

TIVO INC
Form 8-K
August 26, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 OR 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) August 26, 2004

TIVO INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-27141
(Commission File Number)

77-0463167
(IRS Employer
Identification No.)

2160 Gold Street,
Alviso, California
(Address of principal executive offices)

95002
(Zip Code)

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Registrant's telephone number, including area code (408)519-9100

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 8.01 OTHER EVENTS

On August 26, 2004 we announced financial results for our second quarter ended July 31, 2004.

We added approximately 288,000 total subscriptions in the second quarter, more than triple the number we added in same quarter of last year. In the past twelve months, our total installed base has more than doubled to approximately 1.9 million. Of the 288,000 net new subscriptions added in the quarter, approximately 225,000 are DIRECTV with TiVo subscriptions, or about four times the number of DIRECTV with TiVo subscriptions added in the same quarter of last year. New TiVo-Owned subscription additions in the quarter were approximately 63,000, an 85% increase compared to the same quarter of last year.

Net revenues for the second quarter were \$39.8 million. Of this amount, service revenues increased 77% to \$24.3 million, compared with \$13.8 million for the same quarter last year. Net loss for the quarter was \$(10.8) million, or \$(0.13) per share, compared to a net loss of \$(4.4) million, or \$(0.07) per share, for the three months ended July 31, 2003. The increase in net loss and net loss per share for the quarter reflects our previously announced investment in subscription acquisition activities to accelerate sub growth during fiscal year 2005.

TIVO INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|-------------------|--------------------|--------------------|
| | July 31, 2004 | July 31, 2003 | July 31, 2004 | July 31, 2003 |
| Service revenues | \$ 24,333 | \$ 13,757 | \$ 46,492 | \$ 26,459 |
| Technology revenues | 3,427 | 3,649 | 6,442 | 7,015 |
| Service and Technology revenues | 27,760 | 17,406 | 52,934 | 33,474 |
| Hardware sales | 18,592 | 8,057 | 32,929 | 22,866 |
| Rebates, rev share & other pmts to channel | (6,576) | 1,209 | (11,564) | (1,148) |
| Net revenues | 39,776 | 26,672 | 74,299 | 55,192 |
| Cost of service revenues | 6,836 | 3,909 | 12,429 | 8,083 |
| Cost of technology revenues | 2,708 | 3,020 | 4,670 | 6,649 |
| Cost of hardware sales | 22,720 | 8,558 | 39,570 | 22,736 |
| Gross margin | 7,512 | 11,185 | 17,630 | 17,724 |
| Research and development | 8,138 | 5,789 | 17,137 | 11,261 |
| Sales and marketing | 6,026 | 4,502 | 11,626 | 8,501 |
| General and administrative | 3,794 | 4,061 | 8,033 | 7,839 |
| Loss from operations | (10,446) | (3,167) | (19,166) | (9,877) |
| Interest and other income (expense), net | (302) | (1,195) | (631) | (2,355) |
| Provision for taxes | (12) | (25) | (30) | (37) |
| Net loss attributable to common stockholders | \$ (10,760) | \$ (4,387) | \$ (19,827) | \$ (12,269) |
| Net loss per common share - basic and diluted | \$ (0.13) | \$ (0.07) | \$ (0.25) | \$ (0.19) |
| Weighted average common shares used to calculate basic & diluted | 80,197 | 65,834 | 79,998 | 64,927 |

