VERIFONE SYSTEMS, INC. Form 10-Q March 11, 2015 <u>Table of Contents</u>

UNIT	TED STATES			
SECU	JRITIES AND EXCHANGE COM	MISSION		
Wash	ington, D.C. 20549			
Form	10-Q			
(Marl	k One)			
þ	QUARTERLY REPORT PURSU. OF 1934	ANT TO SECTION	13 OR 15(d) OF T	HE SECURITIES EXCHANGE ACT
	For the quarterly period ended Jan	uary 31, 2015		
Or				
••	TRANSITION REPORT PURSU. OF 1934	ANT TO SECTION	13 OR 15(d) OF T	HE SECURITIES EXCHANGE ACT
	For the transition period from	to		
	mission file number: 001-32465			
	IFONE SYSTEMS, INC.			
(Exac	ct name of registrant as specified in i	its charter)		
Delay	ware		04-3692546	
	e or other jurisdiction of		(I.R.S. Employer	
-	poration or organization)		Identification No.)	
	Gateway Place, Suite 600			
	ose, CA 95110			
	ress of principal executive offices w	ith zip code)		
· /	232-7800			
N/A	strant's telephone number, including	-		
Indica the So requir Indica any, e (§232 to sub Indica or a s	red to file such reports), and (2) has ate by check mark whether the regis every Interactive Data File required 2.405 of this chapter) during the prec- omit and post such files). Yes b ate by check mark whether the regis	trant: (1) has filed all ng the preceding 12 p been subject to such trant has submitted e to be submitted and p ceding 12 months (or No " trant is a large accele lefinitions of "large a	I reports required to months (or for such filing requirements lectronically and p posted pursuant to l for such shorter pe erated filer, an acce	b be filed by Section 13 or 15(d) of a shorter period that the registrant was s for the past 90 days. Yes b No " osted on its corporate Web site, if Rule 405 of Regulation S-T eriod that the registrant was required lerated filer, a non-accelerated filer, accelerated filer" and "smaller reporting
Large	e accelerated filer þ			Accelerated filer "
Indica Act).	accelerated filer " (Do not check if ate by check mark whether the regis Yes " No þ number of shares outstanding of each	trant is a shell compa	any (as defined in F	-
Febru	uary 27, 2015:			
Class			Number of sha	ares
Com	mon Stock, \$0.01 par value per share	e	113,740,690	

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## PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (Unaudited)

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#### VERIFONE SYSTEMS, INC. CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ende	ed January 31,
	2015	2014
	(Unaudited, in thou	sands, except per share data)
Net revenues:		
System solutions	\$313,400	\$261,166
Services	172,826	174,900
Total net revenues	486,226	436,066
Cost of net revenues:		
System solutions	185,668	167,508
Services	101,388	98,341
Total cost of net revenues	287,056	265,849
Total gross margin	199,170	170,217
Operating expenses:		
Research and development	48,903	50,532
Sales and marketing	57,410	50,611
General and administrative	47,350	50,914
Amortization of purchased intangible assets	22,332	24,675
Total operating expenses	175,995	176,732
Operating income (loss)	23,175	(6,515
Interest, net	(7,895	) (11,389
Other income (expense), net	243	(5,127
Income (loss) before income taxes	15,523	(23,031
Income tax provision (benefit)	1,395	(6,934
Consolidated net income (loss)	14,128	(16,097
Net income attributable to noncontrolling interests	(280	) (136
Net income (loss) attributable to VeriFone Systems, Inc. stockholders	\$13,848	\$(16,233
Net income (loss) per share attributable to VeriFone		
Systems, Inc. stockholders:	¢0.1 <b>0</b>	
Basic	\$0.12	\$(0.15
Diluted	\$0.12	\$(0.15
Weighted average number of shares used in computing		
net income (loss) per share:		
Basic	113,443	110,322
Diluted The accompanying notes are an integral part of these com	115,479	110,322

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# VERIFONE SYSTEMS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF	COMPREHENSIVE LOSS			
	Three Months Ended Januar 2015 (Unaudited, in thousands)	ry	31, 2014	
Net income (loss) attributable to VeriFone Systems, Inc. stockholders	\$13,848		\$(16,233	)
Other comprehensive income (loss): Foreign currency translation adjustments Unrealized gain (loss) on derivatives designated as cash flow hedges	(133,904	)	(18,696	)
Change in unrealized gain (loss) on derivatives designated as cash flow hedges, net of tax	(4,187	)	956	
Amounts reclassified from Accumulated other comprehensive loss, net of tax	700		(691	)
Net change in unrealized gain (loss) on derivatives designated as cash flow hedges	(3,487	)	265	
Other Change in other, net of tax	27		124	
Amounts reclassified from Accumulated other comprehensive loss, net of tax	—		(296	)
Net change in other	27		(172	)
Other comprehensive loss	(137,364	)	(18,603	)
Comprehensive loss attributable to VeriFone Systems, Inc. stockholders	\$(123,516	)	\$(34,836	)
The accompanying notes are an integral part of these cor	ndensed consolidated financia	1 8	statements.	

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January 31, 2015 October 31, 2014

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## VERIFONE SYSTEMS, INC. CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited, in thousands, except par value)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$240,636	\$250,187
Accounts receivable, net of allowances of \$9,762 and \$9,880	287,310	305,500
Inventories	137,611	124,275
Prepaid expenses and other current assets	103,803	105,610
Total current assets	769,360	785,572
Fixed assets, net	168,580	177,753
Purchased intangible assets, net		