

JUNIPER NETWORKS INC

FORM 8-K (Current report filing)

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Address	1133 INNOVATION WAY SUNNYVALE, CA 94089
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549**

FORM 8-K

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

January 15, 2004

Date of Report
(Date of earliest event reported)

Juniper Networks, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

0-26339

(Commission file number)

77-0422528

(IRS employer identification
number)

1194 N. Mathilda Avenue
Sunnyvale, CA 94089

(Address of principal executive offices)

(408) 745-2000

(Registrant's telephone number, including
area code)

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Item 7. Financial Statements and Exhibits

(c) Exhibits

Exhibit No.	Description
99.1	Press Release of Juniper Networks, Inc. issued on January 15, 2004

Item 12. Results of Operations and Financial Condition

On January 15, 2004, Juniper Networks, Inc. (“Juniper Networks”) is issuing a press release and holding a conference call regarding its financial results for the fourth quarter and annual periods ending December 31, 2003. A copy of the press release is furnished as Exhibit 99.1 to this report. Juniper Networks is making forward-looking statements regarding 2004 during the conference call and is making reference to non-GAAP financial information in both the press release and the conference call.

Use of Non-GAAP Financial Information

To supplement our consolidated financial statements presented in accordance with GAAP, Juniper Networks uses non-GAAP measures of operating results, net income and earnings per share, which are adjusted from results based on GAAP to exclude certain expense and income items. These non-GAAP adjustments are provided to enhance the user’s overall understanding of our current financial performance and our prospects for the future. Specifically, we believe the non-GAAP results provide useful information to both management and investors by excluding certain expense and income items that we believe are not indicative of our core operating results. In addition, since we have historically reported non-GAAP results to the investment community, we believe the inclusion of non-GAAP numbers provides consistency in our financial reporting. Further, these non-GAAP results are one of the primary indicators management uses for planning and forecasting in future periods. The presentation of this additional information is not meant to be considered in isolation or as a substitute for results prepared in accordance with accounting principles generally accepted in the United States.

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.

Date:	Juniper Networks, Inc.
By:	January 15, 2004
	/s/ Marcel Gani
	<hr/>
	Marcel Gani
	Chief Financial Officer

EXHIBIT INDEX

Exhibit #	Description
99.1	Press Release of Juniper Networks, Inc. issued on January 15, 2004

EXHIBIT 99.1

INVESTOR RELATIONS CONTACT: PUBLIC RELATIONS CONTACT:

RANDI PAIKOFF FEIGIN KATHY DURR Tel: 408-745-2371 Tel: 408-745-5058 randi@juniper.net kdurr@juniper.net

JUNIPER NETWORKS, INC. REPORTS Q4'03 AND YEAR END 2003 FINANCIAL RESULTS **Q4'03 NET REVENUE \$207.0M; GAAP EPS \$0.04; NON-GAAP EPS \$0.07** **2003 NET REVENUE \$701.4M; GAAP EPS \$0.10; NON-GAAP EPS \$0.15**

Sunnyvale, CA - January 15, 2004 -- Juniper Networks, Inc. (NASDAQ: JNPR) today reported its results for the fourth quarter and annual periods ending December 31, 2003.

Net revenues for the fourth quarter were \$207.0 million, compared with \$155.3 million for the same period last year, an increase of 33 percent.

GAAP net income for the fourth quarter was \$14.7 million or \$0.04 per share, compared with a GAAP net income of \$8.5 million or \$0.02 per share in the fourth quarter of 2002. Non-GAAP net income, which excludes restructuring expenses, the amortization of purchased intangibles and deferred compensation, and the loss on the partial retirement of the 4.75% Convertible Subordinated Notes was \$27.7 million or \$0.07 per share, compared with non-GAAP net income of \$2.7 million or \$0.01 per share in the fourth quarter of 2002.

Net revenues for the year ended December 31, 2003 were \$701.4 million, compared with \$546.5 million for year ended December 31, 2002, an increase of 28 percent.

