

INFINERA CORP
Form 10-Q
November 06, 2012
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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 September 29, 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: 001-33486

Infinera Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

140 Caspian Court

77-0560433
(IRS Employer
Identification No.)

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Sunnyvale, CA 94089

(Address of principal executive offices, including zip code)

(408) 572-5200

(Registrant's telephone number, including area code)

Indicate by checkmark 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. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a 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 October 31, 2012, 112,167,086 shares of the registrant's Common Stock, \$0.001 par value, were issued and outstanding.

Table of Contents

INFINERA CORPORATION
QUARTERLY REPORT ON FORM 10-Q
FOR THE FISCAL QUARTER ENDED SEPTEMBER 29, 2012

INDEX

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
Item 1. <u>Condensed Consolidated Financial Statements (Unaudited)</u>	3
<u>Condensed Consolidated Balance Sheets As of September 29, 2012 and December 31, 2011</u>	3
<u>Condensed Consolidated Statements of Operations Three and nine months ended September 29, 2012 and September 24, 2011</u>	4
<u>Condensed Consolidated Statements of Comprehensive Loss Three and nine months ended September 29, 2012 and 2011 and September 24, 2011</u>	5
<u>Condensed Consolidated Statements of Cash Flows Nine months ended September 29, 2012 and September 24, 2011</u>	6
<u>Notes to Condensed Consolidated Financial Statements</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	23
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	30
Item 4. <u>Controls and Procedures</u>	31
<u>PART II. OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	32
Item 1A. <u>Risk Factors</u>	33
Item 6. <u>Exhibits</u>	49
<u>Signature Page</u>	50

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Condensed Consolidated Financial Statements****INFINERA CORPORATION****CONDENSED CONSOLIDATED BALANCE SHEETS****(In thousands, except par values)****(Unaudited)**

	September 29, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 76,600	\$ 94,458
Short-term investments	92,258	101,296
Accounts receivable, net of allowance for doubtful accounts of \$94 in 2012 and \$0 in 2011	91,544	80,616
Other receivables	3,245	1,346
Inventory	118,463	88,996
Deferred inventory costs	1,891	5,987
Prepaid expenses and other current assets	12,094	10,532
Total current assets	396,095	383,231
Property, plant and equipment, net	79,140	76,753
Deferred inventory costs, non-current	134	1,020
Long-term investments	10,361	54,315
Cost-method investment	9,000	9,000
Long-term restricted cash	3,615	3,047
Deferred tax asset	822	822
Other non-current assets	1,854	3,516
Total assets	\$ 501,021	\$ 531,704
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 45,292	\$ 48,838
Accrued expenses	23,669	22,421
Accrued compensation and related benefits	18,280	18,966
Accrued warranty	6,911	5,692
Deferred revenue	17,267	22,781
Deferred tax liability	767	767
Total current liabilities	112,186	119,465
Accrued warranty, non-current	8,388	7,173
Deferred revenue, non-current	2,241	3,410
Other long-term liabilities	15,706	13,853
Commitments and contingencies		

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Stockholders' equity:

Preferred stock, \$0.001 par value		
Authorized shares - 25,000 and no shares issued and outstanding	0	0
Common stock, \$0.001 par value		
Authorized shares 500,000 as of September 29, 2012 and December 31, 2011		
Issued and outstanding shares 112,119 as of September 29, 2012 and 106,976 as of December 31, 2011	112	107
Additional paid-in capital	920,482	876,927
Accumulated other comprehensive loss	(1,816)	(2,195)
Accumulated deficit	(556,278)	(487,036)
Total stockholders' equity	362,500	387,803
Total liabilities and stockholders' equity	\$ 501,021	\$ 531,704

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

Table of Contents**INFINERA CORPORATION****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(In thousands, except per share data)****(Unaudited)**

	Three Months Ended		Nine Months Ended	
	September 29, 2012	September 24, 2011	September 29, 2012	September 24, 2011
Revenue:				
Product	\$ 98,853	\$ 89,554	\$ 269,087	\$ 256,443
Ratable product and related support and services	450	847	1,504	2,583
Services	12,911	13,621	39,782	33,842
Total revenue	112,214	104,022	310,373	292,868
Cost of revenue:				
Cost of product	66,510	57,449	181,851	158,607
Cost of ratable product and related support and services	102	167	459	846
Cost of services	4,102	5,757	13,762	12,608
Total cost of revenue	70,714	63,373	196,072	172,061
Gross profit	41,500	40,649	114,301	120,807
Operating expenses:				
Research and development	27,912	31,694	90,573	95,902
Sales and marketing	19,285	17,545	55,304	46,437
General and administrative	12,508	13,112	35,912	40,256
Total operating expenses	59,705	62,351	181,789	182,595
Loss from operations	(18,205)	(21,702)	(67,488)	(61,788)
Other income (expense), net:				
Interest income	175	205	678	742
Other gain (loss), net	(617)	188	(892)	(203)
Total other income (expense), net	(442)	393	(214)	539
Loss before income taxes	(18,647)	(21,309)	(67,702)	(61,249)
Provision for income taxes	434	497	1,540	1,145
Net loss	\$ (19,081)	\$ (21,806)	\$ (69,242)	\$ (62,394)
Net loss per common share				
Basic	\$ (0.17)	\$ (0.21)	\$ (0.63)	\$ (0.59)
Diluted	\$ (0.17)	\$ (0.21)	\$ (0.63)	\$ (0.59)
Weighted average shares used in computing net loss per common share				
Basic	111,579	106,264	110,216	104,936

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Diluted	111,579	106,264	110,216	104,936
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The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents**INFINERA CORPORATION****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS****(In thousands)****(Unaudited)**

	Three Months Ended		Nine Months Ended	
	September 29, 2012	September 24, 2011	September 29, 2012	September 24, 2011
Net loss	\$ (19,081)	\$ (21,806)	\$ (69,242)	\$ (62,394)
Other comprehensive loss:				
Unrealized gain (loss) on auction rate securities classified as available-for-sale investments	82	187	(143)	519
Unrealized gain (loss) on all other available-for-sale investments	69	(98)	189	(126)
Foreign currency translation adjustment	614	(722)	352	(571)
Tax related to available-for-sale investment	(18)	(36)		