

BOINGO WIRELESS INC
Form 10-Q
August 08, 2016
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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, 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: 001-35155

BOINGO WIRELESS, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

95-4856877
(I.R.S. Employer
Identification No.)

10960 Wilshire Blvd., 23rd Floor
Los Angeles, California
(Address of principal executive offices)

90024
(Zip Code)

(310) 586-5180

(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 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 <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller Reporting Company <input type="checkbox"/>

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 July 29, 2016, there were 38,117,060 shares of the registrant's common stock outstanding.

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****Boingo Wireless, Inc.****Condensed Consolidated Balance Sheets****(Unaudited)****(In thousands, except per share amounts)**

	June 30, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 9,291	\$ 14,718
Accounts receivable, net	48,301	43,552
Prepaid expenses and other current assets	4,605	3,876
Total current assets	62,197	62,146
Property and equipment, net	236,680	214,500
Goodwill	42,403	42,403
Intangible assets, net	14,305	16,055
Other assets	5,577	5,908
Total assets	\$ 361,162	\$ 341,012
Liabilities and stockholders equity		
Current liabilities:		
Accounts payable	\$ 14,262	\$ 29,376
Accrued expenses and other liabilities	30,045	36,328
Deferred revenue	40,165	25,759
Current portion of long-term debt	875	875
Current portion of capital leases	1,751	1,610
Total current liabilities	87,098	93,948
Deferred revenue, net of current portion	136,972	106,825
Long-term debt	21,313	16,750
Long-term portion of capital leases	2,181	2,217
Deferred tax liabilities	3,221	2,965
Other liabilities	8,265	6,272
Total liabilities	259,050	228,977
Commitments and contingencies (Note 8)		
Stockholders equity:		
Preferred stock, \$0.0001 par value; 5,000 shares authorized; no shares issued and outstanding		
Common stock, \$0.0001 par value; 100,000 shares authorized; 38,104 and 37,325 shares issued and outstanding at June 30, 2016 and December 31, 2015, respectively	4	4
Additional paid-in capital	205,025	197,612

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Accumulated deficit	(102,520)	(85,176)
Accumulated other comprehensive loss	(854)	(1,160)
Total common stockholders' equity	101,655	111,280
Non-controlling interests	457	755
Total stockholders' equity	102,112	112,035
Total liabilities and stockholders' equity	\$ 361,162	\$ 341,012

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

Table of Contents**Boingo Wireless, Inc.****Condensed Consolidated Statements of Operations****(Unaudited)****(In thousands, except per share amounts)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenue	\$ 39,075	\$ 34,277	\$ 73,574	\$ 63,669
Costs and operating expenses:				
Network access	16,915	16,011	31,593	29,634
Network operations	10,418	7,902	20,868	15,941
Development and technology	5,267	4,786	10,620	8,977
Selling and marketing	4,882	4,781	9,550	9,197
General and administrative	7,700	5,689	15,852	11,522
Amortization of intangible assets	862	873	1,727	1,766
Total costs and operating expenses	46,044	40,042	90,210	77,037
Loss from operations	(6,969)	(5,765)	(16,636)	(13,368)
Interest and other (expense) income, net	(152)	19	(182)	(1)
Loss before income taxes	(7,121)	(5,746)	(16,818)	(13,369)
Income tax expense	124	82	362	286
Net loss	(7,245)	(5,828)	(17,180)	(13,655)
Net income attributable to non-controlling interests	21	109	70	164
Net loss attributable to common stockholders	\$ (7,266)	\$ (5,937)	\$ (17,250)	\$ (13,819)
Net loss per share attributable to common stockholders:				
Basic	\$ (0.19)	\$ (0.16)	\$ (0.46)	\$ (0.38)
Diluted	\$ (0.19)	\$ (0.16)	\$ (0.46)	\$ (0.38)
Weighted average shares used in computing net loss per share attributable to common stockholders:				
Basic	37,944	36,724	37,749	36,558
Diluted	37,944	36,724	37,749	36,558

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

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Boingo Wireless, Inc.

Condensed Consolidated Statements of Comprehensive Income (Loss)

(Unaudited)

(In thousands)

	Three Months Ended		Six Months Ended	
	2016	2015	2016	2015
Net loss	\$ (7,245)	\$ (5,828)	\$ (17,180)	\$ (13,655)
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments	131	52	224	(295)
Comprehensive loss	(7,114)	(5,776)	(16,956)	(13,950)
Comprehensive (loss) income attributable to non-controlling interest	(26)	102	(12)	209
Comprehensive loss attributable to common stockholders	\$ (7,088)	\$ (5,878)	\$ (16,944)	\$ (14,159)

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

Table of Contents**Boingo Wireless, Inc.****Condensed Consolidated Statement of Stockholders Equity****(Unaudited)****(In thousands)**

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non- controlling Interests	Total Stockholders Equity
Balance at December 31, 2015	37,325	\$ 4	\$ 197,612	\$ (85,176)	\$ (1,160)	\$ 755	\$ 112,035
Issuance of common stock under stock incentive plans	779		1,784				1,784
Shares withheld for taxes			(1,520)				(1,520)
Stock-based compensation expense			7,055				7,055
Non-controlling interest distributions						(286)	(286)
Cumulative effect of a change in accounting principle			94	(94)			
Net loss				(17,250)		70	(17,180)
Other comprehensive income (loss)					306	(82)	224
Balance at June 30, 2016	38,104	\$ 4	\$ 205,025	\$ (102,520)	\$ (854)	\$ 457	\$ 102,112

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

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Boingo Wireless, Inc.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In thousands)

	Six Months Ended June 30,	
	2016	2015
Cash flows from operating activities		