

ATLANTIC TELE NETWORK INC /DE

Form 10-Q

August 09, 2012

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**Form 10-Q**

**x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2012**

**OR**

**o 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 001-12593**

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## Atlantic Tele-Network, Inc.

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**47-0728886**  
(I.R.S. Employer  
Identification Number)

**600 Cummings Center**

**Beverly, MA 01915**

(Address of principal executive offices, including zip code)

**(978) 619-1300**

(Registrant's telephone number, including area code)

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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 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"/><br>(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 August 9, 2012, the registrant had outstanding 15,554,398 shares of its common stock (\$.01 par value).



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FORM 10-Q

Quarter Ended June 30, 2012

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**Cautionary Statement Regarding Forward-Looking Statements**

This Quarterly Report on Form 10-Q (or the Report ) contains forward-looking statements relating to, among other matters, our future financial performance and results of operations; the competitive environment in our key markets, demand for our services and industry trends; the outcome of litigation and regulatory matters; our continued access to the credit and capital markets; the pace of our network expansion and improvement, including our level of estimated future capital expenditures and our realization of the benefits of these investments; and management's plans and strategy for the future. These forward-looking statements are based on estimates, projections, beliefs, and assumptions and are not guarantees of future events or results. Actual future events and results could differ materially from the events and results indicated in these statements as a result of many factors, including, among others, (1) the general performance of our U.S. operations, including operating margins, and the future retention and turnover of our subscriber base; (2) our ability to maintain favorable roaming arrangements; (3) increased competition; (4) economic, political and other risks facing our foreign operations; (5) the loss of certain FCC and other licenses and other regulatory changes affecting our businesses; (6) rapid and significant technological changes in the telecommunications industry; (7) any loss of any key members of management; (8) our reliance on a limited number of key suppliers and vendors for timely supply of equipment and services relating to our network infrastructure and retail wireless business; (9) the adequacy and expansion capabilities of our network capacity and customer service system to support our customer growth; (10) the occurrence of severe weather and natural catastrophes; (11) the current difficult global economic environment, along with difficult and volatile conditions in the capital and credit markets; (12) our continued access to capital and credit markets and (13) our ability to realize the value that we believe exists in businesses that we may or have acquired. These and other additional factors that may cause actual future events and results to differ materially from the events and results indicated in the forward-looking statements above are set forth more fully under Item 1A Risk Factors of this Report as well as the Company's Annual Report on Form 10-K for the year ended December 31, 2011, filed with the SEC on March 15, 2012 and in the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012, as filed with the SEC on May 10, 2012. The Company undertakes no obligation to update these forward-looking statements to reflect actual results, changes in assumptions or changes in other factors that may affect such forward-looking statements.

In this Report, the words the Company , we, our, ours, us and ATN refer to Atlantic Tele-Network, Inc. and its subsidiaries, unless the context indicates otherwise. This Report contains trademarks, service marks and trade names such as Alltel , CellOne , Cellink , Islandcom , Choice , Sovernet and ION that are the property of, or licensed by, ATN, and its subsidiaries.

Reference to dollars (\$) refer to U.S. dollars unless otherwise specifically indicated.

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Unaudited Condensed Consolidated Financial Statements****ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited)****(Dollars in thousands, except per share amounts)**

|   | <b>December 31,<br/>2011</b> | <b>June 30,<br/>2012</b> |
|---|------------------------------|--------------------------|
| <b>ASSETS</b>   |                              |                          |
| Current Assets:   |                              |                          |
| Cash and cash equivalents   | \$ 48,735                    | \$ 79,837                |
| Accounts receivable, net of allowances of \$15.3 million and \$14.5 million, respectively   | 71,159                       | 75,059                   |
| Materials and supplies  | 20,802                       | 19,982                   |
| Deferred income taxes   | 21,921                       | 21,921                   |
| Income tax receivable   | 11,545                       |                          |
| Prepayments and other current assets  | 9,738                        | 13,960                   |
| Total current assets  | 183,900                      | 210,759                  |
| Property, plant and equipment, net  | 483,203                      | 456,239                  |
| Telecommunications licenses   | 87,468                       | 87,404                   |
| Goodwill  | 45,077                       | 45,077                   |
| Trade name license, net   | 13,013                       | 12,773                   |
| Customer relationships, net   | 41,314                       | 36,860                   |
| Other assets  | 19,756                       | 27,700                   |
| Total assets  | \$ 873,731                   | \$ 876,812               |
| <b>LIABILITIES AND EQUITY</b>   |                              |                          |
| Current Liabilities:  |                              |                          |
| Current portion of long-term debt   | \$ 25,068                    | \$ 15,680                |
| Accounts payable and accrued liabilities  | 57,262                       | 44,480                   |
| Dividends payable   | 3,548                        | 3,587                    |
| Accrued taxes   | 7,739                        | 16,895                   |
| Advance payments and deposits   | 15,834                       | 17,829                   |
| Other current liabilities   | 36,327                       | 35,820                   |
| Total current liabilities   | 145,778                      | 134,291                  |
| Deferred income taxes   | 88,906                       | 89,134                   |
| Other liabilities   | 29,371                       | 26,422                   |
| Long-term debt, excluding current portion   | 257,146                      | 258,235                  |
| Total liabilities   | 521,201                      | 508,082                  |
| Commitments and contingencies (Note 11)   |                              |                          |
| Atlantic Tele-Network, Inc.'s Stockholders' Equity:   |                              |                          |
| Preferred stock, \$0.01 par value per share; 10,000,000 shares authorized, none issued and outstanding  |                              |                          |
| Common stock, \$0.01 par value per share; 50,000,000 shares authorized; 15,955,886 and 16,063,869 shares issued, respectively, and 15,451,238 and 15,554,398 shares outstanding, respectively | 160                          | 160                      |
| Treasury stock, at cost; 504,648 and 509,471 shares, respectively   | (4,942)                      | (5,126)                  |

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|   |            |            |
|---|------------|------------|
| Additional paid-in capital                              | 118,620    | 121,481    |
| Retained earnings                                       | 190,327    | 203,020    |
| Accumulated other comprehensive loss                    | (9,899)    | (9,718)    |
| Total Atlantic Tele-Network, Inc. s stockholders equity | 294,266    | 309,817    |
| Non-controlling interests                               | 58,264     | 58,913     |
| Total equity  | 352,530    | 368,730    |
| Total liabilities and equity                            | \$ 873,731 | \$ 876,812 |

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

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**ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2011 and 2012**

**(Unaudited)**

**(Dollars in thousands, except per share amounts)**

|                 | <b>Three Months Ended</b> |             | <b>Six Months Ended</b> |             |
|-----------------|---------------------------|-------------|-------------------------|-------------|
|                 | <b>June 30,</b>           |             | <b>June 30,</b>         |             |
|                 | <b>2011</b>               | <b>2012</b> | <b>2011</b>             | <b>2012</b> |
| <b>REVENUE:</b> |                           |             |                         |             |
| U.S. wireless:  |                           |             |                         |             |
| Retail          | \$                        | 95,410      |                         |             |