

InterDigital, Inc.

Financial Metrics

Unaudited (amounts in millions, except per share data)

Posted: August 6, 2020



	2018					2019					2020		
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Full Year
Revenues:													
Variable patent royalty revenue	\$ 6.1	\$ 6.6	\$ 13.6	\$ 10.1	\$ 36.4	\$ 9.3	\$ 8.6	\$ 4.7	\$ 7.9	\$ 30.4	\$ 5.9	\$ 4.7	\$ 10.6
Fixed-fee royalty revenue	57.7	60.3	60.3	61.1	239.4	62.9	63.7	63.7	66.9	257.2	66.3	77.3	143.6
Current patent royalties ^a	63.8	66.9	73.9	71.2	275.8	72.2	72.3	68.4	74.8	287.6	72.3	82.0	154.2
Non-current patent royalties ^b	23.3	2.0	0.1	0.8	26.3	(5.8)	1.2	(0.4)	24.7	19.8	0.7	19.2	20.0
Total patent licensing royalties	87.1	68.9	74.0	72.0	302.0	66.4	73.6	68.0	99.5	307.4	73.0	101.2	174.2
Patent Sales ^b	-	-	-	0.8	0.8	0.2	-	0.8	-	1.0	-	-	-
Past technology solution revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Current technology solutions revenue ^a	0.3	0.7	1.0	2.5	4.5	2.0	2.0	3.7	2.7	10.5	3.2	3.3	6.5
Total revenue	\$ 87.4	\$ 69.6	\$ 75.1	\$ 75.3	\$ 307.4	\$ 68.6	\$ 75.6	\$ 72.5	\$ 102.2	\$ 318.9	\$ 76.2	\$ 104.5	\$ 180.7
Recurring Revenue (x a)	\$ 64.1	\$ 67.5	\$ 75.0	\$ 73.7	\$ 280.3	\$ 74.2	\$ 74.4	\$ 72.1	\$ 77.5	\$ 298.2	\$ 75.5	\$ 85.3	\$ 160.7
Non-recurring Revenue (x b)	\$ 23.3	\$ 2.0	\$ 0.1	\$ 1.6	\$ 27.1	\$ (5.5)	\$ 1.2	\$ 0.4	\$ 24.7	\$ 20.7	\$ 0.7	\$ 19.2	\$ 20.0
Current Royalty Mix:													
Variable patent royalty revenue	10 %	10 %	18 %	14 %	13 %	13 %	12 %	7 %	11 %	11 %	8 %	6 %	7 %
Fixed fee royalty revenue	90 %	90 %	82 %	86 %	87 %	87 %	88 %	93 %	89 %	89 %	92 %	94 %	93 %
Revenue Concentrations > 10%													
Apple	32 %	40 %	37 %	36 %	36 %	41 %	37 %	39 %	27 %	35 %	37 %	27 %	31 %
Asustek			10 %										
Funai									12 %				
Huawei												29 %	14 %
Kyocera	11 %												
LG		11 %	11 %	10 %	10 %	13 %	12 %	11 %		10 %	10 %		
Customer of Signal Trust	11 %												
Samsung Electronics Co., Ltd.	22 %	28 %	26 %	25 %	25 %	29 %	26 %	27 %	19 %	25 %	26 %	19 %	22 %
ZTE									11 %				
Cash vs. Non-Cash Revenue:													
Cash receipts	\$ 56.8	\$ 42.3	\$ 163.1	\$ 63.2	\$ 325.4	\$ 34.9	\$ 26.3	\$ 161.9	\$ 72.0	\$ 295.1	\$ 34.4	\$ 124.3	\$ 158.7
Change in Deferred Revenue	45.3	(18.1)	(37.0)	2.9	(6.9)	43.4	19.3	(63.6)	8.6	7.7	39.5	(16.8)	22.7
Change in receivables	(24.4)	40.9	(53.3)	5.2	(31.6)	(1.7)	23.9	(33.8)	4.9	(6.7)	(2.7)	(6.2)	(8.9)
Other	9.7	4.5	2.3	4.0	20.5	(8.0)	6.1	8.0	16.7	22.8	5.0	3.2	8.2
Total Revenue	\$ 87.4	\$ 69.6	\$ 75.1	\$ 75.3	\$ 307.4	\$ 68.6	\$ 75.6	\$ 72.5	\$ 102.2	\$ 318.9	\$ 76.2	\$ 104.5	\$ 180.7
Operating Expenses:													
Patent administration and licensing	\$ 26.9	\$ 26.5	\$ 32.1	\$ 38.6	\$ 124.1	\$ 36.1	\$ 37.4	\$ 34.8	\$ 46.7	\$ 155.0	\$ 40.1	\$ 38.7	\$ 78.8
