

**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): June 17, 2019

MACOM Technology Solutions Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-35451
(Commission
File Number)

27-0306875
(I.R.S. Employer
Identification No.)

100 Chelmsford Street
Lowell, Massachusetts 01851

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (978) 656-2500

Not applicable

(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:

- 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:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of exchange on which registered</u>
Common Stock, par value \$0.001 per share	MTSI	Nasdaq Global Select Market

Item 1.02. Termination of a Material Definitive Agreement.

On June 18, 2019, by mutual agreement, MACOM Technology Solutions Holdings, Inc. (the “Company”) and Goertek (HongKong) Co., Limited (“Goertek”) terminated the Share Purchase Agreement, dated as of April 24, 2019, by and between the Company, MACOM Wireless Cayman Limited, MACOM Wireless (HK) Limited, both wholly-owned, indirect subsidiaries of the Company, and Goertek (the “Share Purchase Agreement”). The Company and Goertek reviewed the updated business considerations associated with the proposed joint venture and mutually agreed to irrevocably terminate the Share Purchase Agreement in its entirety, with all liabilities, obligations and duties owed therein irrevocably relinquished and surrendered, and all obligations and duties owed or required to be performed thereunder irrevocably waived and released.

Item 2.05. Costs Associated with Exit or Disposal Activities.

On June 17, 2019, the Company committed to a restructuring plan designed to streamline and improve its operations. The plan includes the refocusing of certain research and development activities and a reduction in workforce and is expected to provide annual expense savings of \$50 million. A majority of the fiscal year 2019 annualized savings associated with the plan are expected to be realized during the fourth fiscal quarter. The plan is expected to be completed by mid-calendar year 2020, and is expected to result in approximately \$14 million of restructuring charges. The restructuring activities are expected to result in cash payments of approximately \$7 million for employee severance obligations and approximately \$2 to \$3 million to settle other contractual commitments, primarily to be paid during the fourth fiscal quarter of 2019.

In addition, the Company is performing a recoverability assessment for its long-lived assets, most specifically its intangible assets that may be impacted by the restructuring plan. As of March 29, 2019, these intangible assets had a carrying value of \$472 million. To date, the Company has identified approximately \$15 million of non-cash impairment charges in addition to the restructuring charges discussed above, associated with these restructuring actions.

This Current Report on Form 8-K contains forward-looking statements based on the Company’s beliefs and assumptions and on information currently available to the Company. These forward-looking statements include, among others, statements about the Company’s strategic plans and the expected impact of the proposed restructuring plan. These forward-looking statements reflect the Company’s current views about future events and are subject to risks, uncertainties, assumptions and changes in circumstances that may cause those events or the Company’s actual activities or results to differ materially from those expressed in any forward-looking statement. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot and does not guarantee future events, results, actions, levels of activity, performance or achievements. Readers are cautioned not to place undue reliance on these forward-looking statements. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements, including, but not limited to, those factors described in “Risk Factors” in the Company’s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other filings with the Securities and Exchange Commission. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Item 2.06. Material Impairments.

The information in Item 2.05 of this Current Report on Form 8-K is incorporated herein by reference.

Item 7.01. Regulation FD Disclosure.

On June 18, 2019, the Company issued a press release updating guidance for its fiscal third quarter ending June 28, 2019. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

Item 9.01. Financial Statements and Exhibits.**(d) Exhibits.**

<u>Exhibit Number</u>	<u>Description</u>
99.1	<u>Press Release issued by MACOM Technology Solutions Holdings, Inc., dated June 18, 2019.</u>

SIGNATURES

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.

MACOM TECHNOLOGY SOLUTIONS HOLDINGS, INC.

Dated: June 18, 2019

By: /s/ John F. Kober

John F. Kober

Senior Vice President and Chief Financial Officer

MACOM Announces Restructuring Initiative, Updates Fiscal Third Quarter 2019 Guidance

Lowell, Mass., June 18, 2019 - [MACOM Technology Solutions Holdings, Inc.](#) ("MACOM" or the "Company") (NASDAQ: MTSI), a leading supplier of semiconductor solutions, today announced it has implemented a restructuring plan that will provide an expected annual expense savings of approximately \$50 million dollars once fully implemented.

