

JUNIPER NETWORKS INC

FORM 8-K

(Current report filing)

Filed 10/09/03 for the Period Ending 10/09/03

Address	1133 INNOVATION WAY SUNNYVALE, CA 94089
Telephone	4087452000
CIK	0001043604
Symbol	JNPR
SIC Code	3576 - Computer Communications Equipment
Industry	Communications Equipment
Sector	Technology
Fiscal Year	12/31

JUNIPER NETWORKS INC

FORM 8-K (Unscheduled Material Events)

Filed 10/9/2003 For Period Ending 10/9/2003

Address	1194 NORTH MATHILDA AVE SUNNYVALE, California 94089
Telephone	650-526-8000
CIK	0001043604
Industry	Communications Equipment
Sector	Technology
Fiscal Year	12/31

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

October 9, 2003

Date of Report
(Date of earliest event reported)

Juniper Networks, Inc.

(Exact name of Registrant as Specified in Its Charter)

Delaware

0-26339

77-0422528

(State or other
jurisdiction of
incorporation or
organization)

(Commission file
number)

(IRS employer
identification
number)

1194 N. Mathilda Avenue
Sunnyvale, CA 94089

(408) 745-2000

(Address of principal executive offices)

(Registrant's telephone number,
including area code)

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Item 7. Financial Statements and Exhibits

(c) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of Juniper Networks, Inc. issued on October 9, 2003

Item 12. Results of Operations and Financial Condition

On October 9, 2003, Juniper Networks, Inc. (“Juniper Networks”) is issuing a press release and holding a conference call regarding its financial results for the quarter ended September 30, 2003. A copy of the press release is furnished as Exhibit 99.1 to this report. Juniper Networks is making forward-looking statements regarding 2003 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:	October 9, 2003
	/s/ Marcel Gani
	<hr/>
	Marcel Gani
	Chief Financial Officer

EXHIBIT INDEX

Exhibit #	Description
99.1	Press Release of Juniper Networks, Inc. issued on October 9, 2003

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 Q3'03 FINANCIAL RESULTS
NET REVENUE \$172.1M; GAAP EPS \$0.02; NON-GAAP EPS \$0.04**

Sunnyvale, CA - October 9, 2003 -- Juniper Networks, Inc. (NASDAQ: JNPR) today reported its third quarter results for the period ending September 30, 2003.

Net revenues for the third quarter were \$172.1 million, compared with \$152.0 million for the same period last year, an increase of 13 percent.

GAAP net income for the third quarter was \$7.2 million or \$0.02 per share, compared with a GAAP net loss of \$88.3 million or \$0.24 per share in the third quarter of 2002. Non-GAAP net income, which excludes restructuring expenses, in-process research and development expenses, integration expenses, the amortization of purchased intangibles and deferred compensation, the write-down of investments and the gain on the partial retirement of the 4.75% Convertible Subordinated Notes was \$14.7 million or \$0.04 per share, compared with non-GAAP net loss of \$8.4 million or \$0.02 per share in the third quarter of 2002.

Net revenues for the nine months ended September 30, 2003 were \$494.4 million, compared with \$391.3 million for the same period last year, an increase of 26 percent.

GAAP net income for the nine months ended September 30, 2003 was \$24.5 million or \$0.06 per share, compared with a GAAP net loss of \$128.1 million or \$0.37 per share for the same period last year. Non-GAAP net income, which excludes an adjustment to the purchase price of an acquisition, restructuring expenses, in-process research and development expenses, integration expenses, the amortization of purchased intangibles and deferred compensation, the gain on the sale of investments, the write-down of investments and the gain on the partial retirement of the 4.75% Convertible Subordinated Notes was \$31.3 million or \$0.08 per share, compared with non-GAAP net loss of \$7.5 million or \$0.02 per share for the same period last year.

Cash provided by operations was \$42.9 million for the third quarter, which brings cash provided by operations for the nine months ended September 30, 2003 to \$115.6 million, compared to cash used in operations of \$3.9 million for the nine months ended September 30, 2002. Capital expenditures and depreciation during the third quarter were \$4.6 million and \$11.1 million respectively.

"The quarter was once again strong, confirmed by all marketplace and financial metrics," said Scott Kriens, chairman and CEO of Juniper Networks. "Juniper continues to benefit immensely from the alignment we have built with the business and networking strategy of our customers."

Juniper Networks will host a conference call web cast today, October 9, 2003 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 through November 9, 2003 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, 21162087, through October 16, 2003. The replays will be available 24 hours/day, including weekends.