TIVO INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

| | <u>July 31, 2004</u> | <u>January 31, 2004</u> |
|--|----------------------|-------------------------|
| ASSETS | | |
| Cash, cash equivalents and short-term investments | \$ 129,993 | \$ 143,235 |
| Accounts receivable, net | 14,660 | 12,131 |
| Inventories | 23,088 | 8,566 |
| Prepaid expenses and other | 6,599 | 9,063 |
| Intangible, property and equipment, net | 10,358 | 10,896 |
| | <u> </u> | <u> </u> |
| Total assets | \$ 184,698 | \$ 183,891 |
| | <u> </u> | <u> </u> |
| LIABILITIES & STOCKHOLDERS EQUITY | | |
| Accounts payable and other liabilities | \$ 47,962 | \$ 31,967 |
| Deferred revenue | 80,888 | 80,287 |
| Convertible notes payable, long term (Face Value \$10,450) | 6,866 | 6,005 |
| Total stockholders equity | 48,982 | 65,632 |
| | <u> </u> | <u> </u> |
| Liabilities & stockholders equity | \$ 184,698 | \$ 183,891 |
| | <u> </u> | <u> </u> |

TIVO INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

| | Six Months Ended | |
|--|--------------------|-------------------|
| | July 31, 2004 | July 31, 2003 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss attributable to common stockholders | \$ (19,827) | \$ (12,269) |
| Non-cash adjustments to reconcile net loss to net cash provided by operating activities: | 3,780 | 5,960 |
| Working capital | 38 | (6,306) |
| Long-term prepaid assets and liabilities | 1,637 | 70 |
| Deferred revenue | 601 | (476) |
| | <u> </u> | <u> </u> |
| Net cash provided by (used in) operating activities | (13,771) | (13,021) |
| | <u> </u> | <u> </u> |
| Net cash used in investing activities | (1,792) | (785) |
| | <u> </u> | <u> </u> |
| Net cash provided by financing activities | 2,321 | 32,420 |
| | <u> </u> | <u> </u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | | |
| Balance at beginning of period | 143,235 | 44,201 |
| Balance at end of period | 129,993 | 62,815 |
| | <u> </u> | <u> </u> |
| Net increase (decrease) in cash | \$ (13,242) | \$ 18,614 |
| | <u> </u> | <u> </u> |

TIVO INC.

OTHER DATA

Subscriptions

| (Subscriptions in thousands) | Three Months Ended | | Six Months Ended | |
|---|--------------------|---------------|------------------|---------------|
| | July 31, 2004 | July 31, 2003 | July 31, 2004 | July 31, 2003 |
| Subscription Net Additions | | | | |
| TiVo-Owned | 63 | 34 | 131 | 71 |
| DIRECTV | 225 | 56 | 421 | 98 |
| Total Subscription Net Additions | 288 | 90 | 552 | 169 |
| Cumulative Subscriptions | | | | |
| TiVo-Owned | 787 | 467 | 787 | 467 |
| DIRECTV | 1,097 | 326 | 1,097 | 326 |
| Total Cumulative Subscriptions | 1,884 | 793 | 1,884 | 793 |
| % of TiVo-Owned Cumulative Subscriptions paying recurring fees | 43% | 34% | 43% | 34% |

Included in the 1,884,000 subscriptions are approximately 26,000 product lifetime subscriptions that have reached the end of the 48-month period TiVo uses to recognize lifetime subscription revenue. These lifetime subscriptions no longer generate subscription revenue.

Forward-Looking Statements

This release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to, among other things, TiVo's business, services, business development, strategy, subscriptions, and future earnings and financial results. Forward-looking statements generally can be identified by the use of forward-looking terminology such as, believe, expect, may, will, intend, estimate, continue, or similar expressions or the negative of those terms or expressions. Such statements involve risks and uncertainties, which could cause actual results to vary materially from those expressed in or indicated by the forward-looking statements. Factors that may cause actual results to differ materially include delays in development, competitive service offerings and lack of market acceptance, as well as the other potential factors described under "Factors That May Affect Future Operating Results" in the Company's public reports filed with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2004, and the Quarterly Report on Form 10-Q for the quarter ended April 30, 2004. We caution you not to place undue reliance on forward-looking statements, which reflect an analysis only and speak only as of the date hereof. TiVo disclaims any obligation to update these forward-looking statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TIVO INC.

Date: August 25, 2004

By: /s/ Michael Ramsay

Michael Ramsay
Chief Executive Officer