

TripAdvisor, Inc.
Form 10-Q
August 01, 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 number: 001-35362

TRIPADVISOR, INC.

(Exact name of registrant as specified in its charter)

Delaware 80-0743202
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

400 1st Avenue

Needham, MA 02494

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(Address of principal executive office) (Zip Code)

Registrant's telephone number, including area code:

(781) 800-5000

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 (§ 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, 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 small reporting company) Small reporting company

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.

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

Class	Outstanding Shares at July 25, 2018
Common Stock, \$0.001 par value per share	124,747,282 shares
Class B common stock, \$0.001 par value per share	12,799,999 shares

TripAdvisor, Inc.

Form 10-Q

For the Quarter Ended June 30, 2018

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PART I – FINANCIAL INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements

TRIPADVISOR, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share amounts)

	Three months ended June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Revenue (Note 3)	\$433	\$424	\$811	\$796
Costs and expenses:				
Cost of revenue (1)	24	20	44	37
Selling and marketing (2)	217	229	416	436
Technology and content (2)	68	64	135	123
General and administrative (2)	46	38	88	73
Depreciation	21	19	41	38
Amortization of intangible assets	8	8	16	16
Total costs and expenses:	384	378	740	723
Operating income	49	46	71	73
Other income (expense):				
Interest expense	(3)	(4)	(6)	(7)
Interest income and other, net	(4)	2	(2)	3
Total other income (expense), net	(7)	(2)	(8)	(4)
Income before income taxes	42	44	63	69
Provision for income taxes	(10)	(17)	(27)	(29)
Net income	\$32	\$27	\$36	\$40
Earnings per share attributable to common stockholders (Note 4):				
Basic	\$0.23	\$0.19	\$0.26	\$0.28
Diluted	\$0.23	\$0.19	\$0.26	\$0.28
Weighted average common shares outstanding (Note 4):				
Basic	138	140	139	142
Diluted	140	141	140	143
(1) Excludes amortization as follows:				
Amortization of acquired technology included in amortization of intangible assets	\$2	\$2	\$4	\$4
Amortization of website development costs included in depreciation	15	13	30	25
	\$17	\$15	\$34	\$29

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(2) Includes stock-based compensation expense as follows (Note 5):

Selling and marketing	\$5	\$6	\$11	\$11
Technology and content	\$13	\$13	\$26	\$20
General and administrative	\$13	\$9	\$24	\$16

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

TRIPADVISOR, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions)

	Three months ended June 30, 2018 2017		Six months ended June 30, 2018 2017	
Net income	\$32	\$ 27	\$36	\$ 40
Other comprehensive income (loss):				
Foreign currency translation adjustments (1)	(17)	13	(9)	20
Total other comprehensive income (loss)	(17)	13	(9)	20
Comprehensive income	\$15	\$ 40	\$27	\$ 60

(1) Foreign currency translation adjustments exclude income taxes due to our intention to indefinitely reinvest the earnings of our foreign subsidiaries in those operations.
The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

TRIPADVISOR, INC.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions, except number of shares and per share amounts)

	June 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents (Note 6)	\$ 666	\$ 673
Short-term marketable securities (Note 6)	12	35
Accounts receivable and contract assets, net of allowance for doubtful accounts of \$18 and \$16, respectively	300	230
Prepaid expenses and other current assets	62	55
Total current assets	1,040	993
Long-term marketable securities (Note 6)	2	27
Property and equipment, net of accumulated depreciation of \$216 and \$177, respectively	258	263
Intangible assets, net of accumulated amortization of \$124 and \$112, respectively	138	142
Goodwill	763	758
Deferred income taxes, net	21	