GAAP net income for the year ended December 31, 2003 was \$39.2 million or \$0.10 per share, compared with a GAAP net loss of \$119.7 million or \$0.34 per share for the same period last year. Non-GAAP net income, which excludes restructuring expenses, in-process research and development expenses, integration expenses, the amortization of purchased intangibles and deferred compensation, an adjustment to the purchase price of an acquisition, the gain on the sale of investments, the write-down of investments and the gain (loss) on the partial retirement of the 4.75% Convertible Subordinated Notes was \$59.0 million or \$0.15 per share, compared with non-GAAP net loss of \$4.8 million or \$0.01 per share for the same period last year.

Cash provided by operations was \$62.9 million for the fourth quarter, which brings cash provided by operations for the year ended December 31, 2003 to \$178.6 million, compared to cash provided by operations of \$2.4 million for the year ended December 31, 2002. Capital expenditures and depreciation during the fourth quarter were \$5.3 million and \$8.2 million respectively.

"The fourth quarter was exceptionally strong, and the value Juniper brings to market is clearly reflected in all aspects of our financial results," said Scott Kriens, chairman and CEO of Juniper Networks. "We are pleased with our progress throughout 2003, and encouraged by the confidence our customers have placed in Juniper as we look forward to 2004."

Juniper Networks will host a conference call web cast today, January 15, 2004 at 1:45 p.m. PT/4:45 p.m. ET at: <http://www.juniper.net/company/investor/conferencecall.html>. In addition, there will be an audio replay available at <http://www.juniper.net/company/investor/conferencecall.html> or you can call the replay at 800-633-8284 (or 402-977-9140) and enter the reservation number, 21180428, through January 22, 2004. The replays will be available 24 hours/day, including weekends.

ABOUT JUNIPER NETWORKS, INC.

Juniper Networks transforms the business of networking by converting a commodity - bandwidth - into a dependable, secure and highly valuable corporate asset. Founded in 1996 to meet the stringent demands of service providers, Juniper Networks is now relied upon by the world's leading network operators, government agencies, research and education institutions, and information-intensive enterprises as the foundation for uncompromising networks. The Infranet Initiative uses Juniper Networks MINT (Model for InfraNet Transformation) as its underlying framework. Juniper Networks is headquartered in Sunnyvale, California. Additional information can be found at www.juniper.net.

Juniper Networks is registered in the U.S. Patent and Trademark Office and in other countries as a trademark of Juniper Networks, Inc. ERX, ESP, E-series, Internet Processor, J-Protect, JUNOS, JUNOScript, JUNOSe, M5, M7i, M10, M10i, M20, M40, M40e, M160, M-series, NMC-RX, SDX, T320, T640, and T-series are trademarks of Juniper Networks, Inc. All other trademarks, service marks, registered trademarks, or registered service marks are the property of their respective owners.

This press release contains forward-looking statements that involve risks and uncertainties, as well as assumptions that if they ever materialize or prove incorrect, could cause the results of Juniper Networks to differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including but not limited to any projections of earnings, revenues, margins, synergies or other financial items; any statements of the plans, strategies, and objectives of management for future operations; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing; and other risks that are described from time to time in Securities and Exchange Commission reports filed after Juniper Networks' Annual Report on Form 10-K for the fiscal year ended December 31, 2003. Juniper Networks assumes no obligation and does not intend to update these forward-looking statements.

JUNIPER NETWORKS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

		December 31,	
		2003	2002
ASSETS			
Current assets:			
Cash and cash equivalents	\$	365,606	\$ 194,435
Short-term investments		215,906	384,036
Accounts receivable, net		77,964	78,501
Prepaid expenses and other current assets		31,333	23,957
Total current assets		690,809	680,929
Property and equipment, net		244,491	266,962
Long-term investments		394,297	583,664
Restricted cash		30,837	--
Goodwill		983,397	987,661
Purchased intangible assets, net and other long-term assets		67,266	95,453
Total assets		\$ 2,411,097	\$ 2,614,669
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	\$	61,237	\$ 51,747
Accrued compensation and related liabilities		42,650	25,122
Accrued warranty		35,324	32,358
Interest payable		1,968	13,197
Other accrued liabilities		74,322	73,454
Deferred revenue		75,312	46,146
Total current liabilities		290,813	242,024
Convertible subordinated notes and other		157,841	942,114
Convertible senior notes		400,000	--
Commitments and contingencies			
Stockholders' equity:			
Common stock and additional paid-in capital		1,557,376	1,461,910
Deferred stock compensation		(1,228)	(11,113)
Accumulated other comprehensive income		4,414	17,052
Retained earnings (accumulated deficit)		1,881	(37,318)
Total stockholders' equity		1,562,443	1,430,531
Total liabilities and stockholders' equity		\$ 2,411,097	\$ 2,614,669

