
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, 2015

PDF SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

000-31311

(Commission File Number)

Delaware
(State or Other Jurisdiction of Incorporation)

25-1701361
(I.R.S. Employer Identification No.)

333 West San Carlos Street, Suite 1000
San Jose, CA 95110

(Address of principal executive offices, with zip code)

(408) 280-7900

(Registrant's telephone number, including area code)

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))
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Item 2.02. Results of Operations and Financial Condition.

On April 30, 2015 PDF Solutions (the “Company”) issued a press release regarding its financial results and certain other information related to the first fiscal quarter ended March 31, 2015. A copy of the press release is attached hereto as Exhibit 99.1.

The information in this Item 2.02, including Exhibit 99.1, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities under that Section, and shall not be deemed incorporated by reference into any filing of the Company 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 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.**Description**

99.1

Press Release dated April 30, 2015 regarding financial results and certain other information related to the first fiscal quarter ended March 31, 2015.

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.

PDF SOLUTIONS, INC.
(Registrant)

By: /s/ Gregory C Walker
Gregory C Walker
VP, Finance, and Chief Financial Officer
(principal financial and accounting officer)

Dated: April 30, 2015

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release dated April 30, 2015 regarding financial results and certain other information related to the first fiscal quarter ended March 31, 2015.

News Release

Company Contacts:

Gregory Walker,
VP, Finance and CFO
Tel: (408) 938-6457
Email:gregory.walker@pdf.com

Sonia Segovia,
IR Coordinator
Tel: (408) 938-6491
Email: sonia.segovia@pdf.com

PDF Solutions[®] Reports First Fiscal Quarter Results

SAN JOSE, Calif.—April 30, 2015—PDF Solutions, Inc. (“PDF Solutions” or the “Company”) (NASDAQ: PDFS), the leading provider of process-design integration technologies to enhance integrated circuit (IC) manufacturability, today announced financial results for its first fiscal quarter ended March 31, 2015.

Total revenues for the first fiscal quarter of 2015 totaled \$26.8 million, up 3% from \$26.1 million for the fourth fiscal quarter of 2014 and down 1% when compared to total revenues of \$27.1 million for the first fiscal quarter of 2014. Design-to-silicon-yield solutions revenue for the first fiscal quarter of 2015 totaled \$18.2 million, up 31% from \$13.9 million for the fourth fiscal quarter of 2014 and up 22% when compared to design-to-silicon-yield solutions revenue of \$14.9 million for the first fiscal quarter of 2014. Gainshare performance incentives revenue for the first fiscal quarter of 2015 totaled \$8.7 million, down 29% from \$12.2 million for both the fourth fiscal quarter and the first fiscal quarter of 2014.

On a GAAP basis, net income for the first fiscal quarter of 2015 was \$6.0 million, or \$0.19 per basic and \$0.18 per diluted share, compared to \$5.8 million, or \$0.19 per basic and \$0.18 per diluted share, for the fourth fiscal quarter of 2014, and compared to \$6.3 million, or \$0.21 per basic and \$0.20 per diluted share, for the first fiscal quarter of 2014.

Cash and cash equivalents were \$131.9 million at March 31, 2015, compared to \$115.5 million at December 31, 2014.

Non-GAAP net income for the first fiscal quarter of 2015 was \$8.2 million, or \$0.26 per diluted share, compared to \$9.1 million, or \$0.29 per diluted share, for the fourth fiscal quarter of 2014, and compared to \$9.5 million, or \$0.30 per diluted share, for the first fiscal quarter of 2014. EBITDAR for the first quarter of 2015 was \$10.4 million, or \$0.32 per diluted share, compared to \$10.8 million, or \$0.34 per diluted share, for the fourth fiscal quarter of 2014, and compared to \$11.5 million, or \$0.36 per diluted share, for the first fiscal quarter of 2014.

As previously announced, PDF Solutions will discuss these results on a live conference call beginning at 2:00 p.m. Pacific Time/5:00 p.m. Eastern Time today. The call will be simultaneously web cast on PDF Solutions' website at <http://www.pdf.com/events>. A replay of the web cast will be available at the same website address beginning approximately two hours after completion of the live call. A copy of this press release, including the disclosure and reconciliation of certain non-GAAP financial measures to the comparable GAAP measures, which non-GAAP measures may be used periodically by PDF Solutions' management when discussing financial results with investors and analysts, will also be available on PDF Solutions' website at <http://www.pdf.com/press-releases> following the date of this release.

