

TRAVELZOO INC
Form 10-Q
July 23, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2015

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.: 000-50171

TRAVELZOO INC.
(Exact name of registrant as specified in its charter)

DELAWARE 36-4415727
(State or other jurisdiction of (I.R.S. employer
incorporation or organization) identification no.)

590 Madison Avenue, 37th Floor 10022
New York, New York
(Address of principal executive offices) (Zip code)
Registrant's telephone number, including area code: (212) 484-4900

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 website, 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. (Check one):

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

The number of shares of Travelzoo common stock outstanding as of July 23, 2015 was 14,730,454 shares.

TRAVELZOO INC.
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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

TRAVELZOO INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (Unaudited)
 (In thousands, except par value)

	June 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$55,283	\$54,812
Accounts receivable, less allowance for doubtful accounts of \$355 and \$436 as of June 30, 2015 and December 31, 2014, respectively	17,380	14,608
Income tax receivable	2,060	3,756
Deposits	621	74
Deferred tax assets	1,288	1,311
Prepaid expenses and other	2,312	2,802
Total current assets	78,944	77,363
Deposits	522	1,087
Deferred tax assets	1,707	1,460
Restricted cash	1,344	1,393
Property and equipment, net	8,413	9,022
Intangible assets, net	55	163
Total assets	\$90,985	\$90,488
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$21,485	\$23,008
Accrued expenses and other	10,830	10,135
Deferred revenue	1,105	1,192
Income tax payable	581	574
Reserve for unexchanged promotional shares	—	1,393
Total current liabilities	34,001	36,302
Long-term tax liabilities	11,731	10,936
Long-term deferred rent and other	3,118	3,436
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value per share (5,000 shares authorized; none issued)	—	—
Common stock, \$0.01 par value (40,000 shares authorized; 15,801 shares issued, 14,730 shares outstanding as of June 30, 2015 and December 31, 2014)	163	163
Treasury stock (at cost, 1,071 shares at June 30, 2015 and December 31, 2014)	(21,517) (21,517
Additional paid-in capital	11,339	11,043
Retained earnings	56,255	53,122
Accumulated other comprehensive loss	(4,105) (2,997
Total stockholders' equity	42,135	39,814
Total liabilities and stockholders' equity	\$90,985	\$90,488

See accompanying notes to unaudited condensed consolidated financial statements.

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TRAVELZOO INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (Unaudited)
 (In thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
Revenues	\$34,064	\$36,883	\$70,556	\$77,078
Cost of revenues	4,905	4,374	9,140	9,151
Gross profit	29,159	32,509	61,416	67,927
Operating expenses:				
Sales and marketing	17,279	15,305	35,428	33,148
General and administrative	9,307	10,570	19,613	21,148
Unexchanged promotional shares	—	(3,500)) —	(3,500)
Total operating expenses	26,586	22,375	55,041	50,796
Income from operations	2,573	10,134	6,375	17,131
Other income (loss)	21	56	(66)) 177
Income before income taxes	2,594	10,190	6,309	17,308
Income taxes	1,268	2,266	3,074	4,747
Net income	\$1,326	\$7,924	\$3,235	\$12,561
Basic net income per share	\$0.09	\$0.54	\$0.22	\$0.85
Diluted net income per share	\$0.09	\$0.54	\$0.22	\$0.84
Shares used in computing basic net income per share	14,730			