
**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): April 25, 2019

VERISIGN, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

000-23593
(Commission
File Number)

94-3221585
(IRS Employer
Identification No.)

12061 Bluemont Way, Reston, Virginia
(Address of Principal Executive Offices)

20190
(Zip Code)

(703) 948-3200
(Registrant's Telephone Number, Including Area Code)
(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 CFR 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 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

On April 25, 2019, VeriSign, Inc. issued a press release reporting its financial results for the fiscal quarter ended March 31, 2019. A copy of this press release is attached hereto as Exhibit 99.1.

The information in this Item 2.02 of Form 8-K and the Exhibit attached hereto shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits*

<u>Exhibit Number</u>	<u>Description</u>
99.1	Text of press release of VeriSign, Inc. issued on April 25, 2019.

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.

VERISIGN, INC.

Date: April 25, 2019

By: /s/ Thomas C. Indelicarto

Thomas C. Indelicarto

Executive Vice President, General Counsel and Secretary

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
Exhibit 99.1	Text of press release of VeriSign, Inc. issued on April 25, 2019.



VERISIGN

Verisign Reports First Quarter 2019 Results

RESTON, VA - April 25, 2019 - VeriSign, Inc. (NASDAQ: VRSN), a global provider of domain name registry services and internet infrastructure, today reported financial results for the first quarter of 2019.

First Quarter GAAP Financial Results

VeriSign, Inc. and its subsidiaries (“Verisign”) reported revenue of \$306 million for the first quarter of 2019, up 2.4 percent from the same quarter in 2018. Verisign reported net income of \$163 million and diluted earnings per share (diluted “EPS”) of \$1.35 for the first quarter of 2019, compared to net income of \$134 million and diluted EPS of \$1.09 for the same quarter in 2018. The operating margin was 65.4 percent for the first quarter of 2019 compared to 62.0 percent for the same quarter in 2018.

First Quarter Non-GAAP Financial Results

Verisign reported, on a non-GAAP basis, net income of \$158 million and diluted EPS of \$1.31 for the first quarter of 2019, compared to net income of \$132 million and diluted EPS of \$1.07 for the same quarter in 2018. The non-GAAP operating margin was 69.4 percent for the first quarter of 2019 compared to 66.3 percent for the same quarter in 2018. A table reconciling the GAAP to the non-GAAP results (which excludes the items described under “Non-GAAP Financial Measures and Adjusted EBITDA” below) is appended to this news release.

“We’re pleased to deliver another solid quarter,” said Jim Bidzos, Executive Chairman, President and Chief Executive Officer.

Financial Highlights

- Verisign ended the first quarter of 2019 with cash, cash equivalents and marketable securities of \$1.25 billion, a decrease of \$17 million from the end of 2018.
- During the first quarter of 2019, Verisign repatriated \$249 million of cash held by foreign subsidiaries, net of foreign withholding taxes.
- Cash flow from operating activities was \$187 million for the first quarter of 2019, compared with \$90 million for the same quarter in 2018.
- Deferred revenues as of March 31, 2019 totaled \$1.05 billion, an increase of \$29 million from the end of 2018.
- During the first quarter of 2019, Verisign repurchased 1.0 million shares of its common stock for an aggregate cost of \$175 million. As of March 31, 2019, there was \$891 million remaining for future share repurchases under the share repurchase program which has no expiration date.

Business Highlights

- Verisign ended the first quarter of 2019 with 154.8 million .com and .net domain name registrations in the domain name base, a 4.4 percent increase from the end of the first quarter of 2018, and a net increase of 1.82 million during the first quarter of 2019.
- During the first quarter of 2019, Verisign processed 9.8 million new domain name registrations for .com and .net, compared to 9.6 million for the same quarter in 2018.
- The final .com and .net renewal rate for the fourth quarter of 2018 was 74.3 percent compared with 72.2 percent for the same quarter in 2017. Renewal rates are not fully measurable until 45 days after the end of the quarter.

Non-GAAP Financial Measures and Adjusted EBITDA

Verisign provides quarterly and annual financial statements that are prepared in accordance with generally accepted accounting principles (GAAP). Along with this information, management typically discloses and discusses certain non-GAAP financial measures in quarterly earnings news releases, on investor conference calls and during investor conferences and related events. These non-GAAP financial measures do not include the following items that are included in the comparable GAAP financial measures: stock-based compensation, non-cash interest expense through June 30, 2018, and loss on debt extinguishment. Non-GAAP net income is adjusted for an income tax rate of 22 percent which differs from the GAAP income tax rate.

On a quarterly basis, Verisign also provides Adjusted EBITDA. Adjusted EBITDA is a non-GAAP financial measure and is calculated in accordance with the terms of the indentures governing Verisign's senior notes. Adjusted EBITDA refers to net income before interest, taxes, depreciation and amortization, stock-based compensation, unrealized gain / loss on hedging agreements, gain on the sale of a business, and loss on debt extinguishment.