ABOUT JUNIPER NETWORKS

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. 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. Broadband Cable Processor, ERX, ESP, E-series, G1, G10, G-series, Internet Processor, Juniper Your Net, JUNOS, JUNOScript, M5, M10, M20, M40, M40e, M160, M-series, NMC-RX, SDX, ServiceGuard, T320, T640, T-series, UMC, and Unison are trademarks of Juniper Networks, Inc. All other trademarks, service marks, registered trademarks, or registered service marks are the property of their respective owners.

Actual results could differ materially from those anticipated in forward-looking statements in this release as a result of certain factors, including those set forth in the risk factors described in the Company's SEC filings, including its most recent Form 10K.

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

	September 30, 2003	December 31, 2002
	----- (unaudited)	----- (A)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 457,510	\$ 194,435
Short-term investments	309,143	384,036
Accounts receivable, net	48,526	78,501
Prepaid expenses and other current assets	24,409	23,957
	-----	-----
Total current assets	839,588	680,929
Property and equipment, net	243,526	266,962
Long-term investments	557,346	583,664
Restricted cash	24,983	--
Goodwill	983,397	987,661
Purchased intangible assets, net and other long-term assets	79,076	95,453
	-----	-----
Total assets	\$ 2,727,916	\$ 2,614,669
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 54,057	\$ 51,747
Accrued warranty	32,598	32,358
Other accrued liabilities	120,723	111,773
Deferred revenue	53,779	46,146
	-----	-----
Total current liabilities	261,157	242,024
Convertible subordinated notes	542,076	942,114
Convertible senior notes	400,000	--
Commitments and contingencies		
Stockholders' equity:		
Common stock and additional-paid-in-capital	1,532,209	1,461,910
Deferred stock compensation	(1,849)	(11,113)
Accumulated other comprehensive income	7,175	17,052
Accumulated deficit	(12,852)	(37,318)
	-----	-----
Total stockholders' equity	1,524,683	1,430,531
	-----	-----
Total liabilities and stockholders' equity	\$ 2,727,916	\$ 2,614,669
	=====	=====

(A) The balance sheet at December 31, 2002 has been derived from the audited consolidated financial statements at that date.

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

(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2003	2002	2003	2002
Net revenues:				
Product	\$ 147,110	\$ 130,264	\$ 423,351	\$ 333,822
Service	25,018	21,762	71,087	57,459
Total net revenues	172,128	152,026	494,438	391,281
Cost of revenues:				
Product	48,694	54,336	145,868	130,200
Service	14,245	14,529	40,852	36,816
Total cost of revenues	62,939	68,865	186,720	167,016
Gross margin	109,189	83,161	307,718	224,265
Operating expenses:				
Research and development	44,932	48,771	131,409	117,610
Sales and marketing	34,710	37,749	101,404	91,221
General and administrative	6,524	9,108	21,292	27,761
Restructuring	13,985	22,830	13,985	22,830
In-process research and development	--	83,479	--	83,479
Integration	--	2,507	--	2,507
Amortization of purchased intangible assets and deferred stock compensation (1)	1,998	8,727	17,323	17,640
Total operating expenses	102,149	213,171	285,413	363,048
Operating income (loss)	7,040	(130,010)	22,305	(138,783)
Interest and other income	8,031	13,987	27,300	46,119
Interest and other expense	(9,386)	(13,631)	(33,689)	(43,526)
Gain on sale of investments	--	--	8,739	--
Write-down of investments	--	(19,851)	--	(50,451)
Gain on retirement of convertible subordinated notes	9,220	62,855	14,108	62,855
Equity in net loss of joint venture	--	(180)	--	(1,316)
Income (loss) before income taxes	14,905	(86,830)	38,763	(125,102)
Provision for income taxes	7,700	1,500	14,297	3,000
Net income (loss)	\$ 7,205	\$ (88,330)	\$ 24,466	\$ (128,102)
Net income (loss) per share:				
Basic	\$ 0.02	\$ (0.24)	\$ 0.06	\$ (0.37)
Diluted	\$ 0.02	\$ (0.24)	\$ 0.06	\$ (0.37)
Shares used in computing net income (loss) per share:				
Basic	384,795	369,944	379,792	343,423
Diluted	408,083	369,944	399,525	343,423
(1) Amortization of deferred stock compensation relates to the following cost and expense categories by period:				
Cost of revenues	\$ (287)	\$ 294	\$ (48)	\$ 927
Research and development	(2,098)	2,197	1,414	5,356
Sales and marketing	(573)	609	127	1,705
General and administrative	(346)	325	(77)	1,058
Total	\$ (3,304)	\$ 3,425	\$ 1,416	\$ 9,046

