TiVo Q1 2019 Earning Script

On May 9, 2019, TiVo Corporation held its quarterly conference call to discuss its first quarter 2019 financial and operational results. This document is a reproduction of management's planned remarks during such call, following the below disclosures with respect to forward looking statements and Non-GAAP financial information.

Forward Looking Statements

These statements contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to, among other things, the Company's future business, operating results and growth with profitability strategies, the success of the Company's plans to separate the Product and IP Licensing businesses into two independent companies, the realization of stockholder value resulting from separation of the businesses, the timing, structure and tax-free nature of the separation of the two businesses, as well as future business strategies and investments, future product offerings, features, launches and deployments, future development of markets in which our customers operate, results of litigation and the future growth, market acceptance, business opportunities and operating results of the stand-alone businesses. These forward-looking statements are based on TiVo's current expectations, estimates and projections about its business and industry, management's beliefs and certain assumptions made by the company, all of which are subject to change. Forward-looking statements generally can be identified by the use of forward-looking terminology such as, "future", "believe," "expect," "may," "will," "intend," "estimate," "continue," or similar expressions or the negative of those terms or expressions. Such statements involve risks and uncertainties, which could cause actual results to vary materially from those expressed in or indicated by the forward-looking statements. Factors that may cause actual results to differ materially include delays, whether inside or outside the Company's control, in the Company’s process to separate the Product and IP businesses, delays in development, the failure to deliver competitive service offerings and lack of market acceptance of any offerings delivered, as well as the other potential factors described under "Risk Factors" included in TiVo’s Annual Report on Form 10-K for the year ended December 31, 2018, Quarterly Report on Form 10-Q for the period ended March 31, 2019 and other documents of TiVo Corporation on file with the Securities and Exchange Commission (available at www.sec.gov). TiVo cautions you not to place undue reliance on forward-looking statements, which reflect an analysis only and speak only as of the date hereof. TiVo assumes no obligation to update any forward-looking statements in order to reflect events or circumstances that may arise after the date of this presentation, except as required by law.

Non-GAAP Financial Information

TiVo Corporation provides Non-GAAP information to assist investors in assessing its operations in the way that its management evaluates those operations. Non-GAAP Pre-Tax Income, Non-GAAP Cost of Licensing, Services and Software Revenues, Non-GAAP Cost of Hardware Revenues, Non-GAAP Research and Development Expenses, Non-GAAP Selling, General and Administrative Expenses, Non-GAAP Depreciation, Non-GAAP Total OpEx Excluding Goodwill Impairment, Non-GAAP Total OpEx, Non-GAAP Total COGS and OpEx, Adjusted EBITDA and Non-GAAP Interest Expense are supplemental measures of the Company's performance that are not required by, and are not determined in accordance with, GAAP. Non-GAAP financial information is not a substitute for any financial measure determined in accordance with GAAP.

Non-GAAP Pre-tax Income is defined as GAAP income (loss) from continuing operations before income taxes, as adjusted for the effects of items such as amortization of intangible assets, equity-based compensation, accretion of contingent consideration, amortization or write-off of note issuance costs and discounts on convertible debt, mark-to-market adjustments for interest rate swaps and interest on escheat liabilities; as well as items which impact comparability that are required to be recorded under GAAP, but that the

Company believes are not indicative of its core operating results such as goodwill impairment, restructuring and asset impairment charges, separation costs, transaction, transition and integration costs, retention earn-outs payable to former shareholders of acquired businesses, earn-out settlements, CEO transition cash costs, remeasurement of contingent consideration, TiVo acquisition litigation, expenses in connection with the extinguishment or modification of debt, gain on settlement of acquired receivable, additional depreciation resulting from facility rationalization actions, other-than temporary impairment losses on strategic investments, gains on the sale of strategic investments and changes in escheat liabilities.

Non-GAAP Cost of Licensing, Services and Software Revenues is defined as GAAP Cost of licensing, services and software revenues, excluding depreciation and amortization of intangible assets, excluding equity-based compensation and transaction, transition and integration expenses.

Non-GAAP Cost of Hardware Revenues is defined as GAAP Cost of hardware revenues, excluding depreciation and amortization of intangible assets, excluding transition and integration expenses.

Non-GAAP Research and Development Expenses is defined as GAAP research and development expenses excluding equity-based compensation, transition and integration expenses and retention earn-outs payable to former shareholders of acquired businesses.