Management believes that these non-GAAP financial measures supplement the GAAP financial measures by providing investors with additional information that allows them to have a clearer picture of Verisign's operations and financial performance and the comparability of Verisign's operating results from period to period. The presentation of these non-GAAP financial measures is not meant to be considered in isolation nor as a substitute for financial measures prepared in accordance with GAAP.

The tables appended to this release include a reconciliation of the non-GAAP financial measures to the comparable financial measures reported in accordance with GAAP for the given periods.

Today's Conference Call

Verisign will host a live conference call today at 4:30 p.m. (EDT) to review the first quarter 2019 results. The call will be accessible by direct dial at (888) 676-VRSN (U.S.) or (786) 789-4776 (international), conference ID: Verisign. A listen-only live web cast of the conference call and accompanying slide presentation will also be available at <https://investor.Verisign.com>. An audio archive of the call will be available at <https://investor.Verisign.com/events.cfm>. This news release and the financial information discussed on today's conference call are available at <https://investor.Verisign.com>.

About Verisign

Verisign, a global provider of domain name registry services and internet infrastructure, enables internet navigation for many of the world's most recognized domain names. Verisign enables the security, stability and resiliency of key internet infrastructure and services, including providing root zone maintainer services, operating two of the 13 global internet root servers, and providing registration services and authoritative resolution for the .com and .net top-level domains, which support the majority of global e-commerce. To learn more about what it means to be Powered by Verisign, please visit [Verisign.com](https://www.verisign.com).

VRSNF

Statements in this announcement other than historical data and information constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 as amended and Section 21E of the Securities Exchange Act of 1934 as amended. These statements involve risks and uncertainties that could cause our actual results to differ materially from those stated or implied by such forward-looking statements. The potential risks and uncertainties include, among others, risks arising from the agreements governing our Registry Services business; new or existing governmental laws and regulations in the U.S. or other applicable foreign jurisdictions; system interruptions, security breaches, attacks on the internet by hackers, viruses, or intentional acts of vandalism; the uncertainty of the impact of changes to the multi-stakeholder model of internet governance; risks arising from our operation of two root zone servers and our performance of the Root Zone Maintainer functions; changes in internet practices and behavior and the adoption of substitute technologies; the success or failure of the evolution of our markets; the highly competitive business environment in which we operate; whether we can maintain strong relationships with registrars and their resellers to maintain their marketing focus on our products and services; the possibility of system interruptions or failures; challenging global economic conditions; economic, legal and political risk associated with our international operations; our ability to protect and enforce our rights to our intellectual property and ensure that we do not infringe on others' intellectual property; the outcome of legal or other challenges resulting from our activities or the activities of registrars or registrants, or litigation generally; the impact of our new strategic initiatives, including our IDN gTLDs; whether we can retain and motivate our senior management and key employees; and the impact of unfavorable tax rules and regulations. More information about potential factors that could affect our business and financial results is included in our filings with the SEC, including in our Annual Report on Form 10-K for the year ended Dec. 31, 2018, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Verisign undertakes no obligation to update any of the forward-looking statements after the date of this announcement.

Contacts

Investor Relations: David Atchley, datchley@verisign.com, 703-948-4643

Media Relations: Deana Alvy, dalvy@verisign.com, 703-948-3800

©2019 VeriSign, Inc. All rights reserved. VERISIGN, the VERISIGN logo, and other trademarks, service marks, and designs are registered or unregistered trademarks of VeriSign, Inc. and its subsidiaries in the United States and in foreign countries. All other trademarks are property of their respective owners.

VERISIGN, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except par value)
(Unaudited)

	March 31, 2019	December 31, 2018
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 779,625	\$ 357,415
Marketable securities	473,365	912,254
Other current assets	62,277	47,365
Total current assets	1,315,267	1,317,034
Property and equipment, net	252,237	253,905
Goodwill	52,527	52,527
Deferred tax assets	120,192	104,992
Deposits to acquire intangible assets	145,000	145,000
Other long-term assets	34,453	41,046
Total long-term assets	604,409	597,470
Total assets	\$ 1,919,676	\$ 1,914,504
<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 183,996	\$ 215,208
Deferred revenues	757,284	732,382
Total current liabilities	941,280	947,590
Long-term deferred revenues	289,730	285,720
Senior notes	1,785,676	1,785,047
Long-term tax and other liabilities	309,119	281,621
Total long-term liabilities	2,384,525	2,352,388
Total liabilities	3,325,805	3,299,978
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock—par value \$.001 per share; Authorized shares: 5,000; Issued and outstanding shares: none	—	—
Common stock—par value \$.001 per share; Authorized shares: 1,000,000; Issued shares: 352,872 at March 31, 2019 and 352,325 at December 31, 2018; Outstanding shares: 119,391 at March 31, 2019 and 120,037 at December 31, 2018	353	352
Additional paid-in capital	15,523,542	15,706,774
Accumulated deficit	(16,927,262)	(17,089,789)
Accumulated other comprehensive loss	(2,762)	(2,811)
Total stockholders' deficit	(1,406,129)	(1,385,474)
Total liabilities and stockholders' deficit	\$ 1,919,676	\$ 1,914,504

