

Edgar Filing: Global Eagle Entertainment Inc. - Form 10-Q

Global Eagle Entertainment Inc.
Form 10-Q
August 09, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2018

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 001-35176

GLOBAL EAGLE ENTERTAINMENT INC.

(Exact name of registrant as specified in its charter)

Delaware 27-4757800

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

6100 Center Drive, Suite 1020

Los Angeles, California 90045

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (310) 437-6000

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 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 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 Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

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

(Class) (Outstanding as of August 6, 2018)

COMMON STOCK, \$0.0001 PAR VALUE 91,281,799 SHARES*

* Excludes 3,053,634 shares held by a wholly-owned subsidiary of the registrant.

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FORM 10-Q
FOR THE FISCAL QUARTER ENDED JUNE 30, 2018

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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GLOBAL EAGLE ENTERTAINMENT INC.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(In thousands, except share and per share amounts)

	June 30, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$37,403	\$ 48,260
Restricted cash	5,390	3,608
Accounts receivable, net	103,415	113,545
Inventories	32,719	28,352
Prepaid expenses	16,949	13,486
Other current assets	21,482	20,923
TOTAL CURRENT ASSETS:	217,358	228,174
Content library	8,101	8,686
Property, plant and equipment, net	190,716	195,029
Goodwill	159,610	159,696
Intangible assets, net	101,659	122,582
Equity method investments	135,430	137,299
Other non-current assets	11,603	9,118
TOTAL ASSETS	\$824,477	\$ 860,584
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$188,231	\$ 205,036
Deferred revenue	8,472	6,508
Current portion of long-term debt	19,595	20,106
Other current liabilities	9,661	7,785
TOTAL CURRENT LIABILITIES:	225,959	239,435
Deferred revenue, non-current	1,089	1,079
Long-term debt	633,527	598,958
Deferred tax liabilities	8,590	16,247
Other non-current liabilities	34,455	30,340
TOTAL LIABILITIES	903,620	886,059
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIT:		
Preferred stock, \$0.0001 par value; 1,000,000 shares authorized, 0 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	—	—
Common stock, \$0.0001 par value; 375,000,000 shares authorized, 94,337,195 and 93,834,805 shares issued, 91,283,571 and 90,781,171 shares outstanding, at June 30, 2018 and December 31, 2017, respectively	10	10
Treasury stock, 3,053,634 shares at June 30, 2018 and December 31, 2017	(30,659)	(30,659)
Additional paid-in capital	809,369	779,565
Subscriptions receivable	(591)	(578)
Accumulated deficit	(857,051)	(773,791)
Accumulated other comprehensive loss	(221)	(22)

TOTAL STOCKHOLDERS' DEFICIT	(79,143)	(25,475)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	\$824,477	\$ 860,584

* See Note 2. Basis of Presentation and Summary of Significant Accounting Policies

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

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GLOBAL EAGLE ENTERTAINMENT INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
 (In thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue:				
Licensing and services	\$ 156,428	\$ 146,148	\$ 302,954	\$ 289,790
Equipment	9,534	9,594	19,505	18,544
Total revenue	165,962	155,742	322,459	308,334
Cost of sales:				