

TIVO INC  
Form 8-K  
March 10, 2005

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

Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 OR 15(d) of  
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) March 10, 2005

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**TIVO INC.**

(Exact name of registrant as specified in its charter)

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

**000-27141**  
(Commission File Number)

**77-0463167**  
(IRS Employer  
Identification No.)

**2160 Gold Street,**  
**Alviso, California**  
(Address of principal executive offices)

**95002**  
(Zip Code)

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

(Former name or former address, if changed since last report.)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**ITEM 8.01 OTHER EVENTS**

On March 10, 2005 we announced financial results for our fourth quarter and year ended January 31, 2005.

We added approximately 698,000 net new subscriptions in the fourth quarter, more than double the number we added in the same quarter of last year. Of the 698,000 net new subscriptions added in the quarter, approximately 447,000 are DIRECTV with TiVo subscriptions, or over twice the number of DIRECTV with TiVo subscriptions added in the same quarter of last year. New TiVo-Owned subscription additions in the quarter were approximately 251,000, a 93% increase compared to the same quarter of last year. In the past twelve months, our total installed base has more than doubled to approximately 3.0 million.

Net revenues for the fourth quarter increased 39% to \$59.4 million, compared with \$42.6 million for the three months ended January 31, 2004. Of this amount, service revenues increased 73% to \$33.0 million, compared with \$19.1 million for the same quarter last year. Net loss for the quarter was \$(33.7) million, or \$(0.42) per share, compared to a net loss of \$(12.4) million, or \$(0.18) per share, for the three months ended January 31, 2004. The increase in net loss and net loss per share for the quarter reflects our previously announced investment in subscription acquisition activities to accelerate subscription growth during fiscal year 2005. Net cash provided by operating activities during the quarter was a positive \$17.8 million, compared with \$13.4 million in the fourth quarter of last year. For the year ended January 31, 2005 net revenue was \$172.1 million and net loss was (\$79.8) million or (\$.99) per share, compared to net revenue of \$141.1 million and a net loss of (\$32.0) million or (\$.48) per share in the prior year. We ended our fourth quarter and fiscal year with \$106.3 million in cash, cash equivalents and short-term investments compared to \$143.2 million a year ago.

## TIVO INC.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

|  | Three Months Ended |                    | Twelve Months Ended |                    |
|--|--------------------|--------------------|---------------------|--------------------|
|  | January 31, 2005   | January 31, 2004   | January 31, 2005    | January 31, 2004   |
| Service revenues   | \$ 32,996          | \$ 19,083          | \$ 107,166          | \$ 61,560          |
| Technology revenues  | 1,169              | 2,126              | 8,310               | 15,797             |
| <b>Service and Technology revenues</b>                           | <b>34,165</b>      | <b>21,209</b>      | <b>115,476</b>      | <b>77,357</b>      |
| Hardware sales   | 50,452             | 25,537             | 111,275             | 72,882             |
| Rebates, rev share & other pmnts to channel                      | (25,188)           | (4,114)            | (54,696)            | (9,159)            |
| <b>Net revenues</b>  | <b>59,429</b>      | <b>42,632</b>      | <b>172,055</b>      | <b>141,080</b>     |
| Cost of service revenues   | 10,426             | 5,252              | 29,360              | 17,705             |
| Cost of technology revenues                                      | 440                | 2,496              | 6,575               | 13,609             |
| Cost of hardware sales   | 52,267             | 26,687             | 120,323             | 74,836             |
| <b>Gross margin</b>  | <b>(3,704)</b>     | <b>8,197</b>       | <b>15,798</b>       | <b>34,930</b>      |
| Research and development   | 11,206             | 5,474              | 37,634              | 22,167             |
| Sales and marketing  | 11,529             | 4,742              | 37,367              | 18,947             |
| General and administrative                                       | 4,194              | 4,508              | 16,594              | 16,296             |
| <b>Loss from operations</b>                                      | <b>(30,633)</b>    | <b>(6,527)</b>     | <b>(75,797)</b>     | <b>(22,480)</b>    |
| Interest and other income (expense), net                         | (3,006)            | (5,537)            | (3,911)             | (9,089)            |
| Provision for taxes  | (26)               | (297)              | (134)               | (449)              |
| <b>Net loss attributable to common stockholders</b>              | <b>\$ (33,665)</b> | <b>\$ (12,361)</b> | <b>\$ (79,842)</b>  | <b>\$ (32,018)</b> |
| <b>Net loss per common share - basic and diluted</b>             | <b>\$ (0.42)</b>   | <b>\$ (0.18)</b>   | <b>\$ (0.99)</b>    | <b>\$ (0.48)</b>   |
| Weighted average common shares used to calculate basic & diluted | 81,021             | 69,055             | 80,321              | 66,784             |