Non-GAAP Selling, General and Administrative Expenses is defined as GAAP selling, general and administrative expenses excluding equity-based compensation, separation costs, transaction, transition and integration expenses, retention earn-outs payable to former shareholders of acquired businesses, earn-out settlements, CEO transition cash costs, remeasurement of contingent consideration and gain on settlement of acquired receivable.

Non-GAAP Depreciation is defined as GAAP depreciation expenses excluding the impact of additional depreciation resulting from changes in the estimated useful lives of assets involved in facility rationalization actions.

Non-GAAP Total OpEx Excluding Goodwill Impairment is defined as GAAP Total Operating costs and expenses excluding goodwill impairment.

Non-GAAP Total OpEx is defined as the sum of GAAP research and development and selling, general and administrative expenses, depreciation and gain on sale of patents excluding equity-based compensation, separation costs, transaction, transition and integration expenses, retention earn-outs payable to former shareholders of acquired businesses, earnout settlements, CEO transition cash costs, remeasurement of contingent consideration, gain on settlement of acquired receivable and additional depreciation resulting from facility rationalization actions.

Non-GAAP Total COGS and OpEx is defined as GAAP Total Operating costs and expenses, excluding depreciation, amortization of intangible assets, goodwill impairment, restructuring and asset impairment charges, equity-based compensation, separation costs, transaction, transition and integration expenses, retention earn-outs payable to former shareholders of acquired businesses, earnout settlements, CEO transition cash costs, remeasurement of contingent consideration and gain on settlement of acquired receivable.

Adjusted EBITDA is defined as GAAP operating income (loss) excluding depreciation, amortization of intangible assets, goodwill impairment, restructuring and asset impairment charges, equity-based compensation, separation costs, transaction, transition and integration costs, retention earn-outs payable to former shareholders of acquired businesses, earn-out settlements, CEO transition cash costs, remeasurement of contingent consideration and gain on settlement of acquired receivable.

Non-GAAP Interest Expense is defined as GAAP interest expense, excluding accretion of contingent consideration, amortization or write-off of issuance costs, discounts on convertible debt and interest on escheat liabilities, plus the reclassification of the current period benefit (cost) of the interest rate swaps from gain (loss) on interest rate swaps.

Cash Taxes are defined as GAAP current income tax expense excluding changes in reserves for unrecognized tax benefits.

Non-GAAP Diluted Weighted Average Shares Outstanding is defined as GAAP diluted weighted average shares outstanding except for periods of a GAAP loss. In periods of a GAAP loss, GAAP diluted weighted average shares outstanding are adjusted to include dilutive common share equivalents outstanding that were excluded from GAAP diluted weighted average shares outstanding because the Company had a loss and therefore these shares would have been anti-dilutive.

Uses and Limitations of Non-GAAP Information

The Company's management evaluates and makes decisions about its business operations primarily based on Non-GAAP financial information. Management uses Non-GAAP financial measures as the basis for decision-making as they exclude items management does not consider to be “core costs” or “core proceeds”. For each Non-GAAP financial measure, the adjustment provides management with information about the Company's underlying operating performance that enables a more meaningful comparison to its historical and projected financial performance in different reporting periods. For example, since the Company does not acquire or dispose of businesses on a predictable cycle, management excludes the amortization of intangible assets, separation costs, transition and integration costs, retention earn-outs payable to former shareholders of acquired businesses, earnout settlements, CEO transition cash costs, remeasurement of contingent consideration, TiVo Acquisition litigation, and gain on settlement of acquired receivables from its Non-GAAP financial measures in order to make more consistent and meaningful evaluations of the Company's operating expenses as these items may be significantly impacted by the timing and magnitude of acquisitions. Management also excludes the effect of goodwill impairment, restructuring and asset impairment charges, expenses in connection with the extinguishment or modification of debt, gain on the settlement of acquired receivable, additional depreciation resulting from facility rationalization actions, other-than-temporary impairment losses on strategic investments, gains on the sale of strategic investments and changes in escheat liability. Management excludes the impact of equity-based compensation to provide meaningful supplemental information that allows investors greater visibility to the underlying performance of our business operations, facilitates comparison of our results with other periods, and may facilitate comparison with the results of other companies in our industry, as well as to provide the Company's management with an important tool for financial and operational decision-making and for evaluating the Company's performance over different periods of time. Due to varying valuation techniques, reliance on subjective assumptions and the variety of award types and features that may be in use, we believe that providing Non-GAAP financial measures excluding equity-based compensation allows investors to make more meaningful comparisons between our operating results and those of other companies. Management excludes the accretion of contingent consideration, amortization or write-off of note issuance costs and discounts on convertible debt, mark-to-market adjustments for interest rate swaps and interest on escheat liabilities when management evaluates the Company's expenses. Management reclassifies the current period benefit (cost) of the interest rate swaps from gain (loss) on interest rate swaps to interest expense in order for Non-GAAP Interest Expense to reflect the effects of the interest rate swaps as these interest rate swaps were entered into to control the effective interest rate the Company pays on its debt.

