

VIASAT INC  
Form 10-Q  
February 08, 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 December 30, 2011.

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 February 1, 2012 was 42,838,630.

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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 December 30, 2011	As of April 1, 2011
	(In thousands)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 45,842	\$ 40,490
Accounts receivable, net	184,299	191,889
Inventories	129,763	98,555
Deferred income taxes	18,581	18,805
Prepaid expenses and other current assets	51,411	21,141
Total current assets	429,896	370,880
Satellites, net	597,236	533,000
Property and equipment, net	275,598	233,139
Other acquired intangible assets, net	67,226	81,889
Goodwill	83,151	83,532
Other assets	126,556	103,308
Total assets	\$ 1,579,663	\$ 1,405,748
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 62,880	\$ 71,712
Accrued liabilities	139,360	130,583
Current portion of other long-term debt	1,226	1,128
Total current liabilities	203,466	203,423
Senior Notes due 2016, net	272,667	272,296
Other long-term debt	171,089	61,946
Other liabilities	45,242	23,842
Total liabilities	692,464	561,507
Commitments and contingencies (Note 8)		
Equity:		
ViaSat, Inc. stockholders' equity		
Common stock	4	4
Paid-in capital	637,616	601,029
Retained earnings	269,596	254,722
Common stock held in treasury	(24,898)	(17,907)
Accumulated other comprehensive income	758	2,277

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Total ViaSat, Inc. stockholders' equity	883,076	840,125
Noncontrolling interest in subsidiary	4,123	4,116
Total equity	887,199	844,241
Total liabilities and equity	\$ 1,579,663	\$ 1,405,748

See accompanying notes to the condensed consolidated financial statements.

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

	Three Months Ended		Nine Months Ended	
	December 30, 2011	December 31, 2010	December 30, 2011	December 31, 2010
	(In thousands, except per share data)			
<b>Revenues:</b>				
Product revenues	\$ 121,862	\$ 126,434	\$ 391,019	\$ 379,022
Service revenues	83,102	69,507	232,070	206,812
Total revenues	204,964	195,941	623,089	585,834
<b>Operating expenses:</b>				
Cost of product revenues	89,463	95,009	289,657	278,174
Cost of service revenues	57,318	41,923	160,838	122,682
Selling, general and administrative	45,640	40,413	131,752	121,286
Independent research and development	5,999	6,661	18,502	21,597
Amortization of acquired intangible assets	4,752	4,923	14,291	14,627
Income from operations	1,792	7,012	8,049	27,468
<b>Other income (expense):</b>				
Interest income	20	46	59	248
Interest expense	(331)	(60)	(542)	(3,151)
Income before income taxes	1,481	6,998	7,566	24,565
(Benefit from) provision for income taxes	(3,637)	(5,929)	(7,315)	437
Net income	5,118	12,927	14,881	24,128
Less: Net (loss) income attributable to the noncontrolling interest, net of tax	(22)	3	7	157
Net income attributable to ViaSat, Inc.	\$ 5,140	\$ 12,924	\$ 14,874	\$ 23,971
<b>Basic net income per share attributable to ViaSat, Inc. common stockholders</b>				
	\$ 0.12	\$ 0.31	\$ 0.35	\$ 0.59
<b>Diluted net income per share attributable to ViaSat, Inc. common stockholders</b>				
	\$ 0.12	\$ 0.30	\$ 0.34	\$ 0.56
Shares used in computing basic net income per share	42,452	41,205	42,132	40,604
Shares used in computing diluted net income per share	44,333	43,352	44,015	42,799

See accompanying notes to the condensed consolidated financial statements.

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

	<b>Nine Months Ended</b>	
	<b>December 30, 2011</b>	<b>December 31, 2010</b>
	<b>(In thousands)</b>	
<b>Cash flows from operating activities:</b>		
Net income	\$ 14,881	\$ 24,128
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation	71,762	61,980
Amortization of intangible assets	17,476	14,628
Deferred income taxes	(7,385)	246
Stock-based compensation expense	14,778	12,690
Loss on disposition of fixed assets	3,697	4,895
Other non-cash adjustments	892	943
Increase (decrease) in cash resulting from changes in operating assets and liabilities, net of effect of acquisition		
Accounts receivable	6,531	1,901
Inventories	(28,197)	(11,273)
Other assets	(13,075)	(422)
Accounts payable	(6,682)	(6,112)
Accrued liabilities	(10,940)	17,124
Other liabilities	1,227	2,584
Net cash provided by operating activities	64,965	123,312
<b>Cash flows from investing activities:</b>		
Purchase of property, equipment and satellites, net	(159,167)	(151,730)
Cash paid for patents, licenses and other assets	(17,104)	(11,524)
Payment related to acquisition of business, net of cash acquired		(13,456)
Net cash used in investing activities	(176,271)	(176,710)
<b>Cash flows from financing activities:</b>		
Proceeds from line of credit borrowings	130,000	30,000
Payments on line of credit	(20,000)	(40,000)
Proceeds from issuance of common stock under equity plans	14,369	24,391
Purchase of common stock in treasury	(6,991)	(5,505)
Payments on capital lease	(762)	
Net cash provided by financing activities	116,616	8,886
Effect of exchange rate changes on cash	42	245
Net increase (decrease) in cash and cash equivalents	5,352	