

Rocket Fuel Inc.
Form 10-Q
August 08, 2016

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 June 30, 2016

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: 001-36071

ROCKET FUEL INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

30-0472319

(I.R.S. Employer Identification Number)

1900 Seaport Boulevard, Pacific Shores Center, Redwood City, CA 94063

(Address of principal executive offices and Zip Code)

(650) 595-1300

(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, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting

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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

Indicate the number of shares outstanding of each of the issuer's classes on common stock as of the latest practicable date. On July 31, 2016, there were 44,452,886 shares of the registrant's common stock, par value \$0.001, outstanding.

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EMERGING GROWTH COMPANY

We are an “emerging growth company” as that term is defined in the Jumpstart Our Business Startups Act of 2012 and, as such, we have elected to comply with certain reduced public company reporting requirements.

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TRADEMARKS

“Rocket Fuel,” the Rocket Fuel logo, “Advertising that Learns,” “Marketing that Learns,” and other trademarks or service marks of Rocket Fuel appearing in this Quarterly Report on Form 10-Q are the property of Rocket Fuel Inc. Trade names, trademarks and service marks of other companies appearing in this Quarterly Report on Form 10-Q are the property of their respective holders and should be treated as such.

PART I

ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)

Rocket Fuel Inc.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

(Unaudited)

	June 30, 2016	December 31, 2015
Assets		
Current Assets:		
Cash and cash equivalents	\$66,664	\$ 78,560
Accounts receivable, net	114,038	124,998
Prepaid expenses	3,071	3,803
Other current assets	3,895	2,081
Total current assets	187,668	209,442
Property, equipment and software, net	68,524	82,781
Restricted cash	1,876	2,141
Intangible assets, net	42,665	50,919
Deferred tax assets, net	525	718
Other assets	1,243	1,053
Total assets	\$302,501	\$ 347,054
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$64,059	\$ 71,292
Accrued and other current liabilities	33,745	40,734
Deferred revenue	1,988	2,116
Current portion of capital leases	8,737	8,602
Current portion of debt	62,035	45,720
Total current liabilities	170,564	168,464
Debt —Less current portion	—	17,617
Capital leases—Less current portion	8,148	11,855
Deferred rent—Less current portion	15,897	14,042
Other liabilities	1,311	1,176
Total liabilities	195,920	213,154
Commitments and contingencies (Note 10)		
Stockholders' Equity:		
Common stock, \$0.001 par value— 1,000,000,000 authorized as of June 30, 2016 and December 31, 2015; 44,438,214 and 43,567,016 issued and outstanding as of June 30, 2016 and December 31, 2015, respectively	44	44
Additional paid-in capital	463,959	453,338
Accumulated other comprehensive loss	(625)	(151)
Accumulated deficit	(356,797)	(319,331)
Total stockholders' equity	106,581	133,900
Total liabilities and stockholders' equity	\$302,501	\$ 347,054

See Accompanying Notes to Condensed Consolidated Financial Statements.

Rocket Fuel Inc.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except loss per share data)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
Revenue	\$116,968	\$120,065	\$221,713	\$224,399
Costs and expenses:				
Media costs	50,922	49,155	93,481	94,716
Other cost of revenue	20,397	19,826	40,482	39,782
Research and development	9,438	11,791	20,077	23,114
Sales and marketing	36,190	41,750	73,030	84,628
General and administrative	12,765	14,761	27,086	32,335
Restructuring	1,766	6,471	1,567	6,471
Total costs and expenses	131,478	143,754	255,723	281,046
Operating loss	(14,510)	(23,689)	(34,010)	(56,647)
Interest expense	1,032	1,045	2,269	2,385
Other (income) expense, net				