Development	16.2	15.8	17.3	20.4	69.7	18.5	17.0	20.5	18.8	74.8	18.8	22.1	40.9
Selling, general and administrative	14.2	11.6	12.8	12.5	51.1	14.2	12.3	13.5	11.3	51.3	12.6	11.8	24.4
Total Operating Expenses	\$ 57.3	\$ 53.9	\$ 62.2	\$ 71.5	\$ 244.9	\$ 68.8	\$ 66.7	\$ 68.7	\$ 76.9	\$ 281.1	\$ 71.5	\$ 72.6	\$ 144.1
Other Income Statement Data:													
Income (Loss) from operations	\$ 30.2	\$ 15.7	\$ 12.9	\$ 3.8	\$ 62.6	\$ (0.2)	\$ 8.9	\$ 3.8	\$ 25.3	\$ 37.8	\$ 4.7	\$ 31.9	\$ 36.6
Other expense & interest expense	(6.3)	(4.8)	(14.0)	(5.4)	(30.5)	(5.9)	2.4	(3.1)	(5.4)	(11.9)	(4.5)	(6.2)	(10.7)
Income (Loss) before income taxes	23.8	10.8	(1.0)	(1.6)	32.1	(6.0)	11.4	0.7	19.9	25.9	0.2	25.7	25.9
Income tax (provision) benefit	4.9	(1.1)	21.1	2.4	27.4	1.8	(5.0)	0.2	(8.0)	(11.0)	(1.8)	(5.1)	(7.0)
Net Income (Loss)	28.7	9.8	20.1	0.9	59.5	(4.2)	6.4	0.9	12.0	14.9	(1.7)	20.5	18.9
Net (loss) attributable to non-controlling interest	(1.5)	(1.2)	(1.6)	(1.2)	(5.5)	(1.4)	(1.4)	(1.4)	(1.8)	(6.0)	(1.8)	(1.7)	(3.4)
Net Income (Loss) attributable to InterDigital, Inc.	\$ 30.2	\$ 11.0	\$ 21.7	\$ 2.1	\$ 65.0	\$ (2.8)	\$ 7.8	\$ 2.2	\$ 13.8	\$ 20.9	\$ 0.1	\$ 22.2	\$ 22.4
Net Income (Loss) per common share - diluted	\$ 0.85	\$ 0.31	\$ 0.61	\$ 0.06	\$ 1.83	\$ (0.09)	\$ 0.24	\$ 0.07	\$ 0.44	\$ 0.66	\$ -	\$ 0.72	\$ 0.72
Weighted average number of common shares outstanding - diluted	35.6	35.6	35.6	34.4	35.3	32.6	31.8	31.3	31.1	31.8	30.9	31.0	31.0
Net income (Loss) attributable to InterDigital, Inc.	\$ 30.2	\$ 11.0	\$ 21.7	\$ 2.1	\$ 65.0	\$ (2.8)	\$ 7.8	\$ 2.2	\$ 13.7	\$ 20.9	\$ 0.1	\$ 22.2	\$ 22.4
Share-based compensation	0.8	1.8	2.2	2.2	7.1	2.1	2.1	1.8	1.6	7.6	2.0	4.6	6.6
Impairment charges	-	-	0.2	-	0.2	-	-	3.3	-	3.3	(4.4)	-	(4.4)
Non-cash interest	7.7	7.4	7.5	7.2	29.8	8.3	8.4	8.6	8.3	33.6	8.3	8.0	16.3
Related income tax effect of above items	(1.8)	(1.9)	(2.1)	(2.0)	(7.8)	(2.2)	(2.2)	(2.9)	(2.1)	(9.4)	(1.2)	(2.6)	(3.8)
Adjustment to income taxes	(3.4)	(0.2)	(14.7)	(1.0)	(19.3)	(1.0)	4.1	(0.7)	1.9	4.3	0.3	0.0	0.3
Non-GAAP net income ¹	\$ 33.5	\$ 18.1	\$ 14.8	\$ 8.5	\$ 75.0	\$ 4.4	\$ 20.2	\$ 12.3	\$ 23.4	\$ 60.4	\$ 5.0	\$ 32.2	\$ 37.4
Weighted average number of common shares outstanding - diluted	35.6	35.6	35.6	34.4	35.3	32.6	31.8	31.3	31.1	31.8	30.9	31.0	31.0
Net Income per common share - diluted	\$ 0.85	\$ 0.31	\$ 0.61	\$ 0.06	\$ 1.83	\$ (0.09)	\$ 0.24	\$ 0.07	\$ 0.44	\$ 0.66	\$ -	\$ 0.72	\$ 0.72
Dilutive effect of above items	\$ 0.09	\$ 0.20	\$ (0.19)	\$ 0.19	\$ 0.28	\$ 0.22	\$ 0.40	\$ 0.33	\$ 0.31	\$ 1.67	\$ 0.16	\$ 0.32	\$ 0.49
Non-GAAP net income per common share - diluted ¹	\$ 0.94	\$ 0.51	\$ 0.42	\$ 0.25	\$ 2.11	\$ 0.13	\$ 0.64	\$ 0.40	\$ 0.75	\$ 1.89	\$ 0.16	\$ 1.04	\$ 1.21

