

VIASAT INC
Form 10-Q
November 07, 2012
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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 September 28, 2012.

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 (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

The number of shares outstanding of the registrant's common stock, \$0.0001 par value, as of October 26, 2012 was 44,013,836.

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

	As of September 28, 2012	As of March 30, 2012
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 136,118	\$ 172,583
Accounts receivable, net	231,606	211,690
Inventories	132,890	127,646
Deferred income taxes	20,291	20,316
Prepaid expenses and other current assets	34,718	30,917
Total current assets	555,623	563,152
Satellites, net	560,521	585,731
Property and equipment, net	326,045	294,973
Other acquired intangible assets, net	55,059	63,041
Goodwill	83,537	83,461
Other assets	162,584	136,795
Total assets	\$ 1,743,369	\$ 1,727,153
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 80,646	\$ 75,040
Accrued liabilities	154,406	159,762
Current portion of other long-term debt	1,270	1,240
Total current liabilities	236,322	236,042
Senior Notes, net	548,039	547,791
Other long-term debt	131	774
Other liabilities	57,060	50,353
Total liabilities	841,552	834,960
Commitments and contingencies (Note 8)		
Equity:		
ViaSat, Inc. stockholders' equity		
Common stock	4	4
Paid-in capital	683,401	649,672
Retained earnings	239,891	262,218
Common stock held in treasury	(27,500)	(25,358)
Accumulated other comprehensive income	1,766	1,439

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Total ViaSat, Inc. stockholders' equity	897,562	887,975
Noncontrolling interest in subsidiary	4,255	4,218
Total equity	901,817	892,193
Total liabilities and equity	\$ 1,743,369	\$ 1,727,153

See accompanying notes to the condensed consolidated financial statements.

Table of Contents**VIASAT, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****AND COMPREHENSIVE INCOME (LOSS)****(UNAUDITED)**

	Three Months Ended		Six Months Ended	
	September 28, 2012	September 30, 2011	September 28, 2012	September 30, 2011
(In thousands, except per share data)				
Revenues:				
Product revenues	\$ 168,475	\$ 146,611	\$ 316,204	\$ 269,157
Service revenues	114,347	76,413	208,381	148,968
Total revenues	282,822	223,024	524,585	418,125
Operating expenses:				
Cost of product revenues	121,421	107,909	230,470	200,194
Cost of service revenues	95,382	54,204	173,951	103,520
Selling, general and administrative	54,079	44,379	110,580	86,112
Independent research and development	8,758	6,809	16,127	12,503
Amortization of acquired intangible assets	4,041	4,767	8,105	9,539
(Loss) income from operations	(859)	4,956	(14,648)	6,257
Other income (expense):				
Interest income	45	13	105	39
Interest expense	(11,553)	(211)	(23,099)	(211)
(Loss) income before income taxes	(12,367)	4,758	(37,642)	6,085
Benefit from income taxes	(4,510)	(3,411)	(15,352)	(3,678)
Net (loss) income	(7,857)	8,169	(22,290)	9,763
Less: Net income attributable to the noncontrolling interest, net of tax	50	194	37	29
Net (loss) income attributable to ViaSat, Inc.	\$ (7,907)	\$ 7,975	\$ (22,327)	\$ 9,734
Basic net (loss) income per share attributable to ViaSat, Inc. common stockholders				
	\$ (0.18)	\$ 0.19	\$ (0.51)	\$ 0.23
Diluted net (loss) income per share attributable to ViaSat, Inc. common stockholders				
	\$ (0.18)	\$ 0.18	\$ (0.51)	\$ 0.22
Shares used in computing basic net (loss) income per share				
	43,615	42,142	43,399	41,972
Shares used in computing diluted net (loss) income per share				
	43,615	43,894	43,399	43,860
Comprehensive income (loss):				
Net (loss) income	\$ (7,857)	\$ 8,169	\$ (22,290)	\$ 9,763
Other comprehensive income (loss), net of tax:				
Unrealized gain (loss) on hedging, net of tax of \$82, \$0, \$26 and \$0 respectively	129	(593)	40	(721)

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Foreign currency translation adjustments, net of tax of \$73, \$0, \$(40) and \$0 respectively	899	(1,002)	287	(694)
Other comprehensive income (loss), net of tax	1,028	(1,595)	327	(1,415)
Comprehensive (loss) income	(6,829)	6,574	(21,963)	8,348
Less: comprehensive income attributable to the noncontrolling interest, net of tax	50	194	37	29
Comprehensive (loss) income attributable to ViaSat, Inc.	\$ (6,879)	\$ 6,380	\$ (22,000)	\$ 8,319

See accompanying notes to the condensed consolidated financial statements.

Table of Contents**VIASAT, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(UNAUDITED)**

	Six Months Ended	
	September 28, 2012	September 30, 2011
	(In thousands)	
Cash flows from operating activities:		
Net (loss) income	\$ (22,290)	\$ 9,763
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	64,359	48,000
Amortization of intangible assets	12,034	11,907
Deferred income taxes	(15,407)	(3,388)
Stock-based compensation expense	12,424	8,979
Loss on disposition of fixed assets	4,535	2,913
Other non-cash adjustments	2,370	782
Increase (decrease) in cash resulting from changes in operating assets and liabilities:		
Accounts receivable	(20,515)	(7,416)
Inventories		