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

(unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2003	2002	2003	2002
Net revenues:				
Product	\$ 147,110	\$ 130,264	\$ 423,351	\$ 333,822
Service	25,018	21,762	71,087	57,459
Total net revenues	172,128	152,026	494,438	391,281
Cost of revenues:				
Product	48,694	54,336	145,868	130,200
Service	14,245	14,529	40,852	36,816
Total cost of revenues	62,939	68,865	186,720	167,016
Gross profit	109,189	83,161	307,718	224,265
Operating expenses:				
Research and development	44,932	48,771	131,409	117,610
Sales and marketing	34,710	37,749	101,404	91,221
General and administrative	6,524	9,108	21,292	27,761
Total operating expenses	86,166	95,628	254,105	236,592
Operating income (loss)	23,023	(12,467)	53,613	(12,327)
Interest income	8,031	13,987	26,110	46,119
Interest and other expense	(9,386)	(13,631)	(33,689)	(43,526)
Equity in net loss of joint venture	--	(180)	--	(1,316)
Income (loss) before income taxes	21,668	(12,291)	46,034	(11,050)
Provision for income taxes	6,934	(3,933)	14,731	(3,536)
Net income (loss)	\$ 14,734	\$ (8,358)	\$ 31,303	\$ (7,514)
Net income (loss) per share:				
Basic	\$ 0.04	\$ (0.02)	\$ 0.08	\$ (0.02)
Diluted	\$ 0.04	\$ (0.02)	\$ 0.08	\$ (0.02)
Shares used in computing net income (loss) per share:				
Basic	384,795	369,944	379,792	343,423
Diluted	408,083	369,944	399,525	343,423

(1) The non-GAAP statements exclude an adjustment to the purchase price of an acquisition, 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, the gain from the sale of investments, the impairment write-down of investments and the gain 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 September 30,		Nine months ended September 30,	
	2003	2002	2003	2002
Non-GAAP net income (loss)	\$ 14,734	\$ (8,358)	\$ 31,303	\$ (7,514)
Acquisition related adjustment	--	--	1,190	--
Restructuring	(13,985)	(22,830)	(13,985)	(22,830)
In-process research and development	--	(83,479)	--	(83,479)
Integration	--	(2,507)	--	(2,507)
Amortization of purchased intangible assets and deferred stock compensation	(1,998)	(8,727)	(17,323)	(17,640)
Gain on sale of investments	--	--	8,739	--
Write-down of investments	--	(19,851)	--	(50,451)
Gain on retirement of convertible subordinated notes	9,220	62,855	14,108	62,855
Income tax effect	(766)	(5,433)	434	(6,536)
GAAP net income (loss)	\$ 7,205	\$ (88,330)	\$ 24,466	\$(128,102)

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

(unaudited)

	Nine months ended September 30,	
	2003	2002
OPERATING ACTIVITIES:		
Net income (loss)	\$ 24,466	\$(128,102)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation	35,754	28,919
Amortization of purchased intangibles, deferred stock compensation, debt costs and other non-cash transactions	23,597	25,735
In-process research and development	--	83,479
Gain on sale of investments	(8,739)	--
Write-down of investments	--	50,451
Gain on retirement of convertible subordinated notes	(14,108)	(62,855)
Changes in operating assets and liabilities:		
Accounts receivable, net	29,975	40,563
Prepaid expenses, other current assets and other assets	1,268	10,222
Accounts payable	5,783	(18,351)
Accrued warranty	240	3,778
Other accrued liabilities	9,740	(31,877)
Deferred revenue	7,633	(5,828)
	115,609	(3,866)
INVESTING ACTIVITIES:		
Purchases of property and equipment, net	(14,136)	(24,755)
Purchases of available-for-sale investments	(671,826)	(707,688)
Maturities and sales of available-for-sale investments	770,334	882,902
Increase in restricted cash	(25,000)	--
Cash paid in connection with the Unisphere Networks acquisition, net of cash and cash equivalents acquired	--	(375,803)
Minority equity investments	(900)	(1,075)
	58,472	(226,419)
FINANCING ACTIVITIES:		
Proceeds from issuance of common stock	77,403	18,185
Proceeds from issuance of convertible senior notes	392,750	--
Retirement of convertible subordinated notes	(381,159)	(145,975)
	88,994	(127,790)
Net increase (decrease) in cash and cash equivalents	263,075	(358,075)
Cash and cash equivalents at beginning of period	194,435	606,845
Cash and cash equivalents at end of period	\$ 457,510	\$ 248,770
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 42,863	\$ 53,787
Supplemental disclosure of non-cash investing and financing activities:		
Common stock issued in connection with the Unisphere Networks acquisition	\$ --	\$ 359,888
Common stock issued in connection with the Pacific Broadband earn out provision	\$ --	\$ 10,844