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	2018					2019					2020		
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Other Cost Data:													
Intellectual property enforcement costs	\$ 5.8	\$ 5.7	\$ 4.6	\$ 2.2	\$ 18.3	\$ 5.3	\$ 4.5	\$ 6.5	\$ 9.2	\$ 25.5	\$ 5.0	\$ 6.9	\$ 11.9
Partner reimbursement ²	\$ -	\$ -	\$ (0.2)	\$ (0.6)	\$ (0.8)	\$ (0.4)	\$ (0.5)	\$ (0.2)	\$ (0.4)	\$ (1.5)	\$ (0.3)	\$ (0.3)	\$ (0.6)
Cash Flow Data:													
Net cash provided by (used in) operating activities	\$ (0.6)	\$ 6.8	\$ 170.4	\$ (29.8)	\$ 146.8	\$ (30.8)	\$ (22.7)	\$ 125.5	\$ 17.5	\$ 89.5	\$ (26.9)	\$ 69.8	\$ 42.9
Purchases of property, equipment & technology licenses	(0.4)	(1.1)	(0.3)	(0.7)	(2.5)	(1.6)	(1.3)	(0.2)	(1.4)	(4.5)	(1.6)	(2.2)	(3.8)
Capitalized patent costs	(8.0)	(6.5)	(9.3)	(8.2)	(32.0)	(8.5)	(9.4)	(8.3)	(7.4)	(33.6)	(6.3)	(7.6)	(13.9)
CPPIB Revenue Share Payments	-	-	-	-	-	-	-	-	-	-	-	-	-
Free Cash Flow ³	\$ (9.0)	\$ (0.8)	\$ 160.7	\$ (38.7)	\$ 112.3	\$ (40.9)	\$ (33.4)	\$ 117.0	\$ 8.7	\$ 51.4	\$ (34.7)	\$ 60.0	\$ 25.2
Balance Sheet Data:													
Cash & short-term investments	\$ 1,117	\$ 1,101	\$ 1,058	\$ 945.8	\$ 945.8	\$ 793.0	\$ 831.2	\$ 947.6	\$ 924.7	\$ 924.7	\$ 780.9	\$ 839.2	\$ 839.2
Long-term debt	(288.5)	(291.9)	(313.5)	(317.4)	(317.4)	(321.6)	(434.4)	(439.5)	(444.8)	(444.8)	(354.8)	(359.1)	(359.1)
Net cash	\$ 828.1	\$ 808.6	\$ 744.8	\$ 628.4	\$ 628.4	\$ 471.4	\$ 396.8	\$ 508.1	\$ 479.9	\$ 479.9	\$ 426.1	\$ 480.1	\$ 480.1

NOTE: Sums may not equal total due to rounding

1) The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation from or as a substitute for the financial information prepared and presented in accordance with generally accepted accounting principles ("GAAP"). Non-GAAP net income and non-GAAP diluted EPS are supplemental non-GAAP financial measures that InterDigital believes provide investors with important insight into the company's ongoing business performance. A limitation of the utility of non-GAAP net income and non-GAAP diluted EPS is that they do not represent the total net income and diluted EPS of the company for the period. InterDigital defines non-GAAP net income as net income plus share-based compensation, repositioning costs, impairment charges and one time adjustments, non-cash interest expense on the company's outstanding convertible debt, non-cash interest expense associated with our contingent obligation to an affiliate of CPPIB Credit Investments Inc., non-cash interest expense associated with the significant financing components of our existing agreements, the related income tax effect of the preceding items, and adjustments to income taxes. These non-GAAP financial measures used by the company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. Detailed reconciliations of non-GAAP net income to net income and non-GAAP diluted EPS to net income per common share - diluted, or diluted EPS, the most directly comparable GAAP financial measures, are provided above.

2) Partner reimbursements represent full or partial cost reimbursements, arising from the Technicolor acquisitions, related to specific activities that benefit our partners which are not already included as reductions to our GAAP operating expenses.

3) Free cash flow is a supplemental non-GAAP financial measure that InterDigital believes is helpful in evaluating the company's ability to invest in its business, make strategic acquisitions and fund share repurchases, among other things. A limitation of the utility of free cash flow as a measure of financial performance is that it does not represent the total increase or decrease in the company's cash balance for the period. InterDigital defines free cash flow as net cash provided by/(used in) operating activities less purchases of property and equipment, technology licenses and investments in patents. InterDigital's computation of free cash flow might not be comparable to free cash flow reported by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. A detailed reconciliation of free cash flow to net cash provided by/(used in) operating activities, the most directly comparable GAAP financial measure, is provided above.