Management uses these Non-GAAP financial measures to help it make decisions, including decisions that affect operating expenses and operating margin. Management believes that making Non-GAAP financial information available to investors, in addition to GAAP financial information, may facilitate more consistent comparisons between the Company's performance over time with the performance of other companies in our industry, which may use similar financial measures to supplement their GAAP financial information.

Management recognizes that these Non-GAAP financial measures have limitations as analytical tools, including the fact that management must exercise judgment in determining which types of items to exclude from the Non-GAAP financial information. In addition, as other companies, including companies similar to TiVo Corporation, may calculate their Non-GAAP financial measures differently than the Company calculates its Non-GAAP financial measures, these Non-GAAP financial measures may have limited usefulness to investors when comparing financial performance among companies. Management believes, however, that providing Non-GAAP financial information, in addition to GAAP financial information, facilitates consistent comparison of the Company's financial performance over time. The Company provides Non-GAAP financial information to the investment community, not as an alternative, but as an important supplement to GAAP financial information; to enable investors to evaluate the Company's core operating performance in the same way that management does. Reconciliations for each Non-GAAP financial measure to its most directly comparable GAAP financial measure are posted on our IR site at http://ir.tivo.com.

Nicole Noutsios

I'm Nicole Noutsios, Investor Relations at TiVo. With me today are Raghu Rau, interim CEO, and Peter Halt, CFO. We just distributed a press release and filed an 8-K detailing our first quarter 2019 financial results. In addition, we posted a downloadable model on our IR site showing our historical financial results and GAAP to non-GAAP reconciliations. After this call, you will be able to access a recording of this call on our website at tivo.com, as well as a transcript of the Company's prepared remarks.

Our discussion includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to, among other things,

- TiVo's future business, operating results and growth with profitability strategies,

- our future product offerings and deployments,
- the success of the Company's plans to separate the Product and IP Licensing businesses into two independent companies,
- the realization of stockholder value resulting from separation of the businesses and stand-alone businesses,
- the future growth, market acceptance, business opportunities and operating results of the stand-alone businesses,
- and the tax-free nature, structure and anticipated timing of the separation.

We caution you not to put undue reliance on these forward-looking statements, as they involve risks and uncertainties that may cause actual results to vary materially from these forward-looking statements, as described in our “Risk Factors” in our reports filed with the SEC. Any forward-looking statements made on this call reflect our analysis as of today and we have no plans or duty to update them except as required by law. With that, I will now turn the call over to our interim CEO, Raghu Rau.

Raghu Rau

Thank you, Nicole, and thank you for joining us for our first quarter earnings conference call. I am pleased to announce that after a thoughtful and extensive process, our Board decided that separating our Product and IP Licensing businesses is the best strategy to maximize shareholder value. Accordingly, we intend to spin out our Product business to stockholders. We believe that the separation will increase flexibility in pursuing growing market opportunities.

We expect to complete this transaction in the first half of 2020 through a spin out of our Product business to stockholders as a separately traded public company. We intend this spin off to be tax-free to our stockholders and are actively pursuing a ruling from the IRS on that front. We will provide greater details including the relationship between the

Product and IP Licensing businesses, management teams, Boards and corporate brand identities for each business as we get closer to the separation date. During this process the Board of Directors will continue to be open to strategic transactions for each business that could create stockholder value and is actively engaged in discussions with parties interested in each of our businesses.

As we pursue separating the company into two stand-alone companies, management has and will continue driving both businesses forward by focusing on the previously announced five pillars of growth with profitability strategy.

As further background, for many years it was synergistic to have our Product and IP Licensing businesses combined. However, in today's rapidly evolving market landscape, we believe the two businesses, as stand-alone separate entities unconstrained by each other, will be better positioned to pursue growth opportunities. It is apparent that these two businesses have different return profiles, capital-allocation requirements, and customer engagement cycles and now also represent distinct investment opportunities. Therefore, we believe the separation of our Product and IP Licensing businesses is the best approach to unlocking the value in each of our businesses.

