 Fourth Quarter and Year End Financial Results":

SIMTEK REPORTS 2003 FOURTH QUARTER AND YEAR END FINANCIAL RESULTS

COLORADO SPRINGS, Colorado - March 4, 2004 -- Simtek Corporation (OTCBB: SRAM),
a global provider of advanced nonvolatile semiconductor memory products, today
reported 2003 fourth quarter and year end financial results.

For the fourth quarter ended December, 31, 2003 the Company reported revenue of
\$3,727,000, up from \$3,656,000 in the same quarter a year ago. Net loss for the
period was \$306,000, or \$0.01 per basic and diluted share, versus a net loss of
\$253,000 for the year-ago period, or less than \$0.01 per share. Revenue for the
full year was also up slightly, to \$14,504,000 from \$14,327,000 a year ago. Net

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loss was \$2,273,000, or \$0.04 per basic and diluted share, as compared with \$963,000, or \$0.02 per basic and diluted share, in 2002.

Revenue mix for the year included a slight decline in semiconductor sales -- to \$12.3 million from \$12.4 million -- offset by a 16% increase in R&D revenue by our Q-DOT subsidiary, which rose to \$2.2 million from \$1.9 million a year ago. The mix of semiconductor sales includes \$9.5 million to commercial customers, up 7% from a year ago due to an increase in unit demand for our nonvolatile memory products in mass storage and office automation systems; \$1.8 million in high-end industrial and military sales, down from \$2.4 million; and \$1.0 million in logic products versus \$1.1 million in 2002. Effective December 31, 2003, logic products have been eliminated from the Company's product mix due to adverse market conditions in that area coupled with management's decision to focus its resources on products that hold greater potential for accelerated growth.

Simtek closed the year with \$3.4 million in cash and cash equivalents, up from \$3.1 million a year ago.

"During the year we experienced selling price and production cost pressures that held down profit margins on our traditional product lines," said Douglas Mitchell, Simtek's president and CEO. "At the same time, however, we made significant progress on the development and introduction of a promising new nonvolatile SRAM product family that is expected to be a major source of revenue in coming years. We have also made real progress towards building the sales channels required to ensure market penetration and long-term success for these new products. Simtek's quarter-micron nvSRAM and Value Added Memory strategies remain on schedule and are building momentum with our customer base. Feedback is very positive, as these products are being designed into many next-generation versions of our traditional application base, but are also being considered for applications and systems where we've never had a presence."

Selected Highlights of 2003

- o In September Simtek formally introduced its new 1Mbit nvSRAM family of memory products with initial sample shipments to current and prospective customers. This product provides four times the memory density of its 256k

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predecessor while supporting faster access speeds and lower power consumption. While revenue from the 1Mbit was modest during the sampling stage, customer feedback in the fourth quarter was overwhelmingly positive and enthusiastic. Subsequently, in January 2004, Simtek announced its first production shipments of the 0.25 micron version of the product tested to both commercial and industrial specifications. The Company is pleased to report that production units have achieved industrial-grade performance very early in the life of the program since many customers expect to use the 1 Mbit in high-reliability applications requiring extended temperature operation.

- o In November Simtek strengthened its balance sheet through a \$1.5 million equity financing with three funds advised by RENN Capital Group, Inc. As a result, we closed the year with more than \$3.4 million in cash and cash equivalents. The additional equity was required to support rollout of the Company's new 1 Mbit nvSRAM product family and for general working capital, and Simtek was pleased that RENN, a long-time investor in Simtek, continued to play the lead role in fulfilling its capital requirements.

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- o Asian and European Market Initiative. In June the Company signed an agreement with MetaTech (AP) Incorporated to become Simtek's first local sales representative in Taiwan. The Company believes Taiwan represents a large, potentially lucrative market for its products - a market that is largely untapped today - and that MetaTech is ideally situated to cultivate and win new customer relationships. Subsequently, in January 2004, Simtek appointed John Wong as director of Asian sales, overseeing offices in Hong Kong and Shenzhen, China where he is responsible for further developing Simtek's presence in the Pacific Rim. Wong is a veteran, growth-oriented sales executive who was formerly with Silicon Storage Technology and Hewlett Packard. Also in 2003, Simtek named Peter Flory as director of European sales with responsibility for Europe, South Africa, Israel and India. Flory, who is based in Windsor, England, has 26 years of experience in systems design, applications engineering and sales and marketing with Plessey, RCA Semiconductor, VLSI Technology, Dallas Semiconductor and Lucent Technologies. In 2003 Simtek reported 37% of net product sales were in North America, with 46% in PacRim, 12% in Europe, and 5% in other areas. The Company believes its overseas sales initiatives will eventually result in more balanced distribution and increased overall sales.

Business Outlook

Industry forecasts indicate that 2004 will see an increase in total semiconductor demand. This should provide opportunities for Simtek in both its traditional products and the new 0.25 micron product family.

