

SUNPOWER CORP
Form 10-Q/A
October 29, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A
(Amendment No. 1)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 28, 2015

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-34166

SunPower Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware

94-3008969

(State or Other Jurisdiction of Incorporation or Organization)

(I.R.S. Employer Identification No.)

77 Rio Robles, San Jose, California 95134

(Address of Principal Executive Offices and Zip Code)

(408) 240-5500

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 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 (§232.405 of this chapter) 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

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company” in Rule 12b-2 of the Exchange Act. (Check one):

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 Act).

Yes No

The total number of outstanding shares of the registrant’s common stock as of July 24, 2015 was 136,404,821.

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Explanatory Note

This Amendment No. 1 on Form 10-Q/A is being filed solely for the purpose of amending the Section 906 certification (included herein as Exhibit 32.1), which was originally included with our Quarterly Report on Form 10-Q for the fiscal quarter ended June 28, 2015, filed with the Securities and Exchange Commission on July 29, 2015 (the “Original Form 10-Q”). The certification included with the Original Form 10-Q contained a typographical error in the date that indicates the reporting period to which the certification applies. The corrected certification that includes the proper date is being filed with this Form 10-Q/A.

Items included in the Original Form 10-Q that are not amended by this Form 10-Q/A remain in effect as of the date of the Original Form 10-Q. This amendment does not reflect events occurring after the filing of the Original Form 10-Q, or modify or update those disclosures that may be affected by subsequent events, and no other changes are being made to any other disclosure contained in the Original Form 10-Q.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SunPower Corporation

Consolidated Balance Sheets

(In thousands, except share data)

(unaudited)

	June 28, 2015	December 28, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$623,043	\$956,175
Restricted cash and cash equivalents, current portion	26,033	18,541
Accounts receivable, net ¹	433,627	504,316
Costs and estimated earnings in excess of billings ¹	48,449	187,087
Inventories	310,432	208,573
Advances to suppliers, current portion	96,277	98,129
Project assets - plants and land, current portion	379,900	101,181
Prepaid expenses and other current assets ¹	254,352	328,845
Total current assets	2,172,113	2,402,847
Restricted cash and cash equivalents, net of current portion	45,436	24,520
Restricted long-term marketable securities	6,905	7,158
Property, plant and equipment, net	643,912	585,344
Solar power systems leased and to be leased, net	458,708	390,913
Project assets - plants and land, net of current portion	42,741	15,475
Advances to suppliers, net of current portion	288,285	311,528
Long-term financing receivables, net	261,076	269,587
Goodwill and other intangible assets, net	37,387	37,981
Other long-term assets ¹	391,960	300,229
Total assets	\$4,348,523	\$4,345,582
Liabilities and Equity		
Current liabilities:		
Accounts payable ¹	\$427,412	\$419,919
Accrued liabilities ¹	550,956	331,034
Billings in excess of costs and estimated earnings	92,770	83,440
Short-term debt	12,160	18,105
Convertible debt, current portion	—	245,325
Customer advances, current portion ¹	30,662	31,788
Total current liabilities	1,113,960	1,129,611
Long-term debt	225,338	214,181
Convertible debt, net of current portion ¹	693,938	692,955
Customer advances, net of current portion ¹	137,539	148,896
Other long-term liabilities ¹	535,438	555,344

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Total liabilities	2,706,213	2,740,987
Commitments and contingencies (Note 9)		
Redeemable noncontrolling interests in subsidiaries	31,515	28,566
Equity:		
Preferred stock, \$0.001 par value; 10,000,000 shares authorized; none issued and outstanding as of both June 28, 2015 and December 28, 2014	—	—
Common stock, \$0.001 par value, 367,500,000 shares authorized; 144,783,659 shares issued, and 136,395,049 shares outstanding as of June 28, 2015; 367,500,000 shares authorized; 138,616,252 shares issued, and 131,466,777 shares outstanding as of December 28, 2014;	136	131
Additional paid-in capital	2,263,260	2,219,581
Accumulated deficit	(563,670)	(560,598)
Accumulated other comprehensive loss	(13,951)	(13,455)
Treasury stock, at cost; 8,388,610 shares of common stock as of June 28, 2015; 7,149,475 shares of common stock as of December 28, 2014	(151,811)	(111,485)
Total stockholders' equity	1,533,964	1,534,174
Noncontrolling interests in subsidiaries	76,831	41,855
Total equity	1,610,795	1,576,029
Total liabilities and equity	\$4,348,523	\$4,345,582

The Company has related-party balances for transactions made with Total and its affiliates as well as unconsolidated entities in which the Company has a direct equity investment. These related-party balances are recorded within the "Accounts Receivable, net," "Costs and estimated earnings in excess of billings," "Prepaid expenses and other current assets," "Other long-term assets," "Accounts payable," "Accrued Liabilities," "Customer advances, current portion," "Convertible debt, net of current portion," and "Customer advances, net of current portion" financial statement line items in the Consolidated Balance Sheets (see Note 2, Note 3, Note 7, Note 10, Note 11, and Note 12).