We will do this by spinning off our Product segment, which consists of our Platform Solutions and Software and Services businesses. The key to the success of the Product business as a separate company is scale, trust and neutrality. TiVo creates innovative products that provide for better entertainment experiences by enabling the connection between people and their personalized content. We provide our customers and consumers around the world with a unified discovery, delivery and display platform. We also provide content creators, service providers and consumers a trusted neutral platform to connect audiences and monetize transactions.

We believe that by separating from our IP Licensing business, our Product business can pursue a customer-first strategy, without the encumbrances of an IP licensing model, and this should increase receptivity for our next generation products. As a stand-alone business, we believe we will see greater acceptance from service providers, content providers and device manufacturers to further scale our business. Additionally, TiVo can structure its operating model for scale and efficiency delivering profitable growth for its stockholders.

The Product Business will include our comprehensive user experience technologies and our best of breed point solutions such as search and recommendations, voice, personalization, metadata, advertising, and viewership data. Additionally, the Product business will include the following valuable assets:

- One of the world's largest independent User Experience footprint, consisting of 15 million Classic Guide households, and 7 million TiVo platform households.
- A Search and Recommendations footprint of greater than 30 million households.
- Video entertainment metadata including almost 20 million TV shows and over 1million movies covering 65 countries.
- Music metadata including 35 million tracks on 4 million albums and 3 million unique artist profiles.
- A TV Viewership Panel of approximately 3 million active households with matching rights, and
- Advertising impressions of 15 billion per month for monetization.

With these considerable assets, the Product business is at an exciting time in its transformation, particularly with several new products and business models launching later this year that will enable us to increase footprint, create a new content network and develop increased monetizable opportunities through advertising.

Additionally, the Company is in the process of restructuring the Product business' infrastructure required to drive operational efficiency and improve profitability to levels comparable to industry norms. As a reminder, for the full year 2018, our Product segment generated $401 million in revenue.

Following the spin-off of the Product business, the Company will be an IP Licensing business consisting of Rovi and TiVo Patent Portfolios and other IP Licensing assets. The Company will license our expansive and highly valuable patent portfolios aggregating over 5,500 issued patents and pending applications worldwide. Today, hundreds of millions of consumers have access to our innovations through our license agreements with leading video providers around the world. Our licensees include traditional and new media video providers across Pay-TV, OTT, Mobile, Consumer Electronics and Social Media markets.

IP Licensing is a highly profitable business with revenue of $295 million in 2018, and a high percentage of this is recurring revenue.

We believe the separation will allow the IP Licensing business the operational freedom to pursue a broader horizontal licensing strategy. Following the separation, this business will be able to pursue an independent strategy, innovating around the new frontiers of video entertainment developing beyond our traditional product footprint, and helping to usher in the next phase of the consumer's video and communications experience.

The future of video is constantly evolving, and we believe it is of utmost importance, as video consumption continues its shift beyond traditional Pay TV into internet, social media and mobile domains, that the IP Licensing business be able to diversify beyond traditional video content discovery and recording domains, into new consumer applications and functionalities.

Through separation, the IP business will be able to strategically invest in itself both to solidify its strong, existing foundation, and to appropriately pursue new long-term growth opportunities in new markets and geographies.

We are now focused on optimizing both businesses to succeed on a stand-alone basis. Additionally, we remain committed to our five pillars of growth-with-profitability transformation strategy, and I am pleased to share that the employee base has been greatly energized by this focus on execution.

In terms of our focus on execution, I would like to first highlight the progress we are making with our Product Business. We now have 56 customers signed up to deploy TiVo User Experience 4 and 55 of these customers have already begun deploying this platform. The last one to begin deploying starts later this month. Among those deploying TiVo User Experience 4 are Mediacom, Cogeco, Atlantic Broadband, Service Electric and the NCTC. We also announced, in the past couple of weeks, our first two IPTV deployments of TiVo User Experience 4. This is a long-awaited milestone for the Company.

RCN and Armstrong will be the first operators to deploy our Next-Generation IPTV solution. RCN will roll out this new TiVo-powered video solution to its high-speed internet, digital TV and home phone customers. RCN also plans to expand the TiVo offerings across its properties, including Grande Communications Networks and Wave Division Holdings.