Transferring our 0.8 micron family from Chartered's FAB1 to FAB2 has added product cost pressures on current business, but we expect to complete this process during the second quarter of 2004. This, along with other engineering initiatives, will result in product cost reductions by mid-year, ultimately extending these products' life out through at least 2006.

The new 0.25 micron family of nvSRAM products continues to be very well received during its initial roll-out. A total of 104 companies now have samples or early production parts that they are evaluating or designing into systems. We have strong interest around the world, but we are seeing especially aggressive activity in our southeast Asian and Japanese markets. As forecast, we believe that we will achieve a steady increase in demand throughout the year, with significant production of mass storage and office automation systems ramping production in the second half of 2004. With the addition of new sales resources over the past year we are looking forward to promoting not just the basic 1 Mbit nvSRAM but also the Value-Added-Memory derivative products as part of the 0.25 micron family.

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SUMMARY STATEMENT OF OPERATIONS DATA

	Three months Ended Dec 31		Year Ended
	2003	2002	2003
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Net Sales	\$3,726,632	\$3,656,085	\$14,503,771
Cost of Sales	2,397,605	2,243,703	9,621,249
	-----	-----	-----
Gross Margin	1,329,027	1,412,382	4,882,522
OPERATING EXPENSES			

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Research and development	1,049,630	1,058,272	4,518,528
Sales and Marketing	346,342	382,991	1,546,774
General and administrative	154,856	172,977	847,503
	-----	-----	-----
Total Operating Expenses	1,550,828	1,614,240	6,912,805
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LOSS FROM OPERATIONS	(221,801)	(201,858)	(2,030,283)
	-----	-----	-----
Total other Income (Expense)	(84,310)	(50,795)	(242,358)
	-----	-----	-----
Net loss before tax	(306,111)	(252,653)	(2,272,641)
Provision for Income Taxes	0	0	0
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Net loss after tax	(306,111)	(252,653)	(2,272,641)
	=====	=====	=====
Basic and diluted loss per share	(.01)	(.00)	(.04)
Basic and diluted shares outstanding	56,013,253	54,382,273	54,889,008

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CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2003

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 3,431,679
Certificate of deposit, restricted	300,000
Accounts receivable - trade, net of allowance for doubtful accounts and return allowances of approximately \$130,000	1,923,542
Inventory	1,201,432
Prepaid expenses and other	129,554

Total current assets	6,986,207
EQUIPMENT AND FURNITURE, net	862,009
DEFERRED FINANCING COSTS	91,280
OTHER ASSETS	58,291

TOTAL ASSETS	\$ 7,997,787
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LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable	\$ 1,038,634
Accrued expenses	390,079
Accrued vacation payable	179,580
Line of credit	150,000
Obligation under capital leases	123,585

Total current liabilities	1,881,878
NOTES PAYABLE	5,000
DEBENTURES	3,000,000
OBLIGATIONS UNDER CAPITAL LEASES, NET OF CURRENT PORTION	61,221

Total liabilities	4,948,099

SHAREHOLDERS' EQUITY:

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Preferred stock, \$1.00 par value; 2,000,000 shares authorized, none issued	-
Common stock, \$.01 par value; 80,000,000 shares authorized, 56,723,352 shares issued and 56,713,352 shares outstanding	567,134
Additional paid-in capital	39,230,210
Treasury Stock, at cost; 10,000 shares	(12,504)
Accumulated deficit	(36,735,152)

Total shareholders' equity	3,049,688

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 7,997,787
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Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements predicting the Company's future growth. These forward-looking statements are inherently difficult to predict and involve risks and uncertainties that could cause actual results to differ materially, including, but not limited to, projections of future performance including predictions of future profitability; expectations of the business environment in which Simtek operates; current and anticipated increased demand for our products; the level and timing of orders that we receive and that we can deliver in a specified period; levels of inventories at our distributors and other customers; inventory mix and timing of customer orders; the success of cost-reduction efforts; our timely introduction and the market acceptance of new technologies and products; maintaining or improving our level of product shipments; our ability to obtain any required financing in a timely manner; and factors not directly related to Simtek, such as competitive pressures on pricing, market conditions in general, competition, technological progression, product obsolescence, and the changing needs of potential customers and the semiconductor industry in general; and current political conditions and negative trends in the global economy.

For a detailed discussion of these and other risk factors, please refer to Simtek's filings with the Securities and Exchange Commission (SEC), including its Annual Report on Form 10-KSB and subsequent 10-QSB and 8K filings.

Contact:
 Simtek Corporation
 719-531-9444
 information@simtek.com

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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

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undersigned hereunto duly authorized.

SIMTEK CORPORATION

March 5, 2004

By: /s/Douglas Mitchell

Douglas Mitchell
Chief Executive Officer, President and
Chief Financial Officer (acting)