

TOWERSTREAM CORP

FORM 8-K (Current report filing)

Filed 08/11/17 for the Period Ending 08/11/17

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): August 11, 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

Item 7.01 Regulation FD Disclosure.

On August 11, 2017, Towerstream Corporation (the "Company") issued a press release (the "Press Release") announcing financial results for the quarter ended June 30, 2017. 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 several 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.

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 August 11, 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: August 11, 2017

By: /s/ Laura W. Thomas
Laura W. Thomas
Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated August 11, 2017



Towerstream Reports Second Quarter 2017 Results and Progress in Key Performance Indicators

MIDDLETOWN, R.I., August 11, 2017 (GLOBE NEWSWIRE) -- Towerstream Corporation (OTCQB:TWER), a fixed wireless fiber alternative provider, today announced financial results for the second quarter ended June 30, 2017.

OVERVIEW

“We are very pleased with our progress during the quarter, and are confident we are on the right track for future growth,” said Ernest Ortega, chief executive officer of Towerstream. “We achieved a 10% sequential increase in sales and an 18% increase in sales productivity compared to the first quarter, with other metrics showing stabilization and improvement.”

“We believe the initiatives we put in place during 2016 and 2017 have and will continue to create a more sustainable business model that will enable us to take full advantage of the fast-paced, growing demand for fixed wireless broadband services for businesses,” he added.

KEY PERFORMANCE INDICATORS

Key performance indicators (KPIs) trends are shown below:

	Quarters Ended			
	June 30, 2017	March 31, 2017	December 31, 2016	June 30, 2016
Sales	\$ 163	\$ 148	\$ 122	\$ 130
Install -ARPU	542	502	490	371
Churn	1.48%	1.39%	1.52%	1.59%
Revenue	6,518	6,572	6,625	6,872
EBITDA	247	247	(543)	111

Amounts in thousands, except ARPU and Churn

Certain prior period metrics have been recalculated in order to achieve consistency

Sales

Sales of \$163,000 increased 10% from the first quarter of 2017 and were up 25% from the second quarter of 2016. Reported sales represent the monthly revenue value of contracts signed with customers during the period.

“We are especially pleased with the recent trend toward higher sales and longer-term contracts with our customers. Our second quarter average sales productivity increased 18% over the prior quarter. In addition, 88% of the contracts signed to date in 2017 are for terms ranging from 12 to 48 months. This represents an increase of 52% over 2016,” said Ortega. “We are gratified with the progress we are making on our strategies to increase both sales volume and velocity. These strategies include a more disciplined approach to identifying and targeting customers, a new methodology for marketing our products to end users and the implementation of professional sales and development training,” said Ortega.

Install Average Revenue Per Unit (ARPU)

The average revenue per user (ARPU) for new sales contracts signed during the second quarter was \$542, a 46% increase from the prior year quarter.

Ortega said, "While we continue to see improvements in this key performance indicator, we are working to drive further increases. We believe our competitive advantages including the speed-to-market benefits of fixed wireless, the reliability of our network and our ability to provide a carrier-class internet connection at very competitive rates, will enable us to further increase our ARPU as we move forward.”

Churn

The churn rate was 1.48% in the second quarter of 2017, an improvement of 7% from the second quarter of 2016. Churn is the normal monthly attrition of revenue in the internet connectivity industry.

“This is our second consecutive quarter with a churn rate below 1.5% and reflects our commitment to building and maintaining strong long-term customer relationships. It also is a good indication that our churn is now on par with the rest of the industry which should help our growth in future revenues,” added Ortega.

Revenue

The revenue value of all active installations was \$6.5 million in the second quarter of 2017, consistent with the first quarter of 2017.

“Revenues are stabilizing and we are poised for growth. We are encouraged by the level of new customer installations and adds in the second quarter, which was the highest since the fourth quarter of 2015. With these positive indicators, we believe we will begin to see an improvement in revenues in coming quarters,” said Ortega.

EBITDA (Non-GAAP measurement)

Earnings before interest, taxes, depreciation, and amortization (EBITDA) for continuing operations and excluding non-cash charges for stock-based compensation were \$247,000 for the second quarter of 2017. This was consistent with the first quarter, but up significantly from \$111,000 in the second quarter of 2016.

“Our steady improvement in EBITDA over the past year is due to our overriding focus on driving sales, streamlining operations and increasing efficiency. Our efforts are gaining traction and we look forward to further progress,” said Laura W. Thomas, chief financial officer of Towerstream.

SUMMARY

“Our main objective in 2017 has been the execution of our recently implemented strategic plan, designed to build a strong foundation for future growth. We are very pleased with our progress to date and remain confident in our ability to continue this trend. During this execution and transformation phase, Towerstream will remain opportunistic and look for investment opportunities to increase the velocity of our growth,” Ortega added.

FINANCIAL STATEMENTS
Summary Statement of Operations for the Three Months Ended June 30, 2017 and 2016

(Amounts in millions except loss per share)

	2017	2016
Revenues	\$ 6.5	\$ 6.9
Operating expenses	8.7	9.9
Operating loss	(2.2)	(3.0)
Interest expense & other income	(1.3)	(1.6)
Loss from continuing operations	(3.5)	(4.6)
Loss from discontinued operations	-	(0.1)
Net loss	<u>\$ (3.5)</u>	<u>\$ (4.7)</u>
Loss per share (basic and diluted):		
Continuing operations	\$ (0.24)	\$ (1.36)
Discontinued operations	-	(0.02)
Total	<u>\$ (0.24)</u>	<u>\$ (1.38)</u>

Summary Balance Sheets as of June 30, 2017 and December 31, 2016

(Amounts in millions)

	2017	2016
Cash	\$ 9.0	\$ 12.3
Other current assets	1.2	1.1
Total current assets	10.2	13.4
Property and equipment (net)	13.0	15.3
Intangibles, goodwill, and other	4.9	5.7
Total assets	<u>\$ 28.1</u>	<u>\$ 34.4</u>
Current liabilities - Continuing operations	\$ 2.9	\$ 3.3
Current liabilities - Discontinued operations	1.1	1.2
Current liabilities - Note payable (net)	-	31.5
Total current liabilities	4.0	36.0
Long-term liabilities - Note payable (net)	32.7	-
Long-term liabilities - Other	0.9	1.2
Total liabilities	37.6	37.2
Stockholders' Deficit	(9.5)	(2.8)
Total liabilities and equity (deficit)	<u>\$ 28.1</u>	<u>\$ 34.4</u>

NON-GAAP MEASURES

The KPIs discussed above used for the monitoring of the Company's business performance are Non-GAAP measures. These Non-GAAP measures are not recognized under Generally Accepted Accounting Principles ("GAAP") and, accordingly, investors are cautioned about using or relying on them as alternatives to recognized GAAP measures. Our methods of calculating these measures may not be comparable to similar measures presented by other companies.

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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Source: Towerstream