

Edgar Filing: Global Eagle Entertainment Inc. - Form 10-Q

Global Eagle Entertainment Inc.  
Form 10-Q  
November 09, 2016  
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 September 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 001-35176

GLOBAL EAGLE ENTERTAINMENT INC.

(Exact name of registrant as specified in its charter)

Delaware 27-4757800

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

4553 Glencoe Avenue, Suite 300

Los Angeles, California 90292

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (310) 437-6000

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 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  Accelerated filer  Non-accelerated filer  Smaller reporting company

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

(Class)	(Outstanding as of November 4, 2016)
COMMON STOCK, \$0.0001 PAR VALUE	85,309,744 SHARES*

\* Excludes 3,053,634 shares held by a wholly-owned subsidiary of the registrant.

Table of Contents

GLOBAL EAGLE ENTERTAINMENT INC.  
INDEX TO FORM 10-Q

Item No.	Description	Page
	PART I — Financial Information	
Item 1.	<u>Condensed Consolidated Financial Statements:</u>	
	<u>Condensed Consolidated Balance Sheets as of September 30, 2016 (Unaudited) and December 31, 2015</u>	<u>1</u>
	<u>Condensed Consolidated Statements of Operations (Unaudited) for the three and nine months ended September 30, 2016 and 2015</u>	<u>2</u>
	<u>Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited) for the three and nine months ended September 30, 2016 and 2015</u>	<u>3</u>
	<u>Condensed Consolidated Statement of Stockholders' Equity (Unaudited) for the nine months ended September 30, 2016</u>	<u>4</u>
	<u>Condensed Consolidated Statements of Cash Flows (Unaudited) for the nine months ended September 30, 2016 and 2015</u>	<u>5</u>
	<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	<u>6</u>
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>43</u>
Item 3.	<u>Quantitative and Qualitative Disclosure About Market Risk</u>	<u>66</u>
Item 4.	<u>Controls and Procedures</u>	<u>67</u>
	PART II — Other Information	
Item 1.	<u>Legal Proceedings</u>	<u>68</u>
Item 1A.	<u>Risk Factors</u>	<u>68</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>76</u>
Item 3.	<u>Defaults Upon Senior Securities</u>	<u>76</u>
Item 4.	<u>Mine Safety Disclosures</u>	<u>76</u>
Item 5.	<u>Other Information</u>	<u>77</u>
Item 6.	<u>Exhibits</u>	<u>77</u>
	<u>Signature</u>	<u>78</u>



Table of Contents

## PART I — FINANCIAL INFORMATION

GLOBAL EAGLE ENTERTAINMENT INC.  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 (In thousands, except share and per share amounts)

	September 30, 2016	December 31, 2015
	(Unaudited)	
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 56,155	\$ 223,552
Accounts receivable, net	118,148	93,449
Inventories	30,901	14,998
Prepaid and other current assets	50,345	27,209
<b>TOTAL CURRENT ASSETS:</b>	<b>255,549</b>	<b>359,208</b>
Content library	20,592	16,083
Property, plant and equipment, net	149,620	39,066
Goodwill	364,543	93,796
Intangible assets, net	228,333	117,684
Equity method investments	104,791	—
Other non-current assets	17,058	12,024
<b>TOTAL ASSETS</b>	<b>\$ 1,140,486</b>	<b>\$ 637,861</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$ 175,106	\$ 112,330
Accrued legal settlements	16,855	6,200
Deferred revenue	11,745	10,449
Warrant liabilities	6,235	24,076
Notes payable, current	387	749
Other current liabilities	10,666	12,111
<b>TOTAL CURRENT LIABILITIES:</b>	<b>220,994</b>	<b>165,915</b>
Deferred tax liabilities, non-current	38,452	22,324
Deferred revenue, non-current	8,247	6,345
Notes payable, non-current	441,137	69,815
Other non-current liabilities	42,826	19,701
<b>TOTAL LIABILITIES</b>	<b>751,656</b>	<b>284,100</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>EQUITY:</b>		
Preferred stock, \$0.0001 par value; 1,000,000 shares authorized, 0 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively	—	—
Common stock, \$0.0001 par value; 375,000,000 shares authorized, 88,363,378 and 81,676,390 shares issued, 85,309,744 and 78,622,756 shares outstanding, at September 30, 2016 and December 31, 2015, respectively	9	8
Treasury stock, 3,053,634 shares at September 30, 2016 and December 31, 2015	(30,659	) (30,659 )
Additional paid-in capital	744,985	688,696
Subscriptions receivable	(547	) (528 )
Accumulated deficit	(324,675	) (303,457 )

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Accumulated other comprehensive loss	(283	) (299	)
TOTAL GLOBAL EAGLE ENTERTAINMENT INC. STOCKHOLDERS' EQUITY	388,830	353,761	
TOTAL LIABILITIES AND EQUITY	\$ 1,140,486	\$ 637,861	

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

1

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Table of Contents

GLOBAL EAGLE ENTERTAINMENT INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)  
(In thousands, except per share amounts)

Three  
Months  
Ended  
September  
30,