Additionally, Armstrong, which recently rolled out TiVo Experience 4 and voice-activated remote functionality to its entire subscriber base, will now utilize TiVo's Next-Generation Platform to seamlessly transition to IPTV. This will allow Armstrong to deliver content to consumers when and where they want to watch it, from managed set-top-boxes powered by Android or Linux to unmanaged consumer-owned devices such as Apple TV, Amazon Fire TV, Roku, and mobile. They will also be able to deploy TiVo's cloud-powered IPTV suite of solutions, including IPVOD, IP Linear, Restart, Catch-Up, and Network DVR, across all of these clients.

In the quarter we also expanded the footprint of the Sponsored Discovery advertising offering to include multiple MVPDs; this has been successful, and campaigns continue to drive strong performance. For instance, a major broadcast network ran a Sponsored Discovery campaign to promote a new series, which resulted in increased tune-in of 436% by those who saw the campaign.

In terms of voice enabled discovery, our natural language understanding entertainment discovery solutions continues its impressive traction. In Q1, TiVo's unique voice users grew 31%, from 3.7 million at the end of Q4 to 4.9 million unique users at the end of Q1.

Additionally, quarterly queries grew by 36%, from 238 million queries in Q4 to 324 million queries in Q1.

Now, moving to an update on our Intellectual Property Licensing business, we continue to build on our solid base of customers. In 2018, we had 194 US patents granted, a company record. This demonstrates our continuing ability to drive innovation.

We are also very pleased to announce that we just signed a multi-year deal with a major social media company, our first in this growing space. This deal demonstrates the broader applicability of our patent portfolios to web-based social media and advertising technology companies and we believe this deal could serve as a spring board for future licensing activities in both of these segments.

We also had several multi-year international renewals this past quarter, including renewals with Humax, CJ ENM, TVStorm and Dwango, once again demonstrating the relevance of our IP on the global stage.

Finally, I would like to provide an update on our ongoing Comcast litigation. As I have said in the past, TiVo is fully committed to protecting its intellectual property from unauthorized use and we expect Comcast will eventually pay a license for our innovations, just as its Pay-TV peer companies do, and as Comcast itself has done in the past. On that front, we are pursuing cases in the ITC and the District Court system. In the ITC, we anticipate a preliminary ruling from the Administrative law judge on our second ITC investigation towards the end of Q2 and we anticipate the final ruling in Q4.

We also filed a new ITC complaint on April 26th which was preceded by a companion district court case we filed in the Central District of California on April 22nd. We are asserting that Comcast infringes six of our patents. Three of the patents focus on various aspects of Comcast's X1 DVR capabilities, including essential local DVR functionality, AnyRoom DVR, and Cloud DVR. Two patents focus on aspects of how network data and requests for content are managed between set top boxes within a user's home, including aspects of how network data from and to remote servers is managed. And finally, one patent focuses on the ability to provide real-time data in an Interactive Program Guide such as Comcast's real-time sports scores feature. We anticipate that the ITC case will start early in June 2019, with trial and decisions to occur in 2020.

We made a lot of progress this quarter, both in our business and on our path to unlocking greater shareholder value. The Board and I strongly believe that separating TiVo into two independent publicly traded companies is the best next step for the company to unlock this value.

With that, I would like to turn the call over to Peter, who will provide a financial overview. Peter?

CFO Script/Peter Halt

Thank you, Raghu. As Raghu just outlined, while we work on separating the two businesses, we continue to remain focused on improving the execution of our overall business to drive growth and profitability. I'll discuss how we did on that front this past quarter.

On a consolidated basis, first-quarter revenues were $158.2 million, with almost all of our revenue, $155.8 million, or 98.5%, coming from our core business. This is our highest percentage contribution from core revenues since we closed the TiVo acquisition in Q3 2016. Our Q1 non-core revenues consisted of $2.1 million in hardware sales and $364 thousand in sales of Other Products, primarily our legacy analog ACP product. As previously discussed, we no longer have revenue from the Legacy TiVo Time Warp deals, which contributed $8.9 million in revenue in Q1 2018 and we are also transitioning away from selling Hardware and analog products.

In terms of GAAP costs and results for Q1, GAAP Total Operating Costs of $166.3 million were down $32.6 million or 16% from last year. Total Operating Costs decreased primarily as the result of lower amortization of intangible assets, the Company's continuing cost reduction efforts and lower spend on legal costs, due to the timing of IP litigation spend.

