

FORTINET INC  
Form 10-Q  
August 07, 2018  
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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, 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: 001-34511

\_\_\_\_\_  
FORTINET, INC.  
(Exact name of registrant as specified in its charter)

\_\_\_\_\_  
Delaware 77-0560389  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)  
899 Kifer Road 94086  
Sunnyvale, California  
(Address of principal executive offices) (Zip Code)  
(408) 235-7700  
(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 (“Exchange Act”) 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, 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  (Do not check if smaller reporting company) Smaller reporting company   
Emerging growth company

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. o

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

As of July 31, 2018, there were 169,136,958 shares of the registrant's common stock outstanding.

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FORTINET, INC.  
 QUARTERLY REPORT ON FORM 10-Q  
 For the Quarter Ended June 30, 2018  
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## Part I

## ITEM 1. Financial Statements

## FORTINET, INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(unaudited, in millions, except per share amounts)

	June 30, 2018	December 31, 2017
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$972.1	\$ 811.0
Short-term investments	461.6	440.3
Accounts receivable—Net	333.6	348.2
Inventory	78.2	77.3
Prepaid expenses and other current assets	39.3	40.0
Total current assets	1,884.8	1,716.8
LONG-TERM INVESTMENTS	65.3	98.0
PROPERTY AND EQUIPMENT—NET	256.0	245.4
DEFERRED CONTRACT COSTS	160.6	—
DEFERRED TAX ASSETS	141.9	146.9
OTHER INTANGIBLE ASSETS—NET	21.4	16.3
GOODWILL	25.1	14.6
OTHER ASSETS	20.6	19.9
<b>TOTAL ASSETS</b>	<b>\$2,575.7</b>	<b>\$ 2,257.9</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$63.7	\$ 70.0
Accrued liabilities	59.0	50.0
Accrued payroll and compensation	91.3	92.0
Income taxes payable	21.7	21.4
Deferred revenue	849.5	793.8
Total current liabilities	1,085.2	1,027.2
DEFERRED REVENUE	621.3	542.5
INCOME TAX LIABILITIES	76.8	90.2
OTHER LIABILITIES	12.2	8.6
Total liabilities	1,795.5	1,668.5
<b>COMMITMENTS AND CONTINGENCIES (Note 10)</b>		
<b>STOCKHOLDERS' EQUITY:</b>		
Common stock, \$0.001 par value—300 shares authorized; 169.0 and 167.9 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	0.2	0.2
Additional paid-in capital	996.1	909.6
Accumulated other comprehensive loss	(1.4 )	(0.8 )
Accumulated deficit	(214.7 )	(319.6 )
Total stockholders' equity	780.2	589.4
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$2,575.7</b>	<b>\$ 2,257.9</b>
See notes to condensed consolidated financial statements.		



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FORTINET, INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
 (unaudited, in millions, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
REVENUE:				
Product	\$ 166.3	\$ 142.7	\$ 309.1	\$ 277.9
Service	275.0	220.8	531.2	426.1
Total revenue	441.3	363.5	840.3	704.0
COST OF REVENUE:				
Product	73.9	60.8	132.1	116.1
Service	39.2	34.9	78.2	70.1
Total cost of revenue	113.1	95.7	210.3	186.2
GROSS PROFIT:				
Product	92.4	81.9	177.0	161.8
Service	235.8	185.9	453.0	356.0
Total gross profit	328.2	267.8	630.0	

16. In respect of any judgment or order given or made for any amount due hereunder that is expressed and paid in a currency (the **judgment currency** ) other than United States dollars, the Company and the Guarantor will indemnify each Underwriter against any loss incurred by such Underwriter as a result of any variation as between (i) the rate of exchange at which the United States dollar amount is converted into the judgment currency for the purpose of such judgment or order and (ii) the rate of exchange at which an Underwriter is able to purchase United States dollars with the amount of the judgment currency actually received by such Underwriter. The foregoing indemnity shall constitute a separate and independent obligation of the Company and the Guarantor and shall continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term **rate of exchange** shall include any premiums and costs of exchange payable in connection with the purchase of or conversion of the judgment currency into United States dollars.

17. Time shall be of the essence of this Agreement, both as regards any dates, times or periods mentioned and as regards any dates, times or periods which may be substituted for them in accordance with this Agreement or by agreement in writing between the parties.

18. Each of the Company and the Guarantor acknowledges and agrees that (i) the purchase of the Securities by the several Underwriters pursuant to this Agreement is an arm's-length commercial transaction between the Company and the Guarantor, on the one hand, and the Underwriters, on the other, (ii) solely in connection therewith and with the process leading to such transaction each Underwriter is acting solely as a principal and not the agent or fiduciary of the Company, (iii) no Underwriter has assumed or will assume an advisory or fiduciary responsibility in favor of the Company or the Guarantor with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company or the Guarantor on other matters) or any other obligation to the Company or the Guarantor except the obligations expressly set forth in this Agreement and (iv) each of the Company and the Guarantor has consulted and will consult their own legal and financial advisors to the extent each deemed appropriate. Each of the Company and the Guarantor agrees that it will not claim that the Underwriters, or any of them, have rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Company or the Guarantor, in connection with such transaction or the process leading thereto.

This Agreement supersedes all prior agreements and understandings (whether written or oral) between the Company and the Guarantor on the one hand and the Underwriters, or any of them, on the other with respect to the subject matter hereof.

19. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to the conflicts of laws provision thereof.

20. Each of the Company, the Guarantor and the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

21. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

\* \* \* \* \*

If the foregoing is in accordance with your understanding, please sign and return to us four counterparts hereof, and upon the acceptance hereof by you, this



letter and such acceptance hereof shall constitute a binding agreement among each of the Underwriters, the Company and the Guarantor.

Very truly yours,

ANGLOGOLD ASHANTI HOLDINGS  
FINANCE PLC

By:

Name:

Title:

By:

Name:

Title:

ANGLOGOLD ASHANTI LIMITED

By:

Name:

Title:

By:

Name:

Title:

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Accepted as of the date hereof

[ ]

By:

Name:

Title:

[ ]

By:

Name:

Title:

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**SCHEDULE I**

	<b>Principal Amount of Firm Bonds to be Purchased</b>
<b>Underwriter</b>	
[ ]	\$ [ ]
[ ]	[ ]
[ ]	[ ]
<b>Total</b>	<b>\$ [ ]</b>

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**SCHEDULE II**

(a) Materials other than the Pricing Prospectus that comprise the Pricing Disclosure Package:  
Issuer Free Writing Prospectus dated the date hereof containing the final terms of (a) the Bonds and (b) the ordinary shares and ADSs offered in connection with the Equity Offering

*[Any others]*

(b) Issuer Free Writing Prospectuses not included in the Pricing Disclosure Package:

[None]

(c) Additional Documents Incorporated by Reference:

[None]

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**SCHEDULE III**

AngloGold Ashanti Australia Limited  
AngloGold Ashanti (Ghana) Limited  
AngloGold Ashanti Holdings plc  
AngloGold Ashanti USA Incorporated  
AngloGold Brasil Ltda  
AngloGold Offshore Investments Limited  
AngloGold South America Ltd  
Cerro Vanguardia S.A.  
Cluff Resources Ltd  
Geita Gold Mining Limited  
Mineração Morro Velho Ltda  
Mineração Serra Grande S.A.  
Société Ashanti Goldfields de Guinée S.A.  
Sch III-1

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AngloGold Ashanti Limited

Date: September 14, 2010

By: /s/ L Eatwell

Name: L EATWELL

Title: Company Secretary