

HUGHES Telematics, Inc.  
Form 10-Q  
November 09, 2011  
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 30, 2011, or

o Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
Commission file number 001-33860  
HUGHES Telematics, Inc.  
(Exact name of registrant as specified in its charter)

Delaware 26-0443717  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

2002 Summit Boulevard, Suite 1800 30319  
Atlanta, Georgia  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (404) 573-5800

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 periods that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

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 o No o

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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o Accelerated filer x Non-accelerated filer o Smaller reporting company o  
(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 o No x

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of November 8, 2011, 105,570,928 shares of the registrant's common stock were outstanding.

---

Table of Contents

TABLE OF CONTENTS

<u>PART I – FINANCIAL INFORMATION</u>	<u>1</u>
<u>Item 1. Financial Statements</u>	<u>1</u>
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>12</u>
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>20</u>
<u>Item 4. Controls and Procedures</u>	<u>20</u>
<u>PART II – OTHER INFORMATION</u>	<u>21</u>
<u>Item 1. Legal Proceedings</u>	<u>21</u>
<u>Item 1A. Risk Factors</u>	<u>21</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>21</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>21</u>
<u>Item 4. Reserved</u>	<u>21</u>
<u>Item 5. Other Information</u>	<u>21</u>
<u>Item 6. Exhibits</u>	<u>21</u>

Table of Contents

## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements

## HUGHES TELEMATICS, INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except share data)

	September 30, 2011	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	\$9,630	\$14,596
Short-term investments	179	2,263
Accounts receivable, net	6,036	10,661
Prepaid expenses	2,000	933
Other current assets	3,435	3,078
Total current assets	21,280	31,531
Restricted cash	1,291	1,333
Property and equipment, net	21,845	24,516
Capitalized software, net	20,721	18,476
Intangible assets, net	10,473	12,591
Goodwill	5,169	5,169
Debt issuance costs	2,774	3,958
Other assets	10,488	11,243
Total assets	\$94,041	\$108,817
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$7,743	\$6,688
Accrued liabilities	25,724	18,868
Deferred revenue	21,519	12,972
Current portion of capital lease obligations	564	1,772
Current portion of long-term debt	4,277	5,632
Other current liabilities	434	1,585
Total current liabilities	60,261	47,517
Long-term debt, net of current portion	114,399	102,669
Capital lease obligations	104	152
Long-term deferred revenue	29,952	19,337
Other liabilities	1,121	1,504
Total liabilities	205,837	171,179
Commitments and contingencies (Note 11)		
Stockholders' deficit:		
Preferred stock, \$0.0001 par value. Authorized 10,000,000 shares, no shares issued and outstanding at September 30, 2011 and December 31, 2010	—	—
Common stock, \$0.0001 par value. Authorized 155,000,000 shares; issued and outstanding 94,140,770 shares at September 30, 2011 and 92,675,404 shares at December 31, 2010	9	9
Additional paid-in capital	378,860	370,229
Accumulated deficit	(503,997 )	(445,450 )
Total HUGHES Telematics, Inc. stockholders' deficit	(125,128 )	(75,212 )

Edgar Filing: HUGHES Telematics, Inc. - Form 10-Q

Non-controlling interests in consolidated subsidiary	13,332	12,850
Total stockholders' deficit	(111,796 )	(62,362 )
Total liabilities and stockholders' deficit	\$94,041	\$108,817

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

1

---

Table of ContentsHUGHES TELEMATICS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Revenues:				
Services	\$16,118	\$8,215	\$44,218	\$20,739
Hardware	2,479	2,559	7,417	7,629
Total revenues	18,597	10,774	51,635	28,368
Operating costs and expenses (exclusive of depreciation and amortization shown separately):				
Cost of services	5,085	5,763	16,602	16,240
Cost of hardware sold	1,713	1,872	5,085	5,612
Research and development	4,217	2,788	12,873	6,754
Sales and marketing	5,327	5,459	18,135	15,617
General and administrative	11,560	8,314	32,600	24,900
Depreciation and amortization	3,104	3,369	10,200	10,274
Total operating costs and expenses	31,006	27,565	95,495	79,397
Loss from operations	(12,409	) (16,791	) (43,860	