

Edgar Filing: TIVO INC - Form 8-K

TIVO INC  
Form 8-K  
November 26, 2001

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934

Date of Report: November 20, 2001  
(Date of earliest event reported)

TIVO INC.  
(exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction

Commission File:  
000-27141  
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77-0463167  
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of incorporation or  
organization)

(I.R.S. Employer Identif

2160 Gold Street  
P.O. Box 2160

Alviso, California 95002  
(Address of Principal executive offices, including zip code)

(408) 519-9100  
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(Registrant's telephone number, including area code)

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ITEM 5. OTHER EVENTS

Third Quarter Results

On November 20, 2001, we reported financial results for the third quarter ended October 31, 2001. During the third quarter, we activated 51,000 new subscribers to the TiVo Service, bringing the total subscriber base to approximately 280,000 as of October 31, 2001.

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Revenue for the quarter increased 29% to \$5.3 million, compared with \$4.1 million for the three-month period ending July 31, 2001 and \$1.1 million for the third quarter of last year. Adjusted EBITDA for the quarter was a loss of \$12.2 million, compared with a loss of \$24.0 million in the second quarter, and a loss of \$66.1 million for the third quarter of last year. Net loss for the quarter was \$34.5 million, or \$(0.81) per share, which was flat compared with the second quarter and a dramatic improvement from a net loss of \$72.7 million, or \$(1.89) per share, for the third quarter of last year.

Our total subscriber base increased by 28% in the quarter and increased 65% compared to the third quarter of last year. We delivered our first full quarter of positive service margin, defined as total revenue minus cost of revenue.

### TiVo Signs Commercial Agreements with Sony and AT&T Broadband

On October 18, we announced a worldwide licensing agreement with Sony Corporation Japan. On November 7, we announced an agreement with AT&T Broadband to introduce the TiVo Digital Video Recorder and service to AT&T Broadband customers in selected markets in New England, Colorado and California.

### Executive Appointments and Promotions

We are implementing a new business model intended to lower acquisition costs and be less capital intensive. In order to align operations to focus on growth in licensing and subscriber revenue, on November 20, 2001, our Chairman and Chief Executive Officer, Mike Ramsay, announced a number of executive promotions of certain members of our senior executive staff.

Morgan Guenther was named President of TiVo, reporting to Mr. Ramsay. Mr. Guenther, formerly Senior Vice President of Business and Revenue Development of TiVo, joined TiVo in June 1999 as Vice President, Business Development.

David Courtney was promoted to Executive Vice President, Worldwide Operations and Administration and Chief Financial Officer, reporting to Mr. Ramsay. Mr. Courtney, formerly Senior Vice President of Finance and Administration and Chief Financial Officer, joined the company in March 1999 as Chief Financial Officer.

Ta-Wei Chien was named Senior Vice President and General Manager, TiVo Technologies, reporting to Mr. Guenther. Mr. Chien will head our licensing organization, which will include engineering, professional services, business development and sales. Mr. Chien, most recently Senior Vice President of Engineering and Operations, joined TiVo in February 1998 as Vice President of Engineering and Operations.

Brodie Keast was named Senior Vice President and General Manager, TiVo Service, reporting to Mr. Guenther. Mr. Keast will head our service and media business, which includes sales, marketing, corporate communications, and third party application development. Mr. Keast, most recently Senior Vice President of Sales and Marketing, joined TiVo in December 1999 as Vice President of Sales and Marketing.