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

SunPower Corporation

Consolidated Statements of Operations

(In thousands, except per share data)

(unaudited)

	Three Months Ended		Six Months Ended	
	June 28, 2015	June 29, 2014	June 28, 2015	June 29, 2014
Revenue	\$381,020	\$507,871	\$821,891	\$1,200,293
Cost of revenue	310,139	413,726	660,192	943,159
Gross margin	70,881	94,145	161,699	257,134
Operating expenses:				
Research and development	20,560	16,581	41,728	33,327
Sales, general and administrative	81,520	71,499	158,734	145,427
Restructuring charges	1,749	(717)	5,330	(1,178)
Total operating expenses	103,829	87,363	205,792	177,576
Operating income (loss)	(32,948)	6,782	(44,093)	79,558
Other income (expense), net:				
Interest income	494	668	1,050	986
Interest expense	(8,517)	(16,310)	(24,198)	(35,902)
Other, net	14,982	(76)	12,362	1,293
Other income (expense), net	6,959	(15,718)	(10,786)	(33,623)
	(25,989)	(8,936)	(54,879)	45,935

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Income (loss) before income taxes and equity in earnings of unconsolidated investees					
Benefit from (provision for) income taxes	659	8,168	(1,692	) (5,452)
Equity in earnings of unconsolidated investees	1,864	1,936	4,055	3,719	
Net income (loss)	(23,466	) 1,168	(52,516	) 44,202	
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests	29,975	12,934	49,444	34,944	
Net income (loss) attributable to stockholders	\$6,509	\$14,102	\$(3,072	) \$79,146	
Net income (loss) per share attributable to stockholders:					
Basic	\$0.05	\$0.11	\$(0.02	) \$0.63	
Diluted	\$0.04	\$0.09	\$(0.02	) \$0.52	
Weighted-average shares:					
Basic	134,376	129,747	133,205	125,972	
Diluted	156,995	156,333	133,205	154,886	

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

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SunPower Corporation
 Consolidated Statements of Comprehensive Income (Loss)
 (In thousands)
 (unaudited)

	Three Months Ended		Six Months Ended		
	June 28, 2015	June 29, 2014	June 28, 2015	June 29, 2014	
Net income (loss)	\$ (23,466	) \$ 1,168	\$ (52,516	) \$ 44,202
Components of comprehensive income (loss):					
Translation adjustment	242	68	(1,761	) 342
Net unrealized gain (loss) on derivatives (Note 12)	4,996	(28	) 808	357
Income taxes	346	31	457	(79)
Net change in accumulated other comprehensive gain (loss)	5,584	71	(496	) 620
Total comprehensive income (loss)	(17,882	) 1,239	(53,012	) 44,822
Comprehensive loss attributable to noncontrolling interests and redeemable noncontrolling interests	29,975	12,934	49,444	34,944	
Comprehensive income (loss) attributable to stockholders	\$ 12,093	\$ 14,173	\$ (3,568	) \$ 79,766

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

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SunPower Corporation
Consolidated Statements of Equity
(In thousands)
(unaudited)

	Common Stock					Accumulated	Retained	Total	Noncontrolling	Controlling
	Redeemable Noncontrolling Interests	Shares	Value	Additional Paid-in Capital	Treasury Stock	Other Comprehensive Income (Loss)	Earnings (Accumulated Deficit)	Stockholders' Equity	Interests	Total Equity
Balances at December 28, 2014	\$28,566	131,466	\$131	\$2,219,581	\$(111,485)	\$(13,455)	\$(560,598)	\$1,534,174	\$41,855	\$1,576,0
Net income (loss)	1,029	—	—	—	—	—	(3,072)	(3,072)	(50,473)	(53,545
Other comprehensive income (loss)	—	—	—	—	—	(496)	—	(496)	—	(496
Issuance of common stock upon exercise of options	—	24	—	177	—	—	—	177	—	177
Issuance of restricted stock to employees, net of cancellations	—	3,136	2	(2)	—	—	—	—	—	—
Settlement of the 4.5% Warrants	—	3,008	3	(577)	—	—	—	(574)	—	(574
Stock-based compensation expense	—	—	—	29,389	—	—	—	29,389	—	29,389
Tax benefit from convertible debt interest deduction	—	—	—	7,965	—	—	—	7,965	—	7,965
Tax benefit from stock-based compensation	—	—	—	6,727	—	—	—	6,727	—	6,727
Contributions from noncontrolling interests	3,045	—	—	—	—	—	—	—	88,891	88,891

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Distributions to noncontrolling interests	(1,125)	—	—	—	—	—	—	—	(3,442)	(3,442)
Purchases of treasury stock	(1,239)	—	—	(40,326)	—	—	(40,326)	—	(40,326)	(40,326)
Balances at June 28, 2015	\$31,515	136,395	\$136	\$2,263,260	\$(151,811)	\$(13,951)	\$(563,670)	\$1,533,964	\$76,831	\$1,610,7

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

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SunPower Corporation
Consolidated Statements of Cash Flows
(In thousands)
(unaudited)

	Six Months Ended	
	June 28, 2015	June 29, 2014
Cash flows from operating activities:		
Net income (loss)	\$(52,516	) \$44,202
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	60,005	49,397
Stock-based compensation	27,586	28,215
Non-cash interest expense	5,251	10,492
Equity in earnings of unconsolidated investees	(4,055	) (3,719
Excess tax benefit from stock-based compensation	(6,727) —
Deferred income taxes and other tax liabilities	(5,812	) 3,434
Gain on sale of residential lease portfolio to 8point3 Energy Partners LP	(27,915) —
Other, net	1,377	2,214
Changes in operating assets and liabilities, net of effect of acquisitions:		
Accounts receivable	65,202	10,091
Costs and estimated earnings in excess of billings	138,638	(76
Inventories	(130,726	) 1,976
Project assets	(311,774	) (1,668
Prepaid expenses and other assets	29,425	(59,364
Long-term financing receivables, net	(69,258	) (54,846
Advances to suppliers	25,094	(12,481
Accounts payable and other accrued liabilities	(66,084	) (32,213
Billings in excess of costs and estimated earnings	9,330	(59,580
Customer advances	(12,482	) (7,645
Net cash used in operating activities		