

ATN International, Inc.  
Form 10-Q  
August 08, 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 001-12593

---

ATN INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Edgar Filing: ATN International, Inc. - Form 10-Q

Delaware	47-0728886
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

500 Cummings Center

Beverly, MA 01915

(Address of principal executive offices, including zip code)

(978) 619-1300

(Registrant's telephone number, including area code)

---

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 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Emerging growth company

Edgar Filing: ATN International, Inc. - Form 10-Q

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 Exchange Act):

Yes    No

As of August 8, 2018, the registrant had outstanding 15,957,354 shares of its common stock (\$.01 par value).

ATN INTERNATIONAL, INC.

FORM 10-Q

Quarter Ended June 30, 2018

CAUTIONARY STATEMENT  
REGARDING FORWARD  
LOOKING STATEMENTS 3

PART I—FINANCIAL  
INFORMATION 4

Item 1                    Unaudited  
Condensed  
Consolidated  
Financial  
Statements 4

Condensed  
Consolidated  
Balance Sheets  
at June 30, 2018  
and  
December 31,  
2017 4

Condensed  
Consolidated  
Statements of  
Operations for  
the Three and  
Six Months  
Ended June 30,  
2018 and 2017 5

Condensed  
Consolidated  
Statements of  
Comprehensive  
Income (Loss)  
for the Three  
and Six Months  
Ended June 30,  
2018 and 2017 6





Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (or the “Report”) contains forward-looking statements relating to, among other matters, our future financial performance and results of operations; the estimated timeline for the rebuilding of our operations and revenues from our customers in the U.S. Virgin Islands following the hurricanes; our estimates of total losses due to the hurricanes and our estimated costs of restoring hurricane-damaged services; our ability to receive financial support from the government for our rebuild in the U.S. Virgin Islands and the timing of such support; the competitive environment in our key markets, demand for our services and industry trends; the pace of expansion and improvement of our telecommunications network and renewable energy operations including our level of estimated future capital expenditures and our realization of the benefits of these investments; the anticipated timing of our build schedule and energy production of our India renewable energy projects and management’s plans and strategy for the future. These forward-looking statements are based on estimates, projections, beliefs, and assumptions and are not guarantees of future events or results. Actual future events and results could differ materially from the events and results indicated in these statements as a result of many factors, including, among others, (1) our ability to restore our networks and services to our customers in the U.S. Virgin Islands in an efficient and timely manner and to obtain governmental or other support necessary to fully restore services in the U.S. Virgin Islands; (2) our ability to execute planned network expansions and upgrades in our various markets; (3) the general performance of our operations, including operating margins, revenues, capital expenditures, and the future growth and retention of our major customers and subscriber base and consumer demand for solar power; (4) government regulation of our businesses, which may impact our Federal Communications Commission and other telecommunications licenses or our renewables business; (5) economic, political and other risks facing our operations; (6) our ability to maintain favorable roaming arrangements and satisfy the needs and demands of our major wireless customers; (7) our ability to efficiently and cost-effectively upgrade our networks and IT platforms to address rapid and significant technological changes in the telecommunications industry; (8) the loss of or an inability to recruit skilled personnel in our various jurisdictions, including key members of management; (9) our ability to find investment or acquisition or disposition opportunities that fit the strategic goals of the Company; (10) increased competition; (11) our ability to expand our renewable energy business; (12) our reliance on a limited number of key suppliers and vendors for timely supply of equipment and services relating to our network infrastructure; (13) the adequacy and expansion capabilities of our network capacity and customer service system to support our customer growth; (14) the occurrence of weather events and natural catastrophes; (15) our continued access to capital and credit markets; (16) the risk of currency fluctuation for those markets in which we operate; and (17) our ability to realize the value that we believe exists in our businesses. These and other additional factors that may cause actual future events and results to differ materially from the events and results indicated in the forward-looking statements above are set forth more fully under Item 1A “Risk Factors” of the Company’s Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC on March 1, 2018 as may be updated by our Quarterly Reports on Form 10-Q and the other reports we file from time to time with the SEC. Except as required by law, the Company undertakes no obligation and has no intention to update these forward-looking statements to reflect actual results, changes in assumptions or changes in other factors that may affect such forward-looking statements.

In this Report, the words “the Company”, “we,” “our,” “ours,” “us” and “ATN” refer to ATN International, Inc. and its subsidiaries. This Report contains trademarks, service marks and trade names that are the property of, or licensed by, ATN and its subsidiaries.

Reference to dollars (\$) refer to U.S. dollars unless otherwise specifically indicated.

## PART I—FINANCIAL INFORMATION

## Item 1. Unaudited Condensed Consolidated Financial Statements

## ATN INTERNATIONAL, INC. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except share data)

	June 30, 2018	December 31, 2017
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 167,107	\$ 207,956
Restricted cash	1,071	833
Short-term investments	1,595	7,076
Accounts receivable, net of allowances of \$15.1 million and \$15.0 million, respectively	51,365	43,529
Inventory, materials and supplies	7,789	15,398
Prepayments and other current assets	35,386	68,136
Total current assets	264,313	342,928
Fixed Assets:		
Property, plant and equipment	1,255,975	1,169,806
Less accumulated depreciation	(553,007)	(526,660)
Net fixed assets	702,968	643,146
Telecommunication licenses, net	95,952	95,952
Goodwill	63,970	63,970
Customer relationships, net	10,403	11,734
Restricted cash	11,949	11,101
Other assets	39,444	36,774
Total assets	\$ 1,188,999	\$ 1,205,605
<b>LIABILITIES AND EQUITY</b>		
Current Liabilities:		
Current portion of long-term debt	\$ 11,268	\$ 10,919
Accounts payable and accrued liabilities	115,445	116,133
Dividends payable	2,712	2,724
Accrued taxes	10,238	6,751
Advance payments and deposits	17,727	25,178
Total current liabilities	157,390	161,705
Deferred income taxes	30,755	31,732
Other liabilities	41,612	37,072
Long-term debt, excluding current portion	139,733	144,873
Total liabilities	369,490	375,382
Commitments and contingencies (Note 13)		
ATN International, Inc. Stockholders' Equity:		

Edgar Filing: ATN International, Inc. - Form 10-Q

Preferred stock, \$0.01 par value per share; 10,000,000 shares authorized, none issued and outstanding	—	—
Common stock, \$0.01 par value per share; 50,000,000 shares authorized; 17,128,694 and 17,102,530 shares issued, respectively, 15,957,537 and 16,025,745 shares outstanding respectively	170	170
Treasury stock, at cost; 1,171,157 and 1,076,785 shares, respectively	(40,268)	(36,110)
Additional paid-in capital	172,170	167,973
Retained earnings	550,872	552,948
Accumulated other comprehensive income	141	3,746
Total ATN International, Inc. stockholders' equity	683,085	688,727
Non-controlling interests	136,424	141,496
Total equity	819,509	830,223
Total liabilities and equity	\$ 1,188,999	\$ 1,205,605

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

ATN INTERNATIONAL, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(Unaudited)

(In thousands, except per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
REVENUE:				
Wireless	\$ 50,496	\$ 56,546	\$ 101,043	\$ 115,471
Wireline	61,269	61,802	109,365	125,960
Renewable energy	6,023	4,897	11,855	9,929
Total revenue				