Q1 GAAP operating costs included $33.5 million of depreciation and amortization, $8.4 million in stock-based compensation, and $3.5 million of other costs, primarily related to our ongoing restructuring actions and the costs of our ongoing strategic review, that are excluded from our calculation of Adjusted EBITDA. GAAP Operating Loss in Q1 was $8.0 million and our GAAP Net Loss before Taxes from continuing operations was $20.3 million.

In terms of our non-GAAP results, Non-GAAP Total COGS and Operating Expenses were $120.8 million, down $10.1 million, or 8% year-over-year. This quarter's Non-GAAP Total COGS and Operating Expenses benefited from our ongoing cost reduction efforts, the timing of litigation spend and, to a lesser extent, reduced hardware costs due to the planned transition of our MSO partners and retail customers to deploying the TiVo service on third-party hardware.

Adjusted EBITDA in Q1 was $37.4 million, down $21.5 million year-over-year. Non-GAAP Pre-tax Income was $25.3 million, down $20.9 million year-over-year. The decrease in Adjusted EBITDA and Non-GAAP Pre-tax Income reflects a decline in revenue, partially offset by our cost savings initiatives and benefits from the aforementioned shift to deploying the TiVo service on third-party hardware.

For the first quarter, estimated cash taxes were approximately $4.9 million. GAAP Diluted Weighted Average Shares Outstanding were 124.4 million and Non-GAAP Diluted Weighted Average Shares Outstanding were 125.1 million. For those interested in calculating our Non-GAAP EPS, take our Non-GAAP Pre-tax Income, subtract our cash taxes, and divide by Non-GAAP Weighted Average Shares Outstanding.

Turning to segment results, in Q1, Core Product revenues were $88.9 million, down 20% year-on-year. The revenue decline was primarily due to $23.9 million of revenue recognized from an international MSO customer exercising a contractual option last year to purchase a fully paid license to its then-current version of the TiVo software. Under ASC 606 this revenue was recognized in Q1 2018 as opposed to being spread over time, including in Q1 2019. This decline was partially offset by a new perpetual Passport license arrangement with an international MSO customer.

We exited Q1 with approximately $75 million in contracted quarterly product run rate revenues, excluding ACP, NRE, advertising and hardware revenues.

Product Adjusted Operating Expenses were $82.9 million in Q1, down 7% from last year. This was attributable to our cost savings initiatives and lower hardware COGS, resulting from the shift to deploying the TiVo service on third-party hardware.

Moving on to the IP Licensing business, Core IP Licensing revenues were $66.9 million, up 4% year-on-year, due to higher revenue from existing customers. As a reminder, the last of the TiVo Time Warp agreements expired in July 2018. We recognized $8.9 million of Time Warp revenues in Q1 last year. We exited Q1 with approximately $65 million in contracted quarterly IP Licensing run rate revenues, excluding catch-up revenues intended to make us whole for the pre-license period of use.

IP Licensing Adjusted Operating Expenses of $21.8 million in Q1 were down 14% from last year. This is attributable to lower year-on-year IP litigation expenses.

We have a very strong balance sheet with cash and investments at the end of the first quarter of $327 million. The largest use of cash in Q1 was our required Term Loan B payment of $46.6 million. We also have $1.0 billion in Federal NOLs and a remaining stock repurchase program authorization of $150.0 million.

Finally, our Board declared a quarterly dividend of eight cents per share, which is to be paid on June 19th to stockholders of record on June 5th. In preparation for the separation, the Board and management are focused on determining the optimal strategy, operating structure and capital allocation policy for each business. Accordingly, the Board felt it prudent to adjust the current dividend in order to optimize our two balance sheets in advance of the separation. While this is a lower dividend than in previous quarters, it still provides a meaningfully higher yield than the S&P 500 average dividend yield.

Now turning to guidance. For fiscal 2019, the Company expects revenue of $640 million to $654 million, and a GAAP loss before taxes of $75 million to $87 million. Additionally, the Company expects Adjusted EBITDA of $172 million to $178 million and Non-GAAP Pre-tax Income of $120 million to $126 million. TiVo anticipates it will incur $28 million to $29 million in Cash Taxes based on its operating expectations. Additionally, TiVo expects its GAAP diluted weighted average shares outstanding to be approximately 126 million and Non-GAAP Diluted Weighted Average Shares Outstanding to be approximately 127 million.

With that, I will now turn the call over to the operator to open the line for questions. Operator?