

ATLANTIC TELE NETWORK INC /DE

Form 10-Q

August 11, 2014

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**Form 10-Q**

**x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2014**

**OR**

**o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from      to**

**Commission File Number 001-12593**

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## Atlantic Tele-Network, Inc.

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**47-0728886**  
(I.R.S. Employer  
Identification Number)

**600 Cummings Center**

**Beverly, MA 01915**

(Address of principal executive offices, including zip code)

**(978) 619-1300**

(Registrant's telephone number, including area code)

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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, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

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

Smaller reporting company

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 11, 2014, the registrant had outstanding 15,924,748 shares of its common stock (\$.01 par value).



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FORM 10-Q

Quarter Ended June 30, 2014

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**Cautionary Statement Regarding Forward-Looking Statements**

This Quarterly Report on Form 10-Q (or the Report ) contains forward-looking statements relating to, among other matters, our future financial performance and results of operations; the competitive environment in our key markets, demand for our services and industry trends; the outcome of litigation and regulatory matters; our continued access to the credit and capital markets; the pace of our network expansion and improvement, including our level of estimated future capital expenditures and our realization of the benefits of these investments; and management's plans and strategy for the future. These forward-looking statements are based on estimates, projections, beliefs, and assumptions and are not guarantees of future events or results. Actual future events and results could differ materially from the events and results indicated in these statements as a result of many factors, including, among others, (1) the general performance of our operations, including operating margins, wholesale revenues, and the future growth and retention of our subscriber base; (2) government regulation of our businesses, which may impact our FCC and other telecommunications licenses; (3) economic, political and other risks facing our foreign operations; (4) our ability to maintain favorable roaming arrangements; (5) our ability to efficiently and cost-effectively upgrade our networks and IT platforms to address rapid and significant technological changes in the telecommunications industry; (6) the loss of or our inability to recruit skilled personnel in our various jurisdictions, including key members of management; (7) our ability to find investment or acquisition or disposition opportunities that fit our strategic goals for the Company; (8) increased competition; (9) our reliance on a limited number of key suppliers and vendors for timely supply of equipment and services relating to our network infrastructure; (10) the adequacy and expansion capabilities of our network capacity and customer service system to support our customer growth; (11) the occurrence of severe weather and natural catastrophes; (12) our continued access to capital and credit markets; and (13) our ability to realize the value that we believe exists in our businesses. These and other additional factors that may cause actual future events and results to differ materially from the events and results indicated in the forward-looking statements above are set forth more fully under Item 1A Risk Factors of the Company's Annual Report on Form 10-K for the year ended December 31, 2013, filed with the SEC on March 17, 2014 and the other reports we file from time to time with the SEC. The Company undertakes no obligation to update these forward-looking statements to reflect actual results, changes in assumptions or changes in other factors that may affect such forward-looking statements.

In this Report, the words the Company , we, our, ours, us and ATN refer to Atlantic Tele-Network, Inc. and its subsidiaries. This Report contains trademarks, service marks and trade names that are the property of, or licensed by, ATN, and its subsidiaries.

Reference to dollars (\$) refer to U.S. dollars unless otherwise specifically indicated.

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Unaudited Condensed Consolidated Financial Statements****ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited)****(Dollars in thousands, except per share amounts)**

	<b>December 31, 2013</b>	<b>June 30, 2014</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 356,607	\$ 348,804
Restricted cash	39,000	58,794
Accounts receivable, net of allowances of \$9.7 million and \$9.1 million, respectively	37,680	44,598
Materials and supplies	7,269	8,507
Deferred income taxes	1,994	1,994
Prepayments and other current assets	24,705	21,182
Assets of discontinued operations	4,748	169
Total current assets	472,003	484,048
Fixed Assets:		
Property, plant and equipment	606,912	626,716
Less: accumulated depreciation	(352,280)	(373,689)
Net fixed assets	254,632	253,027
Telecommunication licenses, net	39,687	40,301
Goodwill	45,077	45,077
Trade name license, net	417	417
Customer relationships, net	1,807	1,647
Restricted cash	39,000	
Other assets	7,096	6,247
Total assets	\$ 859,719	\$ 830,764
<b>LIABILITIES AND EQUITY</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 41,709	\$ 39,892
Dividends payable	4,279	4,311
Accrued taxes	36,081	6,441
Advance payments and deposits	8,327	7,784
Deferred income taxes	1,601	1,601
Other current liabilities	17,889	3,353
Liabilities of discontinued operations	11,187	13,698
Total current liabilities	121,073	77,080
Deferred income taxes	26,007	25,428
Other liabilities	12,784	16,655
Total liabilities	159,864	119,163
Commitments and contingencies (Note 12)		
Atlantic Tele-Network, Inc. Stockholders' Equity:		

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Preferred stock, \$0.01 par value per share; 10,000,000 shares authorized, none issued and outstanding				
Common stock, \$0.01 par value per share; 50,000,000 shares authorized; 16,494,982 and 16,631,797 shares issued, respectively, and 15,816,189 and 15,924,748 shares outstanding, respectively		164		166
Treasury stock, at cost; 678,793 and 707,049 shares, respectively		(13,389)		(15,166)
Additional paid-in capital		139,106		142,589
Retained earnings		519,651		530,399
Accumulated other comprehensive loss		(2,202)		(2,199)
Total Atlantic Tele-Network, Inc. stockholders' equity		643,330		655,789
Non-controlling interests		56,525		55,812
Total equity		699,855		711,601
Total liabilities and equity	\$	859,719	\$	830,764

The accompanying condensed notes are an integral part of these condensed consolidated financial statements.



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**ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2013 and 2014**  
**(Unaudited)**  
**(Dollars in thousands, except per share amounts)**

**Three Months Ended  
June 30,**

**Six Months Ended  
June 30,**