

COMSCORE, INC.
Form 10-Q
May 01, 2014
Table of Contents

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 March 31, 2014

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: 001-33520

comScore, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

54-1955550
(I.R.S. Employer
Identification Number)

11950 Democracy Drive, Suite 600
Reston, VA
(Address of principal executive offices)
(703) 438-2000

20190
(Zip Code)

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

Edgar Filing: COMSCORE, INC. - Form 10-Q

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

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date: As of April 30, 2014, there were 34,659,045 shares of the registrant’s common stock outstanding.

Table of Contents

COMSCORE, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2014
TABLE OF CONTENTS

<u>PART I. FINANCIAL INFORMATION</u>	<u>4</u>
<u>Item 1. Financial Statements</u>	<u>4</u>
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>22</u>
<u>Item 3. Quantitative and Qualitative Disclosure about Market Risk</u>	<u>32</u>
<u>Item 4. Controls and Procedures</u>	<u>33</u>
<u>PART II. OTHER INFORMATION</u>	<u>34</u>
<u>Item 1. Legal Proceedings</u>	<u>34</u>
<u>Item 1A. Risk Factors</u>	<u>34</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>52</u>
<u>Item 3. Defaults Upon Senior Securities</u>	<u>54</u>
<u>Item 4. Mine Safety Disclosures</u>	<u>54</u>
<u>Item 5. Other Information</u>	<u>54</u>
<u>Item 6. Exhibits</u>	<u>54</u>
<u>SIGNATURES</u>	<u>55</u>
<u>EXHIBIT INDEX</u>	<u>56</u>
EX-31.1	
EX-31.2	
EX-32.1	
EX-32.2	

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including the sections entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Quantitative and Qualitative Disclosure About Market Risk” under Items 2 and 3, respectively, of Part I of this report, and the sections entitled “Legal Proceedings,” “Risk Factors,” and “Unregistered Sales of Equity Securities and Use of Proceeds” under Items 1, 1A and 2, respectively, of Part II of this report, may contain forward-looking statements. These statements may relate to, but are not limited to, expectations of future operating results or financial performance, macroeconomic trends that we expect may influence our business, plans for capital expenditures, expectations regarding the introduction of new products, regulatory compliance and expected changes in the regulatory landscape affecting our business, expected impact of litigation, plans for growth and future operations, effects of acquisitions, as well as assumptions relating to the foregoing. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. These risks and other factors include, but are not limited to, those listed under the section entitled “Risk Factors” in Item 1A of Part II of this Quarterly Report on Form 10-Q. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “intend,” “continue,” “seek” or the negative of these terms or other comparable terminology. These statements are only predictions. Actual events and/or results may differ materially.

We believe that it is important to communicate our future expectations to our investors. However, there may be events in the future that we are not able to accurately predict or control and that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the Securities and Exchange Commission, we do not plan to publicly update or revise any forward-looking statements, whether as a result of any new information, future events or otherwise, other than through the filing of periodic reports in accordance with the Securities Exchange Act of 1934, as amended. Investors and potential investors should not place undue reliance on our forward-looking statements. Before you invest in our common stock, you should be aware that the occurrence of any of the events described in the “Risk Factors” section and elsewhere in this Quarterly Report on Form 10-Q could harm our business, prospects, operating results and financial condition. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

COMSCORE, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	March 31, 2014 (Unaudited)	December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$51,793	\$67,795
Accounts receivable, net of allowances of \$1,893 and \$1,667, respectively	87,820	90,040
Prepaid expenses and other current assets	12,329	10,162
Deferred tax assets	10,941	10,802
Total current assets	162,883	178,799
Property and equipment, net	37,515	37,995
Other non-current assets	1,103	1,123
Long-term deferred tax assets	9,290	9,244
Intangible assets, net	30,964	32,938
Goodwill	103,210	103,314
Total assets	\$344,965	\$363,413
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$6,867	\$3,378
Accrued expenses	27,392	33,472
Deferred revenues	91,521	86,607
Deferred rent	1,213	1,155
Deferred tax liabilities	10	10
Capital lease obligations	10,615	10,351
Total current liabilities	137,618	134,973
Deferred rent, long-term	11,463	11,747
Deferred revenue, long-term	2,769	2,859
Deferred tax liabilities, long-term	593	595
Capital lease obligations, long-term	12,384	13,330
Other long-term liabilities	1,101	1,107
Total liabilities	165,928	164,611
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value per share; 5,000,000 shares authorized at March 31, 2014 and December 31, 2013; no shares issued or outstanding at March 31, 2014 and December 31, 2013	—	—
Common stock, \$0.001 par value per share; 100,000,000 shares authorized at March 31, 2014 and December 31, 2013; 35,900,549 shares issued and 34,661,739 outstanding as of March 31, 2014 and 35,699,508 shares issued and 35,216,071 shares outstanding at December 31, 2013, respectively	36	36
Additional paid-in capital	295,995	293,322
Accumulated other comprehensive income	1,568	1,726
Accumulated deficit	(83,955)	(83,173)
	(34,607)	(13,109)

Edgar Filing: COMSCORE, INC. - Form 10-Q

Treasury stock, at cost, 1,238,810 and 483,437 shares as of March 31, 2014 and
December 31, 2013, respectively

Total stockholders' equity	179,037	198,802
Total liabilities and stockholders' equity	\$344,965	\$363,413

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

4

Table of Contents

COMSCORE, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE (LOSS) INCOME

(Unaudited)

(In thousands, except share and per share data)

	Three Months Ended March 31,	
	2014	2013
Revenues	\$76,899	\$68,848
Cost of revenues (excludes amortization of intangible assets) (1)	23,441	22,554
Selling and marketing (1)	26,066	24,458
Research and development (1)	12,477	10,223
General and administrative (1)	13,344	9,012
Amortization of intangible assets	1,955	2,151
Gain on asset disposition	—	(210)
Settlement of litigation	(80)	—
Total expenses from operations	77,203	68,188
(Loss) income from operations	(304)	660)
Interest and other (expense), net	(203)	(164)
Loss from foreign currency	(153)	(340)
(Loss) income before income tax provision	(660)	156)
Income tax provision	(122)	(2,179)
Net loss	\$(782)	\$(2,023)
Net loss available to common stockholders per common share:		
Basic	\$(0.02)	\$(0.06)
Diluted	\$(0.02)	\$(0.06)
Weighted-average number of shares used in per share calculation - common stock:		
Basic	33,822,835	34,113,786
Diluted	33,822,835	34,113,786

Comprehensive loss: