

IAC/INTERACTIVECORP

Form 10-Q

November 08, 2013

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As filed with the Securities and Exchange Commission on November 8, 2013

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, 2013

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.

Large accelerated filer  Accelerated filer  Non-accelerated filer   
(Do not check if a smaller reporting company) Smaller 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 25, 2013, the following shares of the registrant's common stock were outstanding:

Common Stock 77,504,390  
Class B Common Stock 5,789,499

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Total outstanding Common Stock

83,293,889

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of October 25, 2013 was \$4,316,591,180. 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)

	September 30, 2013	December 31, 2012
	(In thousands, except share data)	
<b>ASSETS</b>		
Cash and cash equivalents	\$741,652	\$749,977
Marketable securities	26,340	20,604
Accounts receivable, net of allowance of \$10,439 and \$11,088, respectively	209,949	229,830
Other current assets	151,980	156,339
Total current assets	1,129,921	1,156,750
Property and equipment, net of accumulated depreciation and amortization of \$257,338 and \$232,911, respectively	290,470	270,512
Goodwill	1,672,705	1,616,154
Intangible assets, net	458,371	482,904
Long-term investments	164,170	161,278
Other non-current assets	89,145	118,230
<b>TOTAL ASSETS</b>	<b>\$3,804,782</b>	<b>\$3,805,828</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES:</b>		
Current maturities of long-term debt	\$—	\$15,844
Accounts payable, trade	72,966	98,314
Deferred revenue	161,950	155,499
Accrued expenses and other current liabilities	366,635	355,232
Total current liabilities	601,551	624,889
Long-term debt, net of current maturities	580,000	580,000
Income taxes payable	411,172	479,945
Deferred income taxes	326,109	323,403
Other long-term liabilities	65,175	31,830
Redeemable noncontrolling interests	32,779	58,126
Commitments and contingencies		
<b>SHAREHOLDERS' EQUITY:</b>		
Common stock \$.001 par value; authorized 1,600,000,000 shares; issued 250,982,079 shares, and outstanding 77,480,330 and 78,471,784 shares, respectively	251	251
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	11,585,545	11,607,367
Accumulated deficit	(109,652	) (318,519
Accumulated other comprehensive loss	(6,625	) (32,169
Treasury stock 183,869,749 and 182,878,295 shares, respectively	(9,734,479	) (9,601,218
<b>Total IAC shareholders' equity</b>	<b>1,735,056</b>	<b>1,655,728</b>

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Noncontrolling interests	52,940	51,907
Total shareholders' equity	1,787,996	1,707,635
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$3,804,782</b>	<b>\$3,805,828</b>

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		Nine Months Ended September	
	30,		30,	
	2013	2012	2013	2012
	(In thousands, except per share data)			
Revenue	\$756,872	\$714,470	\$2,298,532	\$2,035,682
Costs and expenses:				
Cost of revenue (exclusive of depreciation shown separately below)	248,856	262,275	777,527	722,879
Selling and marketing expense	248,282	235,130	738,349	665,168
General and administrative expense	75,977	93,074	275,216	271,185
Product development expense	35,232	27,596	104,401	82,628
Depreciation	13,489	13,150	44,541	37,490
Amortization of intangibles	13,032	5,212	45,247	18,058
Total costs and expenses	634,868	636,437	1,985,281	1,797,408
Operating income	122,004	78,033	313,251	238,274
Equity in losses of unconsolidated affiliates	(3,253	) (3,298	) (4,422	) (28,208
Interest expense	(7,623	) (1,391	) (22,944	) (4,102
Other income, net	16,719	447	18,373	2,835
Earnings from continuing operations before income taxes	127,847	73,791	304,258	208,799
Income tax provision	(36,126	)		