

PTC INC.  
Form 10-Q  
May 06, 2014  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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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 March 29, 2014  
Commission File Number: 0-18059

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PTC Inc.  
(Exact name of registrant as specified in its charter)

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Massachusetts  
(State or other jurisdiction of  
incorporation or organization)  
140 Kendrick Street, Needham, MA 02494  
(Address of principal executive offices, including zip code)  
(781) 370-5000  
(Registrant's telephone number, including area code)

04-2866152  
(I.R.S. Employer  
Identification Number)

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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. 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 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 the definitions 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  Smaller reporting company   
(Do not check if a 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

There were 118,618,612 shares of our common stock outstanding on May 5, 2014.

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## PART I—FINANCIAL INFORMATION

## ITEM 1. UNAUDITED CONDENSED FINANCIAL STATEMENTS

PTC Inc.  
CONSOLIDATED BALANCE SHEETS  
(in thousands, except per share data)  
(unaudited)

	March 29, 2014	September 30, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$270,470	\$241,913
Accounts receivable, net of allowance for doubtful accounts of \$2,969 and \$3,030 at March 29, 2014 and September 30, 2013, respectively	221,288	229,106
Prepaid expenses and other current assets	171,217	169,552
Deferred tax assets	40,469	39,645
Total current assets	703,444	680,216
Property and equipment, net	60,632	64,652
Goodwill	869,324	769,095
Acquired intangible assets, net	279,901	273,121

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Deferred tax assets	8,159	7,696
Other assets	37,666	34,126
Total assets	\$1,959,126	\$1,828,906
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable, accrued expenses and other current liabilities	\$61,823	\$66,006
Accrued compensation and benefits	79,606	112,733
Accrued income taxes	12,094	7,074
Deferred tax liabilities	1,610	853
Current portion of long term debt	12,500	15,000
Deferred revenue	358,182	326,947
Total current liabilities	525,815	528,613
Long term debt, net of current portion	305,625	243,125
Deferred tax liabilities	43,974	42,088
Deferred revenue	7,400	9,966
Other liabilities	93,891	78,634
Total liabilities	976,705	902,426
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock, \$0.01 par value; 5,000 shares authorized; none issued	—	—
Common stock, \$0.01 par value; 500,000 shares authorized; 118,618 and 118,446 shares issued and outstanding at March 29, 2014 and September 30, 2013, respectively	1,186	1,185
Additional paid-in capital	1,759,355	1,786,820
Accumulated deficit	(726,952)	(810,365)
Accumulated other comprehensive loss	(51,168)	(51,160)
Total stockholders' equity	982,421	926,480
Total liabilities and stockholders' equity	\$1,959,126	\$1,828,906

The accompanying notes are an integral part of the condensed consolidated financial statements.

PTC Inc.

**CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share data)

(unaudited)

	Three months ended		Six months ended	
	March 29, 2014	March 30, 2013	March 29, 2014	March 30, 2013
<b>Revenue:</b>				
License	\$85,218	\$79,690	\$164,411	\$158,875
Service	77,164	73,084	152,755	149,844
Support	166,318	161,175	336,459	324,981
Total revenue	328,700	313,949	653,625	633,700
<b>Cost of revenue:</b>				
Cost of license revenue	7,972	8,291	15,517	16,303
Cost of service revenue	64,261	64,550	129,756	133,142

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Cost of support revenue	21,564	20,429	41,480	40,897
Total cost of revenue	93,797	93,270	186,753	190,342
Gross margin	234,903	220,679	466,872	443,358
Operating expenses:				
Sales and marketing	85,934	88,059	170,172	181,608
Research and development	55,631	55,528	108,704	112,957
General and administrative	34,140	33,398	65,071	69,215
Amortization of acquired intangible assets	7,985	6,640	15,774	13,263
Restructuring charges	—			