Information Regarding Use of Non-GAAP Financial Measures

In addition to providing results that are determined in accordance with Generally Accepted Accounting Principles in the United States of America (GAAP), PDF Solutions also provides certain non-GAAP financial measures. Non-GAAP net income excludes the effects of non-recurring items, stock-based compensation expenses, amortization of acquired technology and other acquired intangible assets, and their related income tax effects, as applicable, as well as adjusts for the non-cash portion of income taxes. EBITDAR is calculated by taking GAAP net income, adding back the effects of non-recurring items, stock-based compensation expenses, amortization of acquired technology and other acquired intangibles, depreciation expense and income tax provision (benefit). These non-GAAP financial measures are used by management internally to measure the Company's profitability and performance. PDF Solutions' management believes that these non-GAAP measures provide useful supplemental measures to investors regarding the Company's ongoing operations in light of the fact that none of these categories of expense has a current effect on the future uses of cash (with the exception of certain non-recurring items) nor do they impact the generation of current or future revenues. These non-GAAP results should not be considered an alternative to, or a substitute for, GAAP financial information, and may be different from similarly titled non-GAAP measures used by other companies. In particular, these non-GAAP financial measures are not a substitute for GAAP measures of income or loss as a measure of performance, or to cash flows from operating, investing and financing activities as a measure of liquidity. Since management uses these non-GAAP financial measures internally to measure profitability and performance, PDF Solutions has included these non-GAAP measures to give investors an opportunity to see the Company's financial results as viewed by management. A reconciliation of the comparable GAAP financial measures to the non-GAAP financial measures is provided at the end of the Company's financial statements presented below.

Forward-Looking Statements

The statements made on the conference call regarding PDF Solutions' financial results for its first fiscal quarter ended March 31, 2015, including the Company's future expected financial results, are forward looking and are subject to events and circumstances of the future. Actual results could differ materially from those expressed in these forward-looking statements. Risks and uncertainties that could cause results to differ materially include risks associated with: customers' production volumes at gainshare-covered facilities; continued adoption of the Company's solutions by new and existing customers; project milestones or delays and performance criteria achieved; the provision of technology and services prior to the execution of a final contract; and other risks set forth in PDF Solutions' periodic public filings with the Securities and Exchange Commission, including, without limitation, its Annual Reports on Form 10-K, most recently filed for the year ended December 31, 2014, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K and amendments to such reports. The forward-looking statements made in the conference call are made as of the date hereof, and PDF Solutions does not assume any obligation to update such statements nor the reasons why actual results could differ materially from those projected in such statements.

About PDF Solutions

PDF Solutions, Inc. (NASDAQ: PDFS) is the leading provider of yield improvement technologies and services for the IC manufacturing process life cycle. PDF Solutions offers solutions that are designed to enable clients to lower costs of IC design and manufacture, enhance time to market, and improve profitability by addressing design and manufacturing interactions from product design to initial process ramps to mature manufacturing operations. PDF Solutions' Characterization Vehicle® (CV®) electrical test chip infrastructure provides the core modeling capabilities, and is used by more leading manufacturers than any other test chips in the industry. Proprietary Template™ layout patterns provide optimum area, performance, and manufacturability for designing IC products. The proprietary Exensio™ solution for YieldAware™ FDC enables world-class variability control in manufacturing, in part by leveraging PDF Solutions' industry-leading dataPOWER® yield management system (YMS) and mæstria® fault detection and classification (FDC) software. Headquartered in San Jose, Calif., PDF Solutions operates worldwide with additional offices in Canada, China, France, Germany, Italy, Japan, Korea, Singapore, and Taiwan. For the Company's latest news and information, visit <http://www.pdf.com/>.

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PDF SOLUTIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(In thousands)

	<u>March 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 131,880	\$ 115,464
Accounts receivable, net	29,193	37,725
Deferred tax assets - current portion	3,317	3,343
Prepaid expenses and other current assets	2,901	2,888
Total current assets	<u>167,291</u>	<u>159,420</u>
Property and equipment, net	9,895	8,832
Deferred tax assets - long-term portion	7,643	8,025
Other non-current assets	1,448	1,161
Total assets	<u><u>186,277</u></u>	<u><u>177,438</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,235	\$ 803
Accrued compensation and related benefits	3,988	6,112
Accrued and other current liabilities	1,588	1,733
Deferred revenues	5,265	3,740
Billings in excess of recognized revenues	-	-
Total current liabilities	<u>12,076</u>	<u>12,388</u>
Non-current liabilities	2,924	3,227
Total liabilities	<u>15,000</u>	<u>15,615</u>
Stockholders' equity:		
Common stock and additional paid-in-capital	256,581	248,739
Treasury stock at cost	(37,655)	(34,048)
Accumulated deficit	(46,220)	(52,187)
Accumulated other comprehensive income	(1,429)	(681)
Total stockholders' equity	<u>171,277</u>	<u>161,823</u>
Total liabilities and stockholders' equity	<u><u>\$ 186,277</u></u>	<u><u>\$ 177,438</u></u>