## TIVO INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

|  | January 31, 2005  | January 31, 2004  |
|--|-------------------|-------------------|
|  | <u>          </u> | <u>          </u> |
| <b>ASSETS</b>  |                   |                   |
| Cash, cash equivalents and short-term investments      | \$ 106,345        | \$ 143,235        |
| Accounts receivable, net                               | 25,879            | 12,131            |
| Inventories  | 12,103            | 8,566             |
| Prepaid expenses and other                             | 5,714             | 9,063             |
| Intangible, property and equipment, net                | 10,011            | 10,896            |
|  | <u>          </u> | <u>          </u> |
| <b>Total assets</b>                                    | <b>\$ 160,052</b> | <b>\$ 183,891</b> |
|  | <u>          </u> | <u>          </u> |
| <b>LIABILITIES &amp; STOCKHOLDERS EQUITY (DEFICIT)</b> |                   |                   |
| Bank line of credit                                    | \$ 4,500          | \$                |
| Accounts payable and other liabilities                 | 53,096            | 31,967            |
| Deferred revenue                                       | 105,148           | 80,287            |
| Convertible notes payable, long term                   |                   | 6,005             |
| Total stockholders equity (deficit)                    | (2,692)           | 65,632            |
|  | <u>          </u> | <u>          </u> |
| <b>Liabilities &amp; stockholders equity (deficit)</b> | <b>\$ 160,052</b> | <b>\$ 183,891</b> |
|  | <u>          </u> | <u>          </u> |

## TIVO INC.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

|  | Three months ended |                  | Twelve months ended |                  |
|--|--------------------|------------------|---------------------|------------------|
|  | January 31, 2005   | January 31, 2004 | January 31, 2005    | January 31, 2004 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                    |                  |                     |                  |
| Net loss attributable to common stockholders   | \$ (33,665)        | \$ (12,361)      | \$ (79,842)         | \$ (32,018)      |
| Non-cash adjustments to reconcile net loss to net cash provided by operating activities: |                    |                  |                     |                  |
| by operating activities:   | 4,934              | 6,673            | 10,441              | 15,431           |
| Changes in operating assets and liabilities:   |                    |                  |                     |                  |
| Working capital  | 25,888             | 5,585            | 3,934               | (8,471)          |
| Long-term prepaid assets and liabilities   | 937                | (1,042)          | 3,014               | (482)            |
| Deferred revenue   | 19,690             | 14,566           | 24,861              | 17,837           |
| <b>Net cash provided by (used in) operating activities</b>                               | <b>17,784</b>      | <b>13,421</b>    | <b>(37,592)</b>     | <b>(7,703)</b>   |
| Acquisition of property and equipment and intangibles, net                               | (520)              | (645)            | (3,646)             | (2,391)          |
| Purchases and Sales and maturities of marketable securities, net                         | (1,375)            | 75               | (14,075)            | (1,225)          |
| <b>Net cash used in investing activities</b>   | <b>(1,895)</b>     | <b>(570)</b>     | <b>(17,721)</b>     | <b>(3,616)</b>   |
| <b>Net cash provided by financing activities</b>   | <b>549</b>         | <b>68,652</b>    | <b>4,348</b>        | <b>109,128</b>   |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>   |                    |                  |                     |                  |
| Balance at beginning of period   | 70,807             | 56,707           | 138,210             | 40,401           |
| Balance at end of period   | 87,245             | 138,210          | 87,245              | 138,210          |
| <b>Net increase (decrease) in cash</b>   | <b>\$ 16,438</b>   | <b>\$ 81,503</b> | <b>\$ (50,965)</b>  | <b>\$ 97,809</b> |

## TIVO INC.

## OTHER DATA

Subscriptions

| (Subscriptions in thousands)  | Three Months Ended |                  | Twelve Months Ended |                  |
|---|--------------------|------------------|---------------------|------------------|
|   | January 31, 2005   | January 31, 2004 | January 31, 2005    | January 31, 2004 |
| <b>Subscription Net Additions</b>                                     |                    |                  |                     |                  |
| TiVo-Owned  | 251                | 130              | 485                 | 260              |
| DIRECTV   | 447                | 200              | 1,184               | 448              |
| <b>Total Subscription Net Additions</b>                               | <b>698</b>         | <b>330</b>       | <b>1,669</b>        | <b>708</b>       |
| <b>Cumulative Subscriptions</b>                                       |                    |                  |                     |                  |
| TiVo-Owned  | 1,141              | 656              | 1,141               | 656              |
| DIRECTV   | 1,860              | 676              | 1,860               | 676              |
| <b>Total Cumulative Subscriptions</b>                                 | <b>3,001</b>       | <b>1,332</b>     | <b>3,001</b>        | <b>1,332</b>     |
| <b>% of TiVo-Owned Cumulative Subscriptions paying recurring fees</b> | <b>50%</b>         | <b>40%</b>       | <b>50%</b>          | <b>40%</b>       |

Included in the 3,001,000 subscriptions are approximately 65,000 product lifetime subscriptions that have reached the end of the 48-month period TiVo uses to recognize lifetime subscription revenue. These lifetime subscriptions no longer generate subscription revenue.

**Forward-Looking Statements**

This release contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to, among other things, TiVo's business, services, business development, strategy, subscriptions, and future earnings and financial results. Forward-looking statements generally can be identified by the use of forward-looking terminology such as, believe, expect, may, will, intend, estimate, continue, or similar expressions or the negative of those terms or expressions. Such statements involve risks and uncertainties, which could cause actual results to vary materially from those expressed in or indicated by the 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 other potential factors described under Factors That May Affect Future Operating Results in the Company's public reports filed with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2004, and the Quarterly Report on Form 10-Q for the quarters ended April 30, 2004, July 31, 2004 and October 31, 2004. We caution you not to place undue reliance on forward-looking statements, which reflect an analysis only and speak only as of the date hereof. TiVo disclaims any obligation to update these forward-looking statements.

**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: March 10, 2005

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)