



U.S. markets closed

S&P 500  
4,288.05  
-11.65 (-0.27%)



Dow 30  
33,507.50  
-158.84 (-0.47%)



Nasdaq  
13,219.32  
+18.05 (+0.14%)



Russell 2000  
1,785.10  
-9.21 (-0.51%)



Crude Oil  
90.77  
-0.94 (-1.02%)



Gold  
1,864.6  
-14.00 (-0.75%)

ZACKS

# Cypress Plans to Lay Off Globally to Focus on Growth Areas



Zacks Equity Research  
October 10, 2016



Cypress Semiconductor Corporation CY plans to cut 8% of its workforce or about 500 jobs globally.



This layoff is part of the company's strategy of focusing more on growth areas, including the automotive chip business and the IoT segment.

The restructuring announcement comes a few days after Cypress' CEO T.J. Rodgers was replaced by Hassane El-Khoury. Notably, El-Khoury had helped during the company's acquisition of chipmaker Spansion in 2015 and in the more recent purchase of Broadcom's internet of things operations.

The \$550-million Broadcom acquisition makes Cypress the only company in the space to have cutting-edge wireless radios, MCUs, memories and power management ICs for integrated IoT systems in its repertoire. The deal also makes Cypress a key player in the automotive and industrial IoT segments.

The job cuts are expected to result in severance charge of about \$40-\$50 million in the third and the fourth quarters of 2016. However, cost savings to be achieved by this move were not revealed.

We believe Cypress is well positioned to resolve its internal inefficiencies and setbacks. Further, we believe these streamlining initiatives will bolster the company's capital position, help Cypress to focus on growth areas, reduce expenses and drive operational efficiencies.

Second-Quarter Results

Quote Lookup

## TRENDING


1. UPDATE 1-US appeals court blocks venture capital fund's grant program for Black women
2. Deal targeted by probe involving LVMH's Arnault was legal, lawyer says
3. UPDATE 2-Soccer-Man United slump to fourth season defeat at home to Palace
4. Nike's earnings showed a consumer slowdown won't derail all retailers
5. Apple says it will fix software problems blamed for making iPhone 15 models too hot to handle



The company's revenues of \$450.7 million were up 7.7% sequentially, within management's guided range of \$440.0-\$470.0 million and slightly above the Zacks Consensus Estimate of \$455.3 million.

For the upcoming third quarter, management expects revenues in the range of \$510.0-\$514.0 million. The Zacks Consensus Estimate is pegged at \$524.9 million. Consolidated gross margin is expected to increase to 41.0%, depending on utilization, product and

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