

VIASAT INC
Form 10-Q
August 09, 2016
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2016.

OR

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 (000-21767)

ViaSat, Inc.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

33-0174996
(I.R.S. Employer
Identification No.)

6155 El Camino Real
Carlsbad, California 92009
(760) 476-2200

(Address of principal executive offices and telephone number)

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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer 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

The number of shares outstanding of the registrant's common stock, \$0.0001 par value, as of July 29, 2016 was 49,286,977.

Table of Contents

VIASAT, INC.

TABLE OF CONTENTS

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements (Unaudited)</u>	3
<u>Condensed Consolidated Balance Sheets</u>	3
<u>Condensed Consolidated Statements of Operations and Comprehensive Income</u>	4
<u>Condensed Consolidated Statements of Cash Flows</u>	5
<u>Condensed Consolidated Statement of Equity</u>	6
<u>Notes to the Condensed Consolidated Financial Statements</u>	7
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	25
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	41
<u>Item 4. Controls and Procedures</u>	42
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	42
<u>Item 1A. Risk Factors</u>	42
<u>Item 6. Exhibits</u>	42
<u>Signatures</u>	43

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements (Unaudited)****VIASAT, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(UNAUDITED)**

	As of June 30, 2016	As of March 31, 2016
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 47,252	\$ 42,088
Accounts receivable, net	262,670	286,724
Inventories	155,511	145,161
Prepaid expenses and other current assets	53,453	47,583
Total current assets	518,886	521,556
Satellites, net	961,252	898,197
Property and equipment, net	501,645	486,910
Other acquired intangible assets, net	31,039	33,604
Goodwill	116,560	117,040
Other assets	361,867	340,005
Total assets	\$ 2,491,249	\$ 2,397,312
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 94,413	\$ 95,645
Accrued liabilities	156,894	184,344
Total current liabilities	251,307	279,989
Senior notes, net	575,330	575,304
Other long-term debt, net	458,730	370,224
Other liabilities	37,928	37,371
Total liabilities	1,323,295	1,262,888
Commitments and contingencies (Note 8)		
Equity:		
ViaSat, Inc. stockholders' equity		
Common stock	5	5
Paid-in capital	887,637	855,387
Retained earnings	275,559	273,704
Accumulated other comprehensive (loss) income	(857)	7
Total ViaSat, Inc. stockholders' equity	1,162,344	1,129,103
Noncontrolling interest in subsidiary	5,610	5,321

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Total equity	1,167,954	1,134,424
Total liabilities and equity	\$ 2,491,249	\$ 2,397,312

See accompanying notes to the condensed consolidated financial statements.

Table of Contents

VIASAT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME
(UNAUDITED)

	Three Months Ended	
	June 30, 2016	June 30, 2015
	(in thousands, except per share data)	
Revenues:		
Product revenues	\$ 160,676	\$ 168,348
Service revenues	202,454	176,030
Total revenues	363,130	344,378
Operating expenses:		
Cost of product revenues	120,680	125,830
Cost of service revenues	127,582	117,609
Selling, general and administrative	79,400	71,107
Independent research and development	25,177	15,608
Amortization of acquired intangible assets	2,513	4,810
Income from operations	7,778	9,414
Other income (expense):		
Interest income	323	696
Interest expense	(5,134)	(6,584)
Income before income taxes	2,967	3,526
Provision for income taxes	810	1,007
Net income	2,157	2,519
Less: Net income (loss) attributable to the noncontrolling interest, net of tax	302	(89)
Net income attributable to ViaSat, Inc.	\$ 1,855	\$ 2,608
Basic net income per share attributable to ViaSat, Inc. common stockholders	\$ 0.04	\$ 0.05
Diluted net income per share attributable to ViaSat, Inc. common stockholders	\$ 0.04	\$ 0.05
Shares used in computing basic net income per share	49,133	47,918
Shares used in computing diluted net income per share	50,170	48,840
Comprehensive income:		
Net income	\$ 2,157	\$ 2,519
Other comprehensive (loss) income, net of tax:		
Unrealized (loss) gain on hedging, net of tax	(100)	114
Foreign currency translation adjustments, net of tax	(764)	867
Other comprehensive (loss) income, net of tax	(864)	981
Comprehensive income	1,293	3,500
Less: comprehensive income (loss) attributable to the noncontrolling interest, net of tax	302	(89)
Comprehensive income attributable to ViaSat, Inc.	\$ 991	\$ 3,589

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See accompanying notes to the condensed consolidated financial statements.

Table of Contents

VIASAT, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Three Months Ended	
	June 30, 2016	June 30, 2015
	(In thousands)	
Cash flows from operating activities:		
Net income	\$ 2,157	\$ 2,519
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	49,772	46,205
Amortization of intangible assets	10,226	11,106
Deferred income taxes	(183)	1,100
Stock-based compensation expense	12,761	10,709
Loss on disposition of fixed assets	8,088	9,599
Other non-cash adjustments	2,761	2,453
Increase (decrease) in cash resulting from changes in operating assets and liabilities, net of effects of acquisition:		
Accounts receivable	21,938	(30,165)
Inventories	(11,737)	(3,117)
Other assets	(8,835)	(4,643)
Accounts payable	(18,340)	(3,391)
Accrued liabilities	(7,636)	(23,042)
Other liabilities	1,146	(1,347)
Net cash provided by operating activities	62,118	17,986
Cash flows from investing activities:		
Purchase of property, equipment and satellites	(120,577)	(65,954)
Cash paid for patents, licenses and other assets	(21,003)	(17,145)
Payments related to acquisition of business, net of cash acquired		(3,613)
Other investing activities	(504)	
Net cash used in investing activities	(142,084)	(86,712)
Cash flows from financing activities:		
Proceeds from revolving credit facility borrowings	20,000	85,000
Payments of revolving credit facility borrowings		(70,000)
Proceeds from Ex-Im credit facility borrowings, net of discount	67,236	40,295
Payment of debt issuance costs	(6,322)	(803)
Proceeds from issuance of common stock under equity plans	6,709	5,170
Purchase of common stock in treasury (immediately retired) related to tax withholdings for stock-based compensation	(1,937)	(531)
Other financing activities	(376)	(372)
Net cash provided by financing activities	85,310	58,759
Effect of exchange rate changes on cash	(180)	198
Net increase (decrease) in cash and cash equivalents	5,164	(9,769)
Cash and cash equivalents at beginning of period	42,088	52,263
Cash and cash equivalents at end of period	\$ 47,252	\$ 42,494

Non-cash investing and financing activities:

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Issuance of common stock in satisfaction of certain accrued employee compensation liabilities	\$ 13,080	\$ 11,609
Capital expenditures not paid for	\$ 21,798	\$ 8,566
Exposure fees on Ex-Im credit facility expected to be financed through Ex-Im credit facility	\$ 7,382	\$

See accompanying notes to the condensed consolidated financial statements.

Table of Contents

VIASAT, INC.

CONDENSED CONSOLIDATED STATEMENT OF EQUITY

(UNAUDITED)

ViaSat, Inc. Stockholders Common Stock	Noncontrolling Interest in Subsidiary	Total
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