

NAVTEQ CORP
Form 10-Q
May 05, 2006

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 April 2, 2006

OR

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)

**222 Merchandise Mart, Suite 900
Chicago, Illinois 60654**

(Address of Principal Executive
Offices, including Zip Code)

77-0170321

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

(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 a large accelerated filer, an accelerated filer or a non-accelerated filer.

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (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 April 19, 2006 was 92,862,273.

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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 set forth under Item 1A.Risk Factors in the Company's Annual Report on Form 10-K for the year ended December 31, 2005. 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, 2005	April 2, 2006 (Unaudited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 85,070	50,857
Short-term marketable securities	84,299	148,754
Accounts receivable, net of allowance for doubtful accounts of \$4,852 and \$5,955 in 2005 and 2006, respectively	82,352	82,999
Deferred income taxes	42,584	37,393
Prepaid expenses and other current assets	15,203	16,296
Total current assets	309,508	336,299
Property and equipment, net	20,828	20,391
Capitalized software development costs, net	25,761	25,848
Long-term deferred income taxes, net	169,264	169,585
Long-term marketable securities	49,429	26,822
Acquired intangible assets, net	16,815	18,495
Goodwill	11,778	14,520
Deposits and other assets	12,505	13,317
Total assets	\$ 615,888	625,277
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 19,572	15,692
Accrued payroll and related liabilities	28,365	21,320
Fair value of foreign currency derivative	3,265	2,645
Other accrued expenses	28,658	24,948
Deferred revenue	38,703	38,705
Total current liabilities	118,563	103,310
Long-term deferred revenue	3,446	3,026
Other long-term liabilities	3,815	3,954
Total liabilities	125,824	110,290
Stockholders' equity:		
Common stock, \$0.001 par value; 400,000 shares authorized; 92,086 and 92,706 shares issued and outstanding in 2005 and 2006, respectively	92	93
Additional paid-in capital	822,356	820,517
Deferred compensation expense	(9,096)	
Accumulated other comprehensive loss:		
Cumulative translation adjustment	(25,890)	(24,400)

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Unrealized holding loss on available-for-sale marketable securities, net of tax	(514)	(523)
Total accumulated other comprehensive loss	(26,404)	(24,923)
Accumulated deficit	(296,884)	(280,700)
Total stockholders' equity	490,064	514,987
Total liabilities and stockholders' equity	\$ 615,888	625,277

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 March 27, 2005	April 2, 2006
Net revenue	\$	104,697	122,325
Operating costs and expenses:			
Database creation and distribution costs		50,888	62,851
Selling, general and administrative expenses		28,978	38,751
Total operating costs and expenses		79,866	101,602
Operating income		24,831	20,723
Other income (expense):			
Interest income		649	2,260
Interest expense		(3)	(22)
Foreign currency gain (loss)		(73)	106
Other income (expense)		28	(10)
Income before income taxes		25,432	23,057
Income tax expense		8,647	7,379
Net income before cumulative effect of change in accounting principle		16,785	15,678
Cumulative effect of change in accounting principle, net of income tax of \$312			506
Net income	\$		