JUNIPER NETWORKS, INC.
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, except per share amounts)

	Three months ended December 31,		Year ended December 31,	
	2003	2002	2003	2002
Net revenues:				
Product	\$ 179,104	\$ 133,829	\$ 602,455	\$ 467,651
Service	27,851	21,437	98,938	78,896
Total net revenues	206,955	155,266	701,393	546,547
Cost of revenues:				
Product	54,753	49,521	200,621	179,721
Service	15,876	13,571	56,728	50,387
Total cost of revenues	70,629	63,092	257,349	230,108
Gross margin	136,326	92,174	444,044	316,439
Operating expenses:				
Research and development	44,695	44,281	176,104	161,891
Sales and marketing	44,380	35,582	145,784	126,803
General and administrative	7,170	6,502	28,462	34,263
Restructuring and other	--	(2,601)	13,985	20,229
In-process research and development	--	--	--	83,479
Integration	--	--	--	2,507
Amortization of purchased intangible assets and deferred stock compensation (1)	5,375	(3,336)	22,698	14,304
Total operating expenses	101,620	80,428	387,033	443,476
Operating income (loss)	34,706	11,746	57,011	(127,037)
Interest and other income	6,128	10,285	33,428	56,404
Interest and other expense	(5,410)	(12,079)	(39,099)	(55,605)
Gain on sale of investments	--	--	8,739	--
Write-down of investments	--	--	--	(50,451)
Gain (loss) on retirement of convertible subordinated notes, net	(15,193)	--	(1,085)	62,855
Equity in net loss of joint venture	--	--	--	(1,316)
Income (loss) before income taxes	20,231	9,952	58,994	(115,150)
Provision for income taxes	5,498	1,500	19,795	4,500
Net income (loss)	\$ 14,733	\$ 8,452	\$ 39,199	\$ (119,650)
Net income (loss) per share:				
Basic	\$ 0.04	\$ 0.02	\$ 0.10	\$ (0.34)
Diluted	\$ 0.04	\$ 0.02	\$ 0.10	\$ (0.34)
Shares used in computing net income (loss) per share:				
Basic	389,343	372,511	382,180	350,695
Diluted	413,716	382,504	403,072	350,695

(1) Amortization of deferred stock compensation relates to the following cost and expense categories by period:				
Cost of revenues	\$ 15	\$ 145	\$ (33)	\$ 1,072
Research and development	511	(8,156)	1,925	(2,800)
Sales and marketing	78	(784)	205	921
General and administrative	17	157	(60)	1,215
Total	\$ 621	\$ (8,638)	\$ 2,037	\$ 408

JUNIPER NETWORKS, INC.
NON-GAAP CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (1)
(in thousands, except per share amounts)

	Three months ended December 31,		Year ended December 31,	
	2003	2002	2003	2002
Net revenues:				
Product	\$ 179,104	\$ 133,829	\$ 602,455	\$ 467,651
Service	27,851	21,437	98,938	78,896
Total net revenues	206,955	155,266	701,393	546,547
Cost of revenues:				
Product	54,753	49,521	200,621	179,721
Service	15,876	13,571	56,728	50,387
Total cost of revenues	70,629	63,092	257,349	230,108
Gross margin	136,326	92,174	444,044	316,439
Operating expenses:				
Research and development	44,695	44,281	176,104	161,891
Sales and marketing	44,380	35,582	145,784	126,803
General and administrative	7,170	6,502	28,462	34,263
Total operating expenses	96,245	86,365	350,350	322,957
Operating income (loss)	40,081	5,809	93,694	(6,518)
Interest and other income	6,128	10,285	32,238	56,404
Interest and other expense	(5,410)	(12,079)	(39,099)	(55,605)
Equity in net loss of joint venture	--	--	--	(1,316)
Income (loss) before income taxes	40,799	4,015	86,833	(7,035)
Provision (benefit) for income taxes	13,056	1,285	27,787	(2,251)
Net income (loss)	\$ 27,743	\$ 2,730	\$ 59,046	\$ (4,784)
Net income (loss) per share:				
Basic	\$ 0.07	\$ 0.01	\$ 0.15	\$ (0.01)
Diluted	\$ 0.07	\$ 0.01	\$ 0.15	\$ (0.01)
Shares used in computing net income (loss) per share:				
Basic	389,343	372,511	382,180	350,695
Diluted	413,716	382,504	403,072	350,695

