

CALIX, INC
Form 10-Q
October 30, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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 September 27, 2014

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: 001-34674

Calix, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	68-0438710 (I.R.S. Employer Identification No.)
1035 N. McDowell Blvd., Petaluma, CA 94954 (Address of Principal Executive Offices) (Zip Code)	
(707) 766-3000 (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) 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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer

Non-accelerated filer (Do not check if a smaller reporting Company) Smaller Reporting Company

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 October 20, 2014, there were 51,122,666 shares of the Registrant's common stock, par value \$0.025 outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements (Unaudited)

CALIX, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	September 27, 2014 (Unaudited)	December 31, 2013 (See Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$39,399	\$82,747
Marketable securities	48,400	—
Restricted cash	295	295
Accounts receivable, net	42,781	43,520
Inventory	43,845	51,071
Deferred cost of revenue	11,334	21,076
Prepaid expenses and other current assets	6,469	5,757
Total current assets	192,523	204,466
Property and equipment, net	20,159	17,473
Goodwill	116,175	116,175
Intangible assets, net	29,820	43,740
Other assets	1,346	1,745
Total assets	\$360,023	\$383,599
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$13,258	\$23,163
Accrued liabilities	37,579	32,075
Deferred revenue	20,095	34,862
Total current liabilities	70,932	90,100
Long-term portion of deferred revenue	18,807	18,431
Other long-term liabilities	1,743	1,145
Total liabilities	91,482	109,676
Commitments and contingencies (See Note 7)		
Stockholders' equity:		
Preferred stock, \$0.025 par value; 5,000,000 shares authorized; no shares issued and outstanding as of September 27, 2014 and December 31, 2013	—	—
Common stock, \$0.025 par value; 100,000,000 shares authorized; 51,122,666 shares and 50,224,952 shares issued and outstanding as of September 27, 2014 and December 31, 2013, respectively	1,280	1,256
Additional paid-in capital	794,724	782,253
Accumulated other comprehensive income	139	190
Accumulated deficit	(527,602)	(509,776)
Total stockholders' equity	268,541	273,923
Total liabilities and stockholders' equity	\$360,023	\$383,599

See accompanying notes to condensed consolidated financial statements.

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CALIX, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(In thousands, except per share data)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 27, 2014	September 28, 2013	September 27, 2014	September 28, 2013
Revenue	\$ 105,769	\$ 103,628	\$ 289,594	\$ 288,615
Cost of revenue:				
Products and services ⁽¹⁾	58,600	54,132	156,981	151,323
Amortization of intangible assets	2,089	2,089	6,265	6,265
Total cost of revenue	60,689	56,221	163,246	157,588
Gross profit	45,080	47,407	126,348	131,027
Operating expenses:				
Research and development ⁽¹⁾	19,930	19,777	59,104	