

IAC/INTERACTIVECORP
Form 10-Q
August 07, 2009

[QuickLinks](#) -- Click here to rapidly navigate through this document

As filed with the Securities and Exchange Commission on August 7, 2009

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, 2009

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)

59-2712887
(I.R.S. Employer
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

Edgar Filing: IAC/INTERACTIVECORP - Form 10-Q

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 definition of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a 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 July 24, 2009, the following shares of the registrant's common stock were outstanding:

Common Stock	119,602,527
Class B Common Stock	12,799,999
Total outstanding Common Stock	132,402,526

The aggregate market value of the voting common stock held by non-affiliates of the registrant as of July 24, 2009 was \$1,641,167,140. 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 STATEMENTS

Item 1. Consolidated Financial Statements

IAC/INTERACTIVECORP AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

	June 30, 2009	December 31, 2008
	(unaudited)	(audited)
	(In thousands, except share data)	
ASSETS		
Cash and cash equivalents	\$ 1,608,422	\$ 1,744,994
Marketable securities	253,967	125,592
Accounts receivable, net of allowance of \$10,235 and \$11,396, respectively	90,189	98,402
Other current assets	199,161	215,630
 Total current assets	 2,151,739	 2,184,618
Property and equipment, net	307,542	330,261
Goodwill	1,841,615	1,910,295
Intangible assets, net	383,044	386,756
Long-term investments	335,604	120,582
Other non-current assets	243,949	318,808
 TOTAL ASSETS	 \$ 5,263,493	 \$ 5,251,320
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES:		
Accounts payable, trade	\$ 49,628	\$ 48,876
Deferred revenue	50,286	50,886
Accrued expenses and other current liabilities	198,298	179,928
 Total current liabilities	 298,212	 279,690
Long-term debt	95,844	95,844
Income taxes payable	411,779	403,043
Other long-term liabilities	27,126	22,436
 Redeemable noncontrolling interest	 27,595	 22,771
Commitments and contingencies		
SHAREHOLDERS' EQUITY:		
Common stock \$.001 par value; authorized 1,600,000,000 shares; issued 222,343,626 and 210,217,183 shares, respectively, and outstanding 124,642,114 and 127,809,801 shares, respectively	222	210
Class B convertible common stock \$.001 par value; authorized 400,000,000 shares; issued 16,157,499 shares and outstanding 12,799,999 shares	16	16
Additional paid-in capital	11,279,439	11,112,014
Retained earnings	239,872	227,445
Accumulated other comprehensive income	40,874	2,180
Treasury stock 97,701,512 and 82,407,382 shares, respectively	(7,157,486)	(6,914,329)
 Total shareholders' equity	 4,402,937	 4,427,536
 TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	 \$ 5,263,493	 \$ 5,251,320

Edgar Filing: IAC/INTERACTIVECORP - Form 10-Q

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

IAC/INTERACTIVECORP AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
	(In thousands, except per share data)			
Revenue	\$ 340,045	\$ 354,164	\$ 672,055	\$ 724,820
Costs and expenses:				
Cost of revenue (exclusive of depreciation shown separately below)	106,721	107,156	219,643	237,435
Selling and marketing expense	118,902	116,792	251,802	238,113
General and administrative expense	68,970	91,387	142,604	171,982
Product development expense	16,422	17,054	34,510	38,506
Depreciation	16,877	17,459	33,091	34,718
Amortization of non-cash marketing	200	3,071	2,505	5,867
Amortization of intangibles	8,046	7,679	16,061	15,741
Goodwill impairment			1,056	
Total costs and expenses	336,138	360,598	701,272	742,362
Operating income (loss)	3,907	(6,434)	(29,217)	(17,542)
Other income (expense):				
Interest income	2,444	5,703	6,172	13,776
Interest expense	(1,261)	(13,886)	(2,725)	(25,864)
Equity in (losses) income of unconsolidated affiliates	(2,165)	6,448	(4,012)	12,227
(Loss) gain on sale of long-term investments	(12,305)	29,131	(12,305)	29,131
Other income (expense)	74,116	(127,872)	74,262	(118,055)
Total other income (expense), net	60,829	(100,476)	61,392	(88,785)
Earnings (loss) from continuing operations before income taxes	64,736	(106,910)	32,175	(106,327)
Income tax (provision) benefit	(22,143)	22,274	(19,464)	18,238
Earnings (loss) from continuing operations	42,593	(84,636)	12,711	(88,089)
Gain on sale of a discontinued operation, net of tax		22,547		22,547
Loss from discontinued operations, net of tax	(2,196)	(359,992)	(958)	(304,053)
Net earnings (loss)	40,397	(422,081)	11,753	(369,595)
Net loss attributable to noncontrolling interest	416	484	674	814
Net earnings (loss) attributable to IAC shareholders	\$ 40,813	\$ (421,597)	\$ 12,427	\$ (368,781)
Per share information attributable to IAC shareholders:				
Basic earnings (loss) per share from continuing operations	\$ 0.29	\$ (0.60)	\$ 0.09	\$ (0.63)
Diluted earnings (loss) per share from continuing operations	\$ 0.29	\$ (0.60)	\$ 0.09	\$ (0.63)
Basic earnings (loss) per share	\$ 0.28	\$ (3.02)	\$ 0.08	\$ (2.65)
Diluted earnings (loss) per share	\$ 0.28	\$ (3.02)	\$ 0.08	\$ (2.65)
Non-cash compensation expense by function:				
Cost of revenue	\$ 505	\$ 820	\$ 1,329	\$ 1,637
Selling and marketing expense	583	949	1,537	1,894
General and administrative expense	11,744	15,407	27,188	31,099
Product development expense	760	1,435	2,118	2,867

Edgar Filing: IAC/INTERACTIVECORP - Form 10-Q

Total non-cash compensation expense \$ 13,592 \$ 18,611 \$ 32,172 \$ 37,497

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

IAC/INTERACTIVECORP AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(Unaudited)

	Total	Common Stock \$.001 Par Value		Class B Convertible Common Stock \$.001 Par Value		Additional Paid-in Capital	Retained Earnings	Accum. Other Comp Income	Treasury Stock
		\$	Shares	\$	Shares				
(In thousands)									
Balance as of December 31, 2008	\$4,427,536	\$ 210	210,217	\$ 16	16,157	\$11,112,014	\$227,445	\$ 2,180	\$(6,914,329)
Comprehensive income:									
Net earnings attributable to IAC shareholders for the six months ended June 30, 2009	12,427						12,427		
Foreign currency translation, net of tax benefit of \$237	6,923							6,923	
Net unrealized gains on available-for-sale securities, net of tax provision of \$20,634	32,117							32,117	
Net unrealized gains recognized into earnings in connection with the sale and maturities of available-for-sale securities	(346)							(346)	
Comprehensive income	51,121								
Non-cash compensation expense	32,209					32,209			
Issuance of common stock upon exercise of stock options, vesting of restricted stock units and other, net of withholding taxes	5,114		582			5,114			
Income tax provision related to the exercise of stock options, vesting of restricted stock units and other	(6,895)					(6,895)			