VERISIGN, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands, except per share data)
(Unaudited)

	Three Months Ended March 31,	
	2019	2018
Revenues	\$ 306,408	\$ 299,288
Costs and expenses:		
Cost of revenues	45,504	48,152
Sales and marketing	10,519	17,275
Research and development	16,132	15,375
General and administrative	34,001	33,067
Total costs and expenses	106,156	113,869
Operating income	200,252	185,419
Interest expense	(22,631)	(40,788)
Non-operating income, net	12,203	7,804
Income before income taxes	189,824	152,435
Income tax expense	(27,297)	(18,172)
Net income	162,527	134,263
Other comprehensive income	49	243
Comprehensive income	\$ 162,576	\$ 134,506
Earnings per share:		
Basic	\$ 1.36	\$ 1.38
Diluted	\$ 1.35	\$ 1.09
Shares used to compute earnings per share		
Basic	119,757	97,250
Diluted	120,317	123,506

VERISIGN, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2019	2018
Cash flows from operating activities:		
Net income	\$ 162,527	\$ 134,263
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property and equipment	11,593	12,117
Stock-based compensation	12,462	12,978
Amortization of discount on investments in debt securities	(3,854)	(4,128)
Other, net	(147)	4,005
Changes in operating assets and liabilities:		
Other assets	(226)	(987)
Accounts payable and accrued liabilities	(31,609)	(36,271)
Deferred revenues	29,219	27,120
Net deferred income taxes and other long-term tax liabilities	7,365	(59,108)
Net cash provided by operating activities	<u>187,330</u>	<u>89,989</u>
Cash flows from investing activities:		
Proceeds from maturities and sales of marketable securities	939,561	1,931,930
Purchases of marketable securities	(496,779)	(631,456)
Purchases of property and equipment	(9,133)	(7,662)
Other investing activities	(2,958)	(160)
Net cash provided by investing activities	<u>430,691</u>	<u>1,292,652</u>
Cash flows from financing activities:		
Proceeds from employee stock purchase plan	8,253	7,811
Repurchases of common stock	(204,302)	(152,741)
Net cash used in financing activities	<u>(196,049)</u>	<u>(144,930)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	255	167
Net increase in cash, cash equivalents, and restricted cash	422,227	1,237,878
Cash, cash equivalents, and restricted cash at beginning of period	366,753	475,139
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 788,980</u>	<u>\$ 1,713,017</u>
Supplemental cash flow disclosures:		
Cash paid for interest	\$ 13,063	\$ 43,326
Cash paid for income taxes, net of refunds received	\$ 14,185	\$ 72,959

VERISIGN, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES AND ADJUSTED EBITDA
(In thousands, except per share data)
(Unaudited)

	Three Months Ended March 31,			
	2019		2018	
	Operating Income	Net Income	Operating Income	Net Income
GAAP as reported	\$ 200,252	\$ 162,527	\$ 185,419	\$ 134,263
Adjustments:				
Stock-based compensation	12,462	12,462	12,978	12,978
Non-cash interest expense		—		3,918
Tax adjustment		(17,206)		(19,081)
Non-GAAP	<u>\$ 212,714</u>	<u>\$ 157,783</u>	<u>\$ 198,397</u>	<u>\$ 132,078</u>
Revenues	\$ 306,408		\$ 299,288	
Non-GAAP operating margin	<u>69.4%</u>		<u>66.3%</u>	
Diluted shares		120,317		123,506
Diluted EPS, non-GAAP		<u>\$ 1.31</u>		<u>\$ 1.07</u>

The following table presents the classification of stock-based compensation:

	Three Months Ended March 31,	
	2019	2018
Cost of revenues	\$ 1,598	\$ 1,609
Sales and marketing	983	1,448
Research and development	1,589	1,721
General and administrative	8,292	8,200
Total stock-based compensation expense	<u>\$ 12,462</u>	<u>\$ 12,978</u>

The following table reconciles GAAP net income to non-GAAP Adjusted EBITDA:

	Year Ended March 31, 2019
Net Income	\$ 610,753
Interest expense	96,689
Income tax expense	156,152
Depreciation and amortization	47,844
Stock-based compensation	51,988
Unrealized loss on hedging agreements	119
Gain on sale of business	(55,550)
Loss on debt extinguishment	6,554
Non-GAAP Adjusted EBITDA	<u>\$ 914,549</u>