

IAC/INTERACTIVECORP

Form 10-Q

November 08, 2012

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As filed with the Securities and Exchange Commission on November 8, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2012

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 No. 0-20570

IAC/INTERACTIVECORP

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

555 West 18th Street, New York, New York 10011

(Address of registrant's principal executive offices)

(212) 314-7300

(Registrant's telephone number, including area code)

59-2712887

(I.R.S. Employer

Identification No.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 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 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 company" in Rule 12b-2 of the Exchange Act. (Check one):

Non-accelerated filer

Large accelerated filer

Accelerated filer

(Do not check if a smaller

Smaller reporting company

reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 19, 2012, the following shares of the registrant's common stock were outstanding:

Common Stock

82,665,959

Class B Common Stock

5,789,499

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Total outstanding Common Stock

88,455,458

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of October 19, 2012 was \$4,319,523,212. For the purpose of the foregoing calculation only, all directors and executive officers of the registrant are assumed to be affiliates of the registrant.

PART I

FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

IAC/INTERACTIVECORP

CONSOLIDATED BALANCE SHEET

(Unaudited)

	September 30, 2012	December 31, 2011
	(In thousands, except share data)	
ASSETS		
Cash and cash equivalents	\$501,779	\$704,153
Marketable securities	138,926	165,695
Accounts receivable, net of allowance of \$8,071 and \$7,309, respectively	220,735	177,030
Other current assets	126,787	112,255
Total current assets	988,227	1,159,133
Property and equipment, net	272,317	259,588
Goodwill	1,556,833	1,358,524
Intangible assets, net	491,485	378,107
Long-term investments	169,728	173,752
Other non-current assets	103,985	80,761
TOTAL ASSETS	\$3,582,575	\$3,409,865
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Current maturities of long-term debt	\$15,844	\$—
Accounts payable, trade	86,810	64,398
Deferred revenue	159,498	126,297
Accrued expenses and other current liabilities	362,917	343,490
Total current liabilities	625,069	534,185
Long-term debt, net of current maturities	80,000	95,844
Income taxes payable	479,693	450,533
Deferred income taxes	304,889	302,213
Other long-term liabilities	33,332	16,601
Redeemable noncontrolling interests	58,956	50,349
Commitments and contingencies		
SHAREHOLDERS' EQUITY:		
Common stock \$.001 par value; authorized 1,600,000,000 shares; issued 248,747,173 and 234,100,950 shares, respectively, and outstanding 82,646,948 and 77,126,881 shares, respectively	249	234
Class B convertible common stock \$.001 par value; authorized 400,000,000 shares; issued 16,157,499 shares and outstanding 5,789,499 shares	16	16
Additional paid-in capital	11,627,593	11,280,173
Accumulated deficit	(359,258)	(477,785)
Accumulated other comprehensive loss	(11,891)	(12,443)
Treasury stock 176,468,225 and 167,342,069 shares, respectively	(9,308,315)	(8,885,146)
Total IAC shareholders' equity	1,948,394	1,905,049
Noncontrolling interests	52,242	55,091

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Total shareholders' equity	2,000,636	1,960,140
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$3,582,575	\$3,409,865

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

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IAC/INTERACTIVECORP
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
	(In thousands, except per share data)			
Revenue	\$714,470	\$516,884	\$2,035,682	\$1,462,501
Costs and expenses:				
Cost of revenue (exclusive of depreciation shown separately below)	261,932	188,642	722,193	542,832
Selling and marketing expense	236,763	153,296	669,671	426,764
General and administrative expense	94,876	84,628	278,895	241,472
Product development expense	24,504	21,556	71,101	56,558
Depreciation	13,150	17,484	37,490	43,373
Amortization of intangibles	5,212	4,538	18,058	9,195
Total costs and expenses	636,437	470,144	1,797,408	1,320,194
Operating income	78,033	46,740	238,274	142,307
Equity in losses of unconsolidated affiliates	(3,298	) (15,078	) (28,208	) (25,677
Other (expense) income, net	(944	) 4,308	(1,267	) 10,697
Earnings from continuing operations before income taxes	73,791	35,970	208,799	127,327
Income tax (provision) benefit	(27,606	) 32,003	(83,360	) 6,444
Earnings from continuing operations	46,185	67,973	125,439	133,771
Loss from discontinued operations, net of tax	(5,624	) (3,922	) (6,581	) (8,358
Net earnings	40,561	64,051	118,858	125,413
Net loss (earnings) attributable to noncontrolling interests	156	922	(331	) 54
Net earnings attributable to IAC shareholders	\$40,717			