PDF SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(In thousands, except per share amounts)

	Three months ended		
	March 31, 2015	December 31, 2014	March 31, 2014
Revenues:			
Design-to-silicon-yield solutions	\$ 18,152	\$ 13,898	\$ 14,919
Gainshare performance incentives	8,665	12,163	12,167
Total revenues	<u>26,817</u>	<u>26,061</u>	<u>27,086</u>
Costs of design-to-silicon-yield solutions:			
Direct costs of design-to-silicon-yield solutions	8,804	9,549	9,705
Impairment of deferred costs	-	-	-
Total costs of design-to silicon-yield solutions	<u>8,804</u>	<u>9,549</u>	<u>9,705</u>
Gross profit	18,013	16,512	17,381
Operating expenses:			
Research and development	4,088	3,782	3,596
Selling, general and administrative	4,456	4,970	4,329
Amortization of other acquired intangible assets	-	-	18
Restructuring charges	-	-	57
Total operating expenses	<u>8,544</u>	<u>8,752</u>	<u>8,000</u>
Income from operations	9,469	7,760	9,381
Interest and other income (expense), net	51	201	(87)
Income before income taxes	9,520	7,961	9,294
Income tax provision	3,553	2,210	3,039
Net income	<u>\$ 5,967</u>	<u>\$ 5,751</u>	<u>\$ 6,255</u>
Net income per share:			
Basic	<u>\$ 0.19</u>	<u>\$ 0.19</u>	<u>\$ 0.21</u>
Diluted	<u>\$ 0.18</u>	<u>\$ 0.18</u>	<u>\$ 0.20</u>
Weighted average common shares:			
Basic	31,336	31,028	30,477
Diluted	32,291	31,831	31,965

PDF SOLUTIONS, INC.
RECONCILIATION OF GAAP TO NON-GAAP NET INCOME (UNAUDITED)
(In thousands, except per share amounts)

	Three months ended		
	March 31, 2015	December 31, 2014	March 31, 2014
GAAP net income	\$ 5,967	\$ 5,751	\$ 6,255
Adjustments to reconcile GAAP net income to non-GAAP net income:			
Stock-based compensation expense	2,199	2,287	1,659
Previously impaired costs (1)	(1,892)	-	-
Amortization of other acquired intangible assets	-	-	18
Restructuring charges	-	-	57
Non-cash portion of income tax expense	1,963	1,039	1,499
Non-GAAP net income	<u>\$ 8,237</u>	<u>\$ 9,077</u>	<u>\$ 9,488</u>
GAAP net income per diluted share	<u>\$ 0.18</u>	<u>\$ 0.18</u>	<u>\$ 0.20</u>
Non-GAAP net income per diluted share	<u>\$ 0.26</u>	<u>\$ 0.29</u>	<u>\$ 0.30</u>
Shares used in diluted shares calculation	32,291	31,831	31,965

PDF SOLUTIONS, INC.
RECONCILIATION OF GAAP NET INCOME TO EBITDAR (UNAUDITED)
(In thousands, except per share amounts)

	Three months ended		
	March 31, 2015	December 31, 2014	March 31, 2014
GAAP net income	\$ 5,967	5,751	6,255
Adjustments to reconcile GAAP net income to EBITDAR:			
Stock-based compensation expense	2,199	2,287	1,659
Previously impaired costs (1)	(1,892)	-	-
Amortization of other acquired intangible assets	-	-	18
Restructuring charges	-	-	57
Depreciation expense	605	551	458
Income tax provision	3,553	2,210	3,039
EBITDAR	<u>\$ 10,432</u>	<u>\$ 10,799</u>	<u>\$ 11,486</u>
EBITDAR per diluted share	<u>\$ 0.32</u>	<u>\$ 0.34</u>	<u>\$ 0.36</u>
Shares used in diluted shares calculation	32,291	31,831	31,965

(1) As announced on September 29, 2014, we were unable to close two Design-to-silicon-yield solutions contracts, which restricted our ability to book revenue relating to work on these projects and required us to impair previously deferred costs of \$1.9 million in the three months ended September 30, 2014. As reported on January 7, 2015, in the three months ended March 31, 2015, we executed those two contracts, which increased our Design-to-Silicon-Yield Solutions revenue in the quarter by approximately \$6.0 million. Reinstatement of previously impaired costs is not allowed under US GAAP. Accordingly, in order to match the revenue and the cost associated with these two contracts, management has included these costs in the current period as a non-GAAP reconciling item.