TIVO INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(In thousands, except per share data)

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	Three Months Ended		Nine Months Ended
	October 31, 2001	October 31, 2000	
Revenue:			
Revenue	\$ 5,242	\$ 1,102	\$ 12,000
Revenue - related parties	100	-	-
Total Revenue	5,342	1,102	12,000
Costs and expenses:			
Cost of revenue	5,146	4,149	15,000
Cost of revenue - related parties	61	-	-
Research and development	7,431	7,572	21,000
Sales and marketing	7,084	34,638	25,000
Sales and marketing - related parties	11,239	24,283	50,000
General and administrative	5,214	3,876	14,000
Stock based compensation	346	624	-
Total operating expenses	36,521	75,142	127,000
Loss from operations	(31,179)	(74,040)	(115,000)
Other income and (expenses), net	(1,659)	2,010	(1,000)
Loss before taxes	(32,838)	(72,030)	(115,000)
Provision for Income Taxes	(1,000)	-	(1,000)
Net loss	(33,838)	(72,030)	(116,000)
Series A preferred stock dividend	(658)	(665)	(2,000)
Net loss attributable to common stock	\$ (34,496)	\$ (72,695)	\$ (119,000)
Net loss per share - basic and diluted	\$ (0.81)	\$ (1.89)	\$ (2.00)
Shares used in per share computation	42,668	38,461	42,000
Other Data			
Net Activations	51,000	31,000	126,000
Cumulative Subscribers	280,000	84,000	280,000
Adjusted EBITDA* (`000s)	\$ (12,209)	\$ (66,092)	\$ (76,000)

\* Adjusted EBITDA is the EBITDA plus the change in deferred revenue over the reporting period.

TIVO INC.  
CONSOLIDATED BALANCE SHEETS  
(In thousands)

October 31, 2001      January 31, 2000

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### ASSETS

Cash, cash equivalents and short-term investments	\$	63,832	\$	124,47
Restricted cash		51,509		50,10
Accounts receivable, net		596		1,83
Accounts receivable - related parties		6,938		4,81
Prepaid expenses and other		9,311		6,69
Prepaid expenses and other - related parties		18,225		1,69
Property and equipment, net		20,092		21,92
		-----		-----
Total assets	\$	170,503	\$	211,54
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### LIABILITIES, REDEEMABLE CONVERTIBLE

#### PREFERRED STOCK & STOCKHOLDERS'

#### EQUITY

Accounts payable and accrued liabilities	\$	32,299	\$	45,15
Accrued liabilities - related parties		30,817		49,83
Deferred revenue		28,889		18,32
Deferred revenue - related parties		10,750		
Capital lease obligations		742		1,33
Convertible notes payable, long term		30,166		
Convertible notes payable - related parties, long term		12,313		
Redeemable convertible preferred stock		46,555		46,55
Total stockholders' equity (deficit)		(22,028)		50,33
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Liabilities, redeemable convertible preferred stock & stockholders' equity	\$	170,503	\$	211,54
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TiVo is a registered trademark of TiVo Inc. in the United States and other jurisdictions. All other company or product names mentioned may be trademarks or registered trademarks of the respective companies with which they are associated.

#### Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements, including forward-looking statements related to the impact of our new business model and our future financial performance. You can identify forward-looking statements by use of forward-looking terminology such as "believes," "anticipates," "expects," "plans," "may," "will," "intends" or the negative of these words and phrases or similar words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions. Such forward-looking statements have known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. Actual results could differ materially from those set forth in such forward-looking statements. Factors that may cause actual results to differ materially include delays in development, competitive service offerings and lack of market acceptance, as well as the "Factors That May Affect Future Operating Results" and other risks detailed in our Annual Report on Form 10-K for the period ended December 31, 2000, our Transition Report on Form 10-K for the period ended January 31, 2001, our Quarterly Report on Form 10-Q for the period ended April 30, 2001 and our Quarterly Report on Form 10-Q for the period ended July 31, 2001, filed with the Securities and Exchange Commission. We caution you not to place undue reliance on forward-looking statements, which reflect an analysis only and speak only as of the date of this Current Report.

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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 hereunto duly authorized,

TIVO INC.

Date: November 26, 2001  
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By: /s/ David H. Courtney  
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David H. Courtney  
Chief Financial Officer and  
Executive Vice President, Worldwide  
Operations and Administration  
(Principal Financial and Accounting  
Officer)