

AVID TECHNOLOGY, INC.
Form 10-Q
May 10, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2012

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: 0-21174

Avid Technology, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

04-2977748

(State or Other Jurisdiction of

(I.R.S. Employer

Incorporation or Organization)

Identification No.)

75 Network Drive

Burlington, Massachusetts 01803

(Address of Principal Executive Offices, Including Zip Code)

(978) 640-6789

(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 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 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 ☐

Smaller Reporting Company ☐

(Do not check if 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 May 7, 2012 was 38,723,542.

AVID TECHNOLOGY, INC.
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2012

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This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Private Securities Litigation Reform Act of 1995. For this purpose, any statements contained in this quarterly report that relate to future results or events are forward-looking statements. Forward-looking statements may be identified by use of forward-looking words, such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “intend,” “confidence,” “may,” “plan,” “should,” “will” and “would,” or similar expressions. Actual results and events in future periods may differ materially from those expressed or implied by these forward-looking statements. There are a number of factors that could cause actual events or results to differ materially from those expressed or implied by forward-looking statements, many of which are beyond our control, including the risk factors discussed in Part I - Item 1A under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2011, and as referenced in Part II - Item 1A of this report. In addition, the forward-looking statements contained in this quarterly report represent our estimates only as of the date of this filing and should not be relied upon as representing our estimates as of any subsequent date. While we may elect to update these forward-looking statements at some point in the future, we specifically disclaim any obligation to do so, whether to reflect actual results, changes in assumptions, changes in other factors affecting such forward-looking statements or otherwise.

PART I - FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AVID TECHNOLOGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands except per share data, unaudited)

	Three Months Ended March 31,	
	2012	2011 (Revised)
Net revenues:		
Products	\$119,938	\$136,765
Services	32,201	28,988
Total net revenues	152,139	165,753
Cost of revenues:		
Products	61,208	63,867
Services	12,717	14,054
Amortization of intangible assets	650	666
Total cost of revenues	74,575	78,587
Gross profit	77,564	87,166
Operating expenses:		
Research and development	27,482	29,973
Marketing and selling	45,927	45,050
General and administrative	14,638	15,000
Amortization of intangible assets	1,611	2,145
Restructuring costs (recoveries), net	168	(1,476)
Total operating expenses	89,826	90,692
Operating loss	(12,262)	(3,526)
Interest income	129	59
Interest expense	(343)	(422)
Other income (expense), net	20	63
Loss before income taxes	(12,456)	(3,826)
Provision for income taxes, net	521	957
Net loss	\$(12,977)	\$(4,783)
Net loss per common share – basic and diluted	\$(0.34)	\$(0.13)
Weighted-average common shares outstanding – basic and diluted	38,662	38,228

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

AVID TECHNOLOGY, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands, unaudited)

	Three Months Ended March 31,	
	2012	2011 (Revised)
Net loss	\$(12,977)	\$(4,783)
Other comprehensive income:		
Foreign currency translation adjustments, net of taxes	2,425	5,376
Comprehensive (loss) income	\$(10,552)	\$593

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

AVID TECHNOLOGY, INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (in thousands, unaudited)

	March 31, 2012	(Revised) December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$49,681	\$32,855
Accounts receivable, net of allowances of \$15,859 and \$15,985 at March 31, 2012 and December 31, 2011, respectively	87,506	104,305
Inventories	103,666	111,397
Deferred tax assets, net	1,482	1,480
Prepaid expenses	9,902	7,652
Other current assets	13,279	14,405
Total current assets	265,516	272,094
Property and equipment, net	52,213	53,487
Intangible assets, net	16,387	18,524
Goodwill	246,884	246,592
Other assets	9,526	11,568
Total assets	\$590,526	\$602,265
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$37,188	\$42,533
Accrued compensation and benefits	22,873	31,750
Accrued expenses and other current liabilities	32,503	35,109
Income taxes payable	8,254	