

TRAVELZOO
Form 10-Q
August 03, 2017

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, 2017

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

(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
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 revisited 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

The number of shares of Travelzoo common stock outstanding as of July 26, 2017 was 12,712,000 shares.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

TRAVELZOO

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except par value)

	June 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$21,331	\$ 26,838
Accounts receivable, less allowance for doubtful accounts of \$288 and \$295 as of June 30, 2017 and December 31, 2016, respectively	12,576	14,415
Income tax receivable	639	542
Deposits	709	105
Deferred tax assets	—	793
Prepaid expenses and other	1,481	1,773
Total current assets	36,736	44,466
Deposits and other	413	702
Deferred tax assets	1,860	1,052
Restricted cash	1,413	1,152
Property and equipment, net	5,418	6,158
Total assets	\$45,840	\$ 53,530
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$14,194	\$ 19,714
Accrued expenses and other	9,334	8,699
Deferred revenue	954	719
Income tax payable	1,056	691
Total current liabilities	25,538	29,823
Long-term tax liabilities	2,602	2,879
Long-term deferred rent and other	2,674	2,764
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.01 par value (40,000 shares authorized; 12,753 shares and 13,462 shares issued and outstanding as of June 30, 2017 and December 31, 2016, respectively)	128	135
Additional paid in capital	—	—
Retained earnings	18,585	21,716
Accumulated other comprehensive loss	(3,687)	(3,787)
Total stockholders' equity	15,026	18,064
Total liabilities and stockholders' equity	\$45,840	\$ 53,530

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues	\$26,411	\$29,798	\$54,840	\$60,626
Cost of revenues	3,222	3,471	6,429	7,322
Gross profit	23,189	26,327	48,411	53,304
Operating expenses:				
Sales and marketing	14,213	15,455	29,569	30,985
Product development	2,344	2,001	4,701	4,789
General and administrative	5,246	5,434	10,693	11,247
Total operating expenses	21,803	22,890	44,963	47,021
Income from continuing operations	1,386	3,437	3,448	6,283
Other income (loss), net	18	(91)	25	42
Income from continuing operations before income taxes	1,404	3,346	3,473	6,325
Income tax expense	771	1,548	1,980	2,702
Income from continuing operations	\$633	\$1,798	\$1,493	\$3,623
Income from discontinued operations, net of income taxes	54	222	1,938	446
Net income	\$687	\$2,020	\$3,431	\$4,069

Income per share—basic: