

BOTTOMLINE TECHNOLOGIES INC /DE/
Form 10-Q
May 09, 2014
Table of Contents

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 March 31, 2014

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: 0-25259

Bottomline Technologies (de), Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

02-0433294
(I.R.S. Employer
Identification No.)

325 Corporate Drive

Portsmouth, New Hampshire
(Address of principal executive offices)

03801-6808
(Zip Code)

(603) 436-0700
(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 website, 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 (Check one):

Large Accelerated Filer Accelerated Filer
Non-Accelerated Filer (Do not check if a smaller reporting company) 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 No

The number of shares outstanding of the registrant's common stock as of April 30, 2014 was 39,358,443.

Table of Contents

INDEX

	Page No.
<u>PART I. FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements</u>	
<u>Condensed Consolidated Balance Sheets as of March 31, 2014 (unaudited) and June 30, 2013</u>	3
<u>Unaudited Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended March 31, 2014 and 2013</u>	4
<u>Unaudited Condensed Consolidated Statements of Cash Flows for the nine months ended March 31, 2014 and 2013</u>	5
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	18
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	32
Item 4. <u>Controls and Procedures</u>	32
<u>PART II. OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	32
Item 1A. <u>Risk Factors</u>	32
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	42
Item 6. <u>Exhibits</u>	42
<u>SIGNATURE</u>	43

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****Bottomline Technologies (de), Inc.****Condensed Consolidated Balance Sheets****(in thousands)**

	March 31, 2014	June 30, 2013
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 202,344	\$ 283,552
Marketable securities	22,444	9,525
Accounts receivable, net of allowance for doubtful accounts of \$822 at March 31, 2014 and \$769 at June 30, 2013	59,563	44,430
Deferred tax assets	4,924	6,764
Prepaid expenses and other current assets	12,095	8,479
Total current assets	301,370	352,750
Property and equipment, net	30,982	23,631
Goodwill	181,750	109,196
Intangible assets, net	148,727	82,872
Other assets	13,996	17,073
Total assets	\$ 676,825	\$ 585,522
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 11,427	\$ 8,933
Accrued expenses	27,663	16,070
Deferred revenue	64,784	47,184
Total current liabilities	103,874	72,187
Convertible senior notes	146,173	138,582
Deferred revenue, non-current	12,156	9,104
Deferred income taxes	19,433	5,457
Other liabilities	14,834	3,443
Total liabilities	296,470	228,773
Stockholders' equity:		
Preferred Stock, \$.001 par value:		
Authorized shares 4,000; issued and outstanding shares none		
Common Stock, \$.001 par value:		
Authorized shares 100,000; issued shares 39,123 at March 31, 2014, and 37,903 at June 30, 2013; outstanding shares 37,376 at March 31, 2014, and 36,045 at June 30, 2013	39	38
Additional paid-in capital	523,890	499,182
Accumulated other comprehensive income (loss)	4,751	(10,460)
Treasury stock: 1,747 shares at March 31, 2014, and 1,858 shares at June 30, 2013, at cost	(20,579)	(21,888)
Accumulated deficit	(127,746)	(110,123)

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Total stockholders' equity	380,355	356,749
Total liabilities and stockholders' equity	\$ 676,825	\$ 585,522

See accompanying notes.

Table of Contents**Bottomline Technologies (de), Inc.****Unaudited Condensed Consolidated Statements of Comprehensive Income (Loss)****(in thousands, except per share amounts)**

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2014	2013	2014	2013
Revenues:				
Subscriptions and transactions	\$ 35,095	\$ 28,749	\$ 101,489	\$ 87,657
Software licenses	5,543	7,048	15,744	17,216
Service and maintenance	35,873	26,809	96,564	78,999
Other	1,741	1,838	5,109	5,870
Total revenues	78,252	64,444	218,906	189,742
Cost of revenues:				
Subscriptions and transactions	17,866	16,851	49,964	47,075
Software licenses	505	952	1,263	1,978
Service and maintenance	13,942	11,081	40,434	35,352
Other	1,278	1,383	3,789	4,445
Total cost of revenues	33,591	30,267	95,450	88,850
Gross profit	44,661	34,177	123,456	100,892
Operating expenses:				
Sales and marketing	19,433	16,215	53,699	46,643
Product development and engineering	10,685	8,454	28,363	25,186
General and administrative	8,718	6,554	25,328	19,582
Amortization of intangible assets	4,784	5,162	18,663	14,675
Total operating expenses	43,620	36,385	126,053	106,086
Income (loss) from operations	1,041	(2,208)	(2,597)	(5,194)
Gain (loss) on derivative instruments, net		482		(4,435)
Other expense, net	(3,573)	(3,134)	(11,004)	(3,673)
Loss before income taxes	(2,532)	(4,860)	(13,601)	(13,302)
Income tax provision (benefit)	1,778	(1,301)	4,022	(2,721)
Net loss	\$ (4,310)	\$ (3,559)	\$ (17,623)	\$ (10,581)
Basic and diluted net loss per share attributable to common stockholders:	\$ (0.12)	\$ (0.10)	\$ (0.48)	\$ (0.30)
Shares used in computing basic and diluted net loss per share attributable to common stockholders:	37,081	35,644	36,654	35,279
Other comprehensive income, net of tax:				
Unrealized gain on available for sale securities, net of tax	6		21	
Foreign currency translation adjustments	1,445	(7,020)	15,190	(3,680)

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Other comprehensive income (loss), net of tax	1,451	(7,020)	15,211	(3,680)
Comprehensive loss	\$ (2,859)	\$ (10,579)	\$ (2,412)	\$ (14,261)

See accompanying notes.

Table of Contents

Bottomline Technologies (de), Inc.

Unaudited Condensed Consolidated Statements of Cash Flows

(in thousands)

	Nine Months Ended March 31,	
	2014	2013
Operating activities:		
Net loss	\$ (17,623)	\$ (10,581)
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of intangible assets	18,663	14,675
Stock compensation expense	16,792	13,532
Depreciation and amortization of property and equipment	5,948	5,193
Deferred income tax benefit	(1,249)	(6,128)
Provision for allowances on accounts receivable		