

TripAdvisor, Inc.
Form 10-Q
November 05, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

x **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 number: 001-35362

TRIPADVISOR, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

80-0743202
(I.R.S. Employer
Identification No.)

141 Needham Street
Newton, MA 02464

(Address of principal executive office) (Zip Code)

Registrant's telephone number, including area code:

(617) 670-6300

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, 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

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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 October 30, 2012
Common Stock, \$0.001 par value per share	129,543,981 shares
Class B common stock, \$0.001 par value per share	12,799,999 shares

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Table of Contents**TRIPADVISOR, INC.****UNAUDITED CONSOLIDATED AND COMBINED STATEMENTS OF OPERATIONS****(In thousands, except per share data)**

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Revenue	\$ 155,835	\$ 120,384	\$ 429,370	\$ 325,705
Related-party revenue from Expedia	56,875	60,417	164,203	173,560
Total revenue	212,710	180,801	593,573	499,265
Costs and expenses:				
Cost of revenue (exclusive of amortization) (1)	2,876	3,227	8,536	8,193
Selling and marketing(2)	67,647	60,349	199,279	157,229
Technology and content(2)	23,535	14,748	62,950	41,216
General and administrative(2)	20,056	9,194	54,562	25,332
Related-party shared services fee to Expedia		1,980		5,940
Depreciation	5,037	4,630	14,033	13,246
Amortization of intangible assets	1,310	2,394	4,909	5,643
Spin-off costs		2,211		3,265
Total costs and expenses	120,461	98,733	344,269	260,064
Operating income	92,249	82,068	249,304	239,201
Other income (expense):				
Interest (expense) income, net	(2,806)	212	(8,143)	527
Other, net	1,367	(2,802)	(2,476)	(1,380)
Total other expense, net	(1,439)	(2,590)	(10,619)	(853)
Income before income taxes	90,810	79,478	238,685	238,348
Provision for income taxes	(31,275)	(25,185)	(77,814)	(82,574)
Net income	59,535	54,293	160,871	155,774
Net (income) loss attributable to noncontrolling interests	(175)	21	(381)	(118)
Net income attributable to TripAdvisor, Inc.	\$ 59,360	\$ 54,314	\$ 160,490	\$ 155,656
Earnings Per Share attributable to TripAdvisor, Inc.:				
Basic	\$ 0.42	\$ 0.41	\$ 1.16	\$ 1.17
Diluted	0.41	0.41	1.14	1.17
Weighted Average Common Shares Outstanding:				
Basic	142,342	133,461	138,458	133,461
Diluted	143,657	133,461	140,517	133,461
(1) Excludes amortization as follows:				
Amortization of acquired technology included in amortization of intangibles	\$ 183	\$ 71	\$ 547	\$ 396
Amortization of website development costs included in depreciation	3,231	3,197	8,923	8,920
	\$ 3,414	\$ 3,268	\$ 9,470	\$ 9,316
(2) Includes stock-based compensation as follows:				
Selling and marketing	\$ 1,184	\$ 568	\$ 3,185	\$ 1,962

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Technology and content	3,187	750	7,125	2,277
General and administrative	4,092	719	9,613	2,240

The accompanying notes are an integral part of these consolidated and combined financial statements.

Table of Contents**TRIPADVISOR, INC.****UNAUDITED CONSOLIDATED AND COMBINED STATEMENTS OF COMPREHENSIVE INCOME****(In thousands)**

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Net income	\$ 59,535	\$ 54,293	\$ 160,871	\$ 155,774
Other comprehensive income(loss):				
Foreign currency translation adjustments	1,724	(1,203)	1,955	(545)
Comprehensive income	61,259	53,090	162,826	155,229
Less: Comprehensive (income) loss attributable to noncontrolling interests	(175)	21	(381)	(118)
Comprehensive income attributable to TripAdvisor, Inc.	\$ 61,084	\$ 53,111	\$ 162,445	\$ 155,111

The accompanying notes are an integral part of these consolidated and combined financial statements.

Table of Contents**TRIPADVISOR, INC.****UNAUDITED CONSOLIDATED BALANCE SHEETS**

(In thousands, except share and per share data)

	September 30, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 548,372	\$ 183,532
Accounts receivable, net of allowance of \$2,482 and \$5,370 at September 30, 2012 and December 31, 2011, respectively	103,080	67,936
Receivable from Expedia, net	32,549	14,081
Deferred income taxes, net	6,648	6,494
Prepaid expenses and other current assets	8,934	6,279
Total current assets	699,583	278,322
Long-term assets:		
Property and equipment, net	41,133	34,754
Other long-term assets	10,483	11,888
Intangible assets, net	39,399	44,030
Goodwill	468,685	466,892
Total long-term assets	559,700	557,564
TOTAL ASSETS	\$ 1,259,283	\$ 835,886
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 20,421	\$ 12,097
Deferred revenue	30,014	19,395
Credit facility borrowings	29,483	26,734
Borrowings, current	35,000	20,000
Taxes payable	14,945	17,229
Accrued expenses and other current liabilities	47,662	31,075
Total current liabilities	177,525	126,530
Long-term liabilities:		
Deferred income taxes, net	13,399	16,004
Other long-term liabilities	15,070	15,952
Borrowings, net of current portion	350,000	