(1) The non-GAAP statements exclude the restructuring expenses, the in-process research and development expenses, the integration expenses, the impact of the amortization of purchased intangibles and deferred stock compensation, an adjustment to the purchase price of an acquisition, the gain from the sale of investments, the impairment write-down of investments and the gain (loss) on the retirement of convertible subordinated notes. See reconciliation to GAAP information below.

JUNIPER NETWORKS, INC.
RECONCILIATION OF NON-GAAP TO GAAP
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands)

	Three months ended December 31,		Year ended December 31,	
	2003	2002	2003	2002
Non-GAAP net income (loss)	\$ 27,743	\$ 2,730	\$ 59,046	\$ (4,784)
Restructuring and other	--	2,601	(13,985)	(20,229)
In-process research and development	--	--	--	(83,479)
Integration	--	--	--	(2,507)
Amortization of purchased intangible assets and deferred stock compensation	(5,375)	3,336	(22,698)	(14,304)
Acquisition related adjustment	--	--	1,190	--
Gain on sale of investments	--	--	8,739	--
Write-down of investments	--	--	--	(50,451)
Gain (loss) on retirement of convertible subordinated notes, net	(15,193)	--	(1,085)	62,855
Income tax effect	7,558	(215)	7,992	(6,751)
GAAP net income (loss)	\$ 14,733	\$ 8,452	\$ 39,199	\$ (119,650)

JUNIPER NETWORKS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year ended December 31,	
	2003	2002
OPERATING ACTIVITIES:		
Net income (loss)	\$ 39,199	\$ (119,650)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation	43,998	41,570
Amortization of purchased intangibles, deferred stock compensation, debt costs and other non-cash transactions	26,042	21,477
In-process research and development	--	83,479
Restructuring and other	3,621	1,701
Gain on sale of investments	(8,739)	--
Write-down of investments	--	50,451
Loss (gain) on retirement of convertible subordinated notes, net	1,085	(62,856)
Tax benefit of employee stock options and sale of investments	10,813	--
Changes in operating assets and liabilities:		
Accounts receivable, net	537	39,362
Prepaid expenses and other current assets	(2,758)	11,488
Other assets	(334)	1,790
Accounts payable	12,963	9,093
Accrued compensation and related liabilities	17,528	(3,183)
Interest payable	(11,229)	(2,921)
Other accrued liabilities	16,662	(64,730)
Deferred revenue	29,166	(4,661)
	178,554	2,410
INVESTING ACTIVITIES:		
Purchases of property and equipment, net	(19,388)	(36,127)
Purchases of available-for-sale investments	(734,679)	(977,926)
Maturities and sales of available-for-sale investments	1,085,929	1,095,541
Increase in restricted cash	(30,837)	--
Cash paid in connection with the Unisphere Networks acquisition, net of cash and cash equivalents acquired	--	(375,803)
Minority equity investments	(900)	(1,150)
	300,125	(295,465)
FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	91,755	26,620
Proceeds from issuance of convertible senior notes	392,750	--
Retirement of convertible subordinated notes	(792,013)	(145,975)
	(307,508)	(119,355)
Net increase (decrease) in cash and cash equivalents	171,171	(412,410)
Cash and cash equivalents at beginning of period	194,435	606,845
	\$ 365,606	\$ 194,435
	=====	=====