

IAC/INTERACTIVECORP
Form 10-Q
August 09, 2018

As filed with the Securities and Exchange Commission on August 9, 2018

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 June 30, 2018

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 59-2712887

(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

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)

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company Emerging growth company

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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

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 August 6, 2018, the following shares of the registrant's common stock were outstanding:

Common Stock	77,427,724
Class B Common Stock	5,789,499
Total outstanding Common Stock	83,217,223

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of August 6, 2018 was \$11,875,761,831. For the purpose of the foregoing calculation only, all directors and executive officers of the registrant are assumed to be affiliates of the registrant.

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PART I

FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

IAC/INTERACTIVECORP

CONSOLIDATED BALANCE SHEET

(Unaudited)

	June 30, 2018	December 31, 2017
	(In thousands, except par value amounts)	
ASSETS		
Cash and cash equivalents	\$ 1,644,829	\$ 1,630,809
Marketable securities	120,410	4,995
Accounts receivable, net of allowance of \$17,960 and \$11,489, respectively	343,576	304,027
Other current assets	237,957	185,374
Total current assets	2,346,772	2,125,205
Property and equipment, net of accumulated depreciation and amortization of \$285,482 and \$271,811, respectively	306,602	315,170
Goodwill	2,578,296	2,559,066
Intangible assets, net of accumulated amortization of \$113,117 and \$74,957, respectively	636,351	663,737
Long-term investments	217,357	64,977
Deferred income taxes	62,245	66,321
Other non-current assets	87,661	73,334
TOTAL ASSETS	\$ 6,235,284	\$ 5,867,810
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Current portion of long-term debt	\$ 13,750	\$ 13,750
Accounts payable, trade	79,107	76,571
Deferred revenue	375,138	342,483
Accrued expenses and other current liabilities	377,685	366,924
Total current liabilities	845,680	799,728
Long-term debt, net	1,982,271	1,979,469
Income taxes payable	23,942	25,624
Deferred income taxes	35,550	35,070
Other long-term liabilities	35,174	38,229
Redeemable noncontrolling interests	75,719	42,867
Commitments and contingencies		
SHAREHOLDERS' EQUITY:		
Common stock \$.001 par value; authorized 1,600,000 shares; issued 261,757 and 260,624 shares, respectively, and outstanding 77,865 and 76,829 shares, respectively	262	261
Class B convertible common stock \$.001 par value; authorized 400,000 shares; issued 16,157 shares and outstanding 5,789 shares	16	16

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Additional paid-in capital	12,008,684	12,165,002
Retained earnings	921,268	595,038
Accumulated other comprehensive loss	(112,717)	(103,568)
Treasury stock 194,261 and 194,163 shares, respectively	(10,241,434)	(10,226,721)
Total IAC shareholders' equity	2,576,079	2,430,028
Noncontrolling interests	660,869	516,795
Total shareholders' equity	3,236,948	2,946,823
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$6,235,284	\$ 5,867,810

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

IAC/INTERACTIVECORP
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
	(In thousands, except per share data)			
Revenue	\$1,059,122	\$767,387	\$2,054,197	\$1,528,220
Operating costs and expenses:				
Cost of revenue (exclusive of depreciation shown separately below)	218,224	139,033	420,186	284,991
Selling and marketing expense	369,660	320,104	772,492	670,515
General and administrative expense	188,363	150,222	372,547	293,817
Product development expense	75,445	55,430	152,382	110,190
Depreciation	18,805	18,339	38,062	38,227
Amortization of intangibles	20,188	8,624	40,141	17,785
Total operating costs and expenses	890,685	691,752	1,795,810	1,415,525
Operating income	168,437	75,635	258,387	112,695
Interest expense	(27,356) (24,728) (53,861) (49,520
Other income, net	171,141	10,230	166,522	2,516
Earnings before income taxes	312,222			