The Restructuring Plan Includes:

- A permanent reduction in MACOM's hourly, salaried and management workforce of approximately 250 employees, or 20% of the total workforce-including personnel in Research and Development, Production, Sales and Marketing and General and Administrative functions. Substantially all affected employees have been notified and customary transition assistance will be provided as a result of the restructuring.
- The closure of seven product development facilities, including locations in France, Japan, the Netherlands, Florida, Massachusetts, New Jersey and Rhode Island.

The Company also announced it will no longer invest in the design and development of optical modules and subsystems for Data Center applications. Going forward, MACOM will be a merchant supplier of semiconductor integrated circuits (ICs) and photonic devices and will support optical module manufacturers at the semiconductor component level.

"We do not make these decisions lightly, however, these actions are necessary in order to strengthen our strategic plan," said Stephen Daly, President and Chief Executive Officer.

The Company expects approximately \$14 million in restructuring charges including \$7 million for employee severance obligations, a majority of which are expected to be incurred during the third fiscal quarter of 2019. In addition, the Company is performing a recoverability assessment for its long-lived assets, most specifically its intangible assets that may be impacted by the restructuring plan. As of March 29, 2019, MACOM's intangible assets had a carrying value of \$472 million. To date, the Company has identified approximately \$15 million of non-cash impairment charges in addition to the restructuring charges discussed above, associated with these restructuring actions.

Updated Third Quarter Fiscal Year 2019 Guidance:

- Revenue in the quarter is expected to be between \$107 million and \$109 million, compared to prior guidance of \$120 million to \$124 million. The updated guidance reflects the impact of discontinuing shipments to Huawei Technologies Co., Ltd. and certain of its subsidiaries and affiliates as a result of the U.S. Department of Commerce action of adding Huawei to its "Entity List." In addition, the updated guidance also reflects reduced shipments to certain of MACOM's distribution channel partners.
- Non-GAAP gross margin is now expected to be between 39% and 41%, which includes approximately \$14 million in inventory reserves, or 1,300 basis points of gross margin impact. These inventory reserves are primarily associated with certain Data Center products and products that would otherwise be shipped to Huawei. This compares to prior non-GAAP gross margin guidance of 53% to 55%.

- Non-GAAP adjusted earnings per share is now expected to be a loss of (\$0.41) to (\$0.45), and does not include any restructuring- or impairment-related charges. This compares to prior guidance for non-GAAP adjusted earnings per share of (\$0.08) to (\$0.04).

ABOUT MACOM:

MACOM designs and manufactures semiconductor products for Data Center, Telecommunication and Industrial and Defense applications. Headquartered in Lowell, Massachusetts, MACOM has design centers and sales offices throughout North America, Europe and Asia. MACOM is certified to the ISO9001 international quality standard and ISO14001 environmental management standard.

Special Note Regarding Forward-Looking Statements

This press release contains forward-looking statements based on MACOM management's beliefs and assumptions and on information currently available to our management. These forward-looking statements include, among others, statements about MACOM's strategic plans, the expected impact of the proposed restructuring plan, the estimated financial results for our fiscal third quarter and the stated business outlook and future results of operations.

These forward-looking statements reflect MACOM's current views about future events and are subject to risks, uncertainties, assumptions and changes in circumstances that may cause those events or our actual activities or results to differ materially from those expressed in any forward-looking statement. A number of important factors could cause actual results to differ materially from those indicated by the forward-looking statements, including those factors described in "Risk Factors" in MACOM's filings with the Securities and Exchange Commission ("SEC"), including its Annual Report on Form 10-K, its Quarterly Reports on Form 10-Q and other filings with the SEC. These forward-looking statements speak only as of the date of this press release, and MACOM undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Discussion Regarding the Use of Historical and Forward-Looking Non-GAAP Financial Measures

This press release includes financial measures that have not been calculated in accordance with GAAP. This forward-looking non-GAAP information cannot be reconciled to the most comparable GAAP measures without unreasonable effort because we do not have and cannot reliably estimate certain key inputs required to calculate the most comparable GAAP financial data. For further information regarding our use of non-GAAP financial information, please see our earnings releases previously furnished to the SEC.

COMPANY CONTACT:

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