

TOWERSTREAM CORP

FORM 8-K (Current report filing)

Filed 03/31/17 for the Period Ending 03/31/17

Address	88 SILVA LANE MIDDLETOWN, RI 02842
Telephone	(401) 848-5848
CIK	0001349437
Symbol	TWER
SIC Code	4899 - Communications Services, Not Elsewhere Classified
Industry	Wireless Telecommunications Services
Sector	Telecommunication Services
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 31, 2017

TOWERSTREAM CORPORATION

(Exact Name of Registrant as Specified in Charter)

Delaware

(State or other jurisdiction
of incorporation)

001-33449

(Commission File Number)

20-8259086

(IRS Employer
Identification No.)

88 Silva Lane
Middletown, RI

(Address of principal executive offices)

02842

(Zip Code)

Registrant's telephone number, including area code: (401) 848-5848

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 DFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4 (c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

Item 7.01 Regulation FD Disclosure.

On March 31, 2017, Towerstream Corporation (the "Company") issued a press release (the "Press Release") announcing financial results for the year ended December 31, 2016. A copy of the press release is attached to this report as Exhibit 99.1 and is being furnished pursuant to Items 2.02 and 7.01 and shall not be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended (the "Securities Act") or the Exchange Act, except as shall be expressly set forth by specific reference in such filing. The furnishing of the information in this Current Report on Form 8-K is not intended to, and does not, constitute a representation that such furnishing is required by Regulation FD or that the information contained in this Current Report on Form 8-K constitutes material investor information that is not otherwise publicly available.

The Company uses certain Non-GAAP measures to monitor the Company's business performance. These Non-GAAP measures are not recognized under generally accepted accounting principles ("GAAP"). Accordingly, investors are cautioned about using or relying on these measures as alternatives to recognized GAAP measures. The Company's methods of calculating these measures may not be comparable to similar measures presented by other companies. A Non-GAAP measure that the Company employs to monitor business performance that is mentioned in the accompanying press release is EBITDA which is defined as earnings (loss) before interest, income taxes, depreciation and amortization.

Any statements that are not historical facts contained in this Form 8-K are "forward-looking statements" as that term is defined under the Private Securities Litigation Reform Act of 1995 ("PSLRA") which statements may be identified by words such as "expects," "plans," "projects," "will," "may," "anticipates," "believes," "should," "intends," "estimates," and other words of similar meaning. Forward-looking statements, include certain statements regarding intent, beliefs, expectations, projections, forecasts and plans, which are subject to numerous assumptions, risks, and uncertainties. A number of factors described from time to time in our periodic filings with the Securities and Exchange Commission could cause actual conditions, events, or results to differ significantly from those described in the forward-looking statements. All forward-looking statements included in this Form 8-K are based on information available at the time of the report. We assume no obligation to update any forward-looking statement. We intend that all forward-looking statements be subject to the safe-harbor provisions of the PSLRA.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

99.1 Press Release dated March 31, 2017

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.

TOWERSTREAM CORPORATION

Dated: March 31, 2017

By: /s/ Frederick Larcombe
Frederick Larcombe
Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated March 31, 2017

Towerstream Reports Upon 2016 Financial Results and Vision for 2017

MIDDLETOWN, R.I., March 31, 2017 (GLOBE NEWSWIRE) -- Towerstream Corporation (OTCQB:TWER), a Fixed Wireless Fiber Alternative Provider, announced today financial results for the year ended December 31, 2016.

"Towerstream's years ending December 31, 2015 and 2016 were filled with dramatic changes" commented Mr. Ernest Ortega who assumed the role of the Company's Chief Executive Officer on January 24, 2017, "and that is reflected in the historical results for those periods".

During those years, the Company exited its unprofitable Hetnets business, implemented a 31% reduction in headcount, significantly reduced overall operating costs throughout all departments, converted \$5.0 million of long-term debt into equity thereby reducing annual interest expense, and raised \$9.1 million through the sale of stock and warrants.

