

AKAMAI TECHNOLOGIES INC
Form 10-Q
November 09, 2015
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 September 30, 2015

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 0-27275

Akamai Technologies, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

04-3432319

(I.R.S. Employer
Identification No.)

150 Broadway

Cambridge, MA 02142

(617) 444-3000

(Address, Including Zip Code, and Telephone Number,
Including Area Code, of Registrant's Principal Executive Offices)

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 (the "Exchange Act") 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

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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 as of November 4, 2015: 177,938,953

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AKAMAI TECHNOLOGIES, INC.

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2015

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

AKAMAI TECHNOLOGIES, INC.
CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)	September 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$256,471	\$238,650
Marketable securities	411,382	519,642
Accounts receivable, net of reserves of \$9,007 and \$9,023 at September 30, 2015, and December 31, 2014, respectively	365,957	329,578
Prepaid expenses and other current assets	115,601	128,981
Deferred income tax assets	61,574	45,704
Total current assets	1,210,985	1,262,555
Property and equipment, net	734,540	601,591
Marketable securities	837,020	869,992
Goodwill	1,135,500	1,051,294
Acquired intangible assets, net	158,978	132,412
Deferred income tax assets	1,888	1,955
Other assets	105,898	81,747
Total assets	\$4,184,809	\$4,001,546
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$60,902	\$77,412
Accrued expenses	215,290	204,686
Deferred revenue	55,580	49,679
Other current liabilities	234	2,234
Total current liabilities	332,006	334,011
Deferred revenue	4,516	3,829
Deferred income tax liabilities	49,925	39,299
Convertible senior notes	619,365	604,851
Other liabilities	93,334	74,221
Total liabilities	1,099,146	1,056,211
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 5,000,000 shares authorized; 700,000 shares designated as Series A Junior Participating Preferred Stock; no shares issued or outstanding	—	—
Common stock, \$0.01 par value; 700,000,000 shares authorized; 181,081,173 shares issued and 178,233,604 shares outstanding at September 30, 2015, and 178,300,603 shares issued and outstanding at December 31, 2014	1,811	1,783
Additional paid-in capital	4,685,078	4,559,430
Accumulated other comprehensive loss	(33,519)	(17,611)
Treasury stock, at cost, 2,847,569 shares at September 30, 2015, and no shares at December 31, 2014	(202,426)	—

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Accumulated deficit	(1,365,281) (1,598,267)
Total stockholders' equity	3,085,663	2,945,335	
Total liabilities and stockholders' equity	\$4,184,809	\$4,001,546	

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

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CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)	For the Three Months		For the Nine Months	
	Ended September 30,		Ended September 30,	
	2015	2014	2015	2014
Revenue	\$551,030	\$498,042	\$1,618,289	\$1,427,579
Costs and operating expenses:				
Cost of revenue (exclusive of amortization of acquired intangible assets shown below)	183,204	158,812	532,408	447,742
Research and development	38,396	32,583	110,917	92,869
Sales and marketing	107,426	96,215	322,406	268,742
General and administrative	99,543	81,905	288,287	239,946
Amortization of acquired intangible assets	6,752	8,403	20,284	23,654
Restructuring charges (benefits)	20	(115) 517	1,189
Total costs and operating expenses	435,341	377,803	1,274,819	1,074,142
Income from operations	115,689	120,239	343,470	353,437
Interest income	2,723	2,010	8,265	5,389
Interest expense	(4,630) (4,482) (13,884) (10,939
Other income (expense), net	204	(188) (1,702) (1,968
Income before provision for income taxes	113,986	117,579	336,149	