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Iridium Communications Inc.
Form 10-Q
October 27, 2016

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 30, 2016

OR

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

Commission File Number 001-33963

Iridium Communications Inc.

(Exact name of registrant as specified in its charter)

DELAWARE
(State of incorporation)

26-1344998
(I.R.S. Employer

Identification No.)

1750 Tysons Boulevard, Suite 1400, McLean, Virginia
(Address of principal executive offices)

22102
(Zip code)

703-287-7400

(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, 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 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. (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

The number of shares of the registrant's common stock, par value \$0.001 per share, outstanding as of October 24, 2016 was 95,771,083.

IRIDIUM COMMUNICATIONS INC.

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PART I.

Iridium Communications Inc.

Condensed Consolidated Balance Sheets

(In thousands, except per share data)

	September 30, 2016	December 31, 2015
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 374,006	\$ 185,665
Marketable securities	52,368	203,329
Accounts receivable, net	61,608	51,668
Inventory	21,419	27,926
Prepaid expenses and other current assets	21,798	13,130
Total current assets	531,199	481,718
Property and equipment, net	2,696,208	2,443,567
Restricted cash	113,101	91,112
Other assets	11,720	8,188
Intangible assets, net	45,992	46,589
Total assets	\$ 3,398,220	\$ 3,071,174
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 37,661	\$ 31,525
Accrued expenses and other current liabilities	29,391	29,402
Interest payable	9,954	3,720
Deferred revenue	37,682	36,967
Total current liabilities	114,688	101,614
Accrued satellite operations and maintenance expense, net of current portion	13,401	14,182
Credit facility, net	1,546,777	1,388,766
Deferred income tax liabilities, net	344,676	296,832
Deferred revenue, net of current portion	32,254	28,567
Other long-term liabilities	27,540	12,492
Total liabilities	2,079,336	1,842,453
Commitments and contingencies		
Stockholders' equity:		
Series A Preferred Stock, \$0.0001 par value, 1,000 shares authorized, issued and outstanding	-	-
Series B Preferred Stock, \$0.0001 par value, 500 shares authorized, issued and outstanding	-	-
Common stock, \$0.001 par value, 300,000 shares authorized, 95,763 and 95,126 shares issued and outstanding, respectively	96	95

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Additional paid-in capital	1,055,982	1,044,488
Retained earnings	268,553	193,201
Accumulated other comprehensive loss, net of tax	(5,747)	(9,063)
Total stockholders' equity	1,318,884	1,228,721
Total liabilities and stockholders' equity	\$3,398,220	\$3,071,174

See notes to unaudited condensed consolidated financial statements.

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Iridium Communications Inc.

Condensed Consolidated Statements of Operations and Comprehensive Income

(In thousands, except per share amounts)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Revenue:				
Services	\$87,316	\$81,200	\$250,625	\$234,640
Subscriber equipment	19,900	21,180	57,822	56,488
Engineering and support services	5,578	3,654	17,744	13,832
Total revenue	112,794	106,034	326,191	304,960
Operating expenses:				
Cost of services (exclusive of depreciation and amortization)	15,936	13,990	48,287	43,192
Cost of subscriber equipment	11,476	11,559	33,798	31,487
Research and development	5,038	3,480	11,610	12,028
Selling, general and administrative	18,767	17,534	60,133	56,800
Depreciation and amortization	11,809	12,932	37,588	39,107
Total operating expenses	63,026	59,495	191,416	182,614
Operating income	49,768	46,539	134,775	122,346
Other income (expense):				
Interest income, net	700	263	2,258	2,292
Undrawn credit facility fees	(305)	(774)	(1,176)	(2,621)
Other income (expense), net	39	(112)	359	(111)
Total other income (expense), net	434	(623)	1,441	(440)
Income before income taxes	50,202	45,916	136,216	121,906
Provision for income taxes	(18,647)	(16,369)	(49,287)	(45,352)
Net income	31,555	29,547	86,929	76,554
Series A Preferred Stock dividends	1,750	1,750	5,250	5,250
Series B Preferred Stock dividends	2,109	2,109	6,327	6,327
Net income attributable to common stockholders	\$27,696	\$25,688		