As a result of the actions described above, total net losses from continuing and discontinuing operations for the years ended December 31, 2015 and 2016 declined from \$40.5 million to \$22.2 million, a decrease of \$18.3 million or 45%. Further, EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) for continuing operations during the year ended December 31, 2016, adjusted for stock-based compensation and non-recurring expenses, improved from a negative \$0.5 million during the first quarter to a positive \$0.1 million during the fourth quarter. "I am extremely pleased with that trend in EBITDA results for continuing operations and look forward to reporting additional positive EBITDA numbers during the year ahead" remarked Mr. Ortega.

"These actions have enabled us to right size our cost infrastructure to be more in line with our revenue, thus allowing us to take advantage of the opportunities that exist in the marketplace. Our vision for 2017 and beyond", he continued, "is to be the trusted, reliable, and cost-efficient service provider through leveraging our state-of-the-art fixed wireless network to serve both enterprises and service providers. We will achieve this objective through our recently developed Three Year Plan which included rationalization of our product portfolio, restructuring our sales organization and leveraging our existing reliable high-capacity multi-city network. I am happy to report to you that each of those major initiatives have already been implemented and we are beginning to see positive results."

In closing, Mr. Ortega said "Our focus is now to flawlessly execute the new strategy described above. I and my management team firmly believe we have the right strategy in place and that we will catapult Towerstream into a very prosperous future."

Summary Statement of Operations for the Year Ended December 31, 2016 and 2015

(Amounts in millions except loss per share)

	2016	2015
Revenues	\$ 26.9	\$ 27.9
Operating expenses	40.4	40.5
Operating loss	(13.5)	(12.6)
Interest expense	(6.6)	(6.6)
Provision for income taxes	(0.1)	-
Loss from continuing operations	(20.2)	(19.2)
Loss from discontinued operations	(0.3)	(21.3)
Net loss	(20.5)	(40.5)
Deemed dividend to preferred stockholders	(1.7)	-
Net loss attributable to common stockholders	\$ (22.2)	\$ (40.5)
Loss per share (basic and diluted):		
Continuing operations	\$ (3.65)	\$ (5.65)
Discontinued operations	(0.04)	(6.26)
Total	\$ (3.69)	\$ (11.91)

Summary Balance Sheets as of December 31, 2016 and 2015

(Amounts in millions)

	2016	2015
Cash	\$ 12.3	\$ 15.1
Other current assets	1.1	7.4
Total current assets	13.4	22.5
Property and equipment (net)	15.3	21.2
Intangibles, goodwill, and other	5.7	3.3
Total assets	\$ 34.4	\$ 47.0
Current liabilities - Continuing operations	\$ 3.3	\$ 5.1
Current liabilities - Discontinued operations	1.2	3.9
Total current liabilities	4.5	9.0
Long-term liabilities - Note payable (net)	31.5	33.0
Long-term liabilities - Other	1.3	2.5
Total liabilities	37.3	44.5
Equity (deficit)	(2.9)	2.5
Total liabilities and equity (deficit)	\$ 34.4	\$ 47.0

About Towerstream Corporation

Towerstream Corporation (OTCQB:TWER / www.towerstream.com) is a leading Fixed-Wireless Fiber Alternative company delivering high-speed Internet access to businesses. The Company offers broadband services in twelve urban markets including New York City, Boston, Los Angeles, Chicago, Philadelphia, the San Francisco Bay area, Miami, Seattle, Dallas-Fort Worth, Houston, Las Vegas-Reno, and the greater Providence area.

Safe Harbor

Certain statements contained in this press release are "forward-looking statements" within the meaning of applicable federal securities laws, including, without limitation, anything relating or referring to future financial results and plans for future business development activities, and are thus prospective. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified based on current expectations. Such risks and uncertainties include, without limitation, the risks and uncertainties set forth from time to time in reports filed by the Company with the Securities and Exchange Commission. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct. Consequently, future events and actual results could differ materially from those set forth in, contemplated by, or underlying the forward-looking statements contained herein. The Company undertakes no obligation to correct or update any forward-looking statements, whether as a result of new information, future events or otherwise.

Investor Contact

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