

NAVTEQ CORP
Form 10-Q
November 09, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended September 26, 2004

OR

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

Commission File Number 0-21323

NAVTEQ CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

77-0170321

(I.R.S. Employer Identification No.)

222 Merchandise Mart, Suite 900

Chicago, Illinois 60654

(Address of Principal Executive
Offices, including Zip Code)

(312) 894-7000

(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) 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.

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Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares of the Registrant's Common Stock, \$0.001 par value, outstanding as of November 1, 2004 was 87,681,484.

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References in this Quarterly Report on Form 10-Q to NAVTEQ, the Company, we, us, and our refer to NAVTEQ Corporation and its subsidiaries.

This quarterly report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are not historical facts but rather are based on current expectations, estimates and projections about our industry, our beliefs and our assumptions. Words such as anticipates, expects, intends, plans, believes, seeks, may, will, should and estimates, and variations of these words and similar expressions, are intended forward-looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control, are difficult to predict and could cause actual results to differ materially from those expressed, implied or forecast in the forward-looking statements. In addition, the forward-looking events discussed in this quarterly report might not occur. These risks and uncertainties include, among others, those described in Risk Factors in the Company's Quarterly Report on Form 10-Q for the quarter ended June 27, 2004. Readers are cautioned not to place undue reliance on these forward-looking statements. Readers should read this quarterly report, and the documents that we refer to in this quarterly report and have filed as exhibits to this quarterly report, with the understanding that actual future results and events may be materially different from what we currently expect.

The forward-looking statements included in this quarterly report reflect our views and assumptions only as of the date of this quarterly report. Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events or otherwise.

NAVTEQ is a trademark of NAVTEQ Corporation.

PART I

FINANCIAL INFORMATION

Item 1. Financial Statements

NAVTEQ CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(In thousands, except per share amounts)

	December 31, 2003	September 26, 2004 (Unaudited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,982	70,434
Cash on deposit with affiliate	65,307	
Accounts receivable, net of allowance for doubtful accounts of \$4,365 and \$3,789 in 2003 and 2004, respectively	44,545	55,593
Deferred income taxes	36,614	39,147
Prepaid expenses and other current assets	6,466	9,028
Total current assets	154,914	174,202
Property and equipment, net	11,918	16,518
Capitalized software development costs, net	22,605	25,203
Long-term deferred income taxes, net	135,451	111,316
Long-term marketable securities		3,568
Deposits and other assets	277	8,171
Total assets	\$ 325,165	338,978
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	\$ 15,539	10,760
Accrued payroll and related liabilities	20,344	21,635
Other accrued expenses	16,410	24,252
Deferred revenue	24,968	31,574
Total current liabilities	77,261	88,221
Fair value of foreign currency derivative	23,799	14,229
Long-term deferred revenue	3,582	16,670
Other long-term liabilities	2,612	6,280
Total liabilities	107,254	125,400
Stockholders' equity:		
Common stock, \$0.001 par value; 400,000 shares authorized; 84,153 and 87,681 shares issued and outstanding in 2003 and 2004, respectively	1,178	88
Additional paid-in capital	767,709	723,021
Note receivable for common stock	(219)	
Treasury stock (0 and 11 shares in 2003 and 2004, respectively)		(289)
Deferred compensation expense	(2,332)	(1,707)
Accumulated other comprehensive loss	(26,645)	(24,393)
Accumulated deficit	(521,780)	(483,142)
Total stockholders' equity	217,911	213,578

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Total liabilities and stockholders equity	\$	325,165	338,978
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See accompanying notes to condensed consolidated financial statements.

NAVTEQ CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Income

(In thousands, except per share data)

(Unaudited)

	Quarter Ended		Nine Months Ended	
	September 28, 2003	September 26, 2004	September 28, 2003	September 26, 2004
Net revenue	\$ 71,320	97,793	\$ 190,889	273,858
Operating costs and expenses:				
Database licensing and production costs	31,260	48,166	83,671	133,140
Selling, general and administrative expenses	20,577	27,528	55,404	77,840
Total operating costs and expenses	51,837	75,694	139,075	210,980
Operating income	19,483	22,099	51,814	62,878
Other income (expense):				
Interest income	107	283	225	613
Interest expense	(8)	(2)	(18)	(10)
Foreign currency gain (loss)	202	(386)	6,579	(1,108)
Other income (expense)	2	(64)	8	(53)
Income before income taxes	19,786	21,930	58,608	62,320