

COMSCORE, INC.
Form 10-Q
August 02, 2012
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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, 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: 001-33520

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)

20190
(Zip Code)

(703) 483-2000

(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 company" in Rule 12b-2 of the Exchange Act.

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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 August 1, 2012, there were 35,231,511 shares of the registrant's common stock outstanding.

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COMSCORE, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE QUARTER ENDED JUNE 30, 2012

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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, potential, continue, seek 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)**

	June 30, 2012 (Unaudited)	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 50,296	\$ 38,071
Accounts receivable, net of allowances of \$976 and \$903, respectively	57,003	64,429
Prepaid expenses and other current assets	18,302	10,379
Deferred tax assets	8,409	6,494
Total current assets	134,010	119,373
Property and equipment, net	27,002	28,272
Other non-current assets	561	347
Long-term deferred tax assets	6,010	16,613
Intangible assets, net	44,803	53,114
Goodwill	101,809	102,338
Total assets	\$ 314,195	\$ 320,057
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$ 9,805	\$ 10,300
Accrued expenses	17,806	25,891
Deferred revenues	73,331	68,726
Deferred rent	723	1,013
Deferred tax liabilities		155
Capital lease obligations	6,902	6,305
Total current liabilities	108,567	112,390
Deferred rent, long-term	8,108	7,634
Deferred revenue, long-term	674	1,709
Deferred tax liabilities, long-term		183
Capital lease obligations, long-term	5,443	6,676
Other long-term liabilities	927	898
Total liabilities	123,719	129,490
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value per share; 5,000,000 shares authorized at June 30, 2012 and December 31, 2011; no shares issued or outstanding at June 30, 2012 and December 31, 2011		
Common stock, \$0.001 par value per share; 100,000,000 shares authorized at June 30, 2012 and December 31, 2011; 35,231,795 and 34,015,434 shares issued and outstanding at June 30, 2012 and December 31, 2011, respectively	35	34

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Additional paid-in capital	266,617	258,967
Accumulated other comprehensive (loss) income	(67)	617
Accumulated deficit	(76,109)	(69,051)
Total stockholders' equity	190,476	190,567
Total liabilities and stockholders' equity	\$ 314,195	\$ 320,057

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

Table of Contents**COMSCORE, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME****(Unaudited)****(In thousands, except share and per share data)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenues	\$ 60,291	\$ 58,095	\$ 122,566	\$ 111,046
Cost of revenues (excludes amortization of intangible assets) (1)	20,371	19,302	40,772	36,440
Selling and marketing (1)	22,235	19,717	43,580	37,886
Research and development (1)	8,267	8,833	16,303	16,732
General and administrative (1)	9,725	13,977	18,831	24,295
Amortization of intangible assets	2,302	2,434	4,622	4,428
Impairment of intangible assets	3,349		3,349	
Total expenses from operations	66,249	64,263	127,457	119,781
Loss from operations	(5,958)	(6,168)	(4,891)	(8,735)
Interest and other (expense), net	(169)	(124)	(367)	(213)
(Loss) gain from foreign currency	(304)	102	(567)	252
Loss before income tax (provision) benefit	(6,431)	(6,190)	(5,825)	(8,696)
Income tax (provision) benefit	(156)	(2,039)	(1,233)	133
Net loss	\$ (6,587)	\$ (8,229)	\$ (7,058)	\$ (8,563)
Net loss available to common stockholders per common share:				
Basic	\$ (0.20)	\$ (0.26)	\$ (0.21)	\$ (0.27)
Diluted	\$ (0.20)	\$ (0.26)	\$ (0.21)	\$ (0.27)
Weighted-average number of shares used in per share calculation				
- common stock:				
Basic	33,189,994	31,832,105	32,991,299	31,744,988
Diluted	33,189,994	31,832,105	32,991,299	31,744,988
Comprehensive loss:				
Net loss	\$ (6,587)	\$ (8,229)	\$ (7,058)	\$ (8,563)
Other comprehensive income (loss):				
Foreign currency cumulative translation adjustment	(2,304)	869	(684)	3,238
Unrealized loss on marketable securities		(286)		(228)
Total comprehensive loss	\$ (8,891)	\$ (7,646)	\$ (7,742)	\$ (5,553)

(1) Amortization of stock-based compensation is included in the line items above as follows:

Cost of revenues	\$ 653	\$ 605	\$ 1,204	\$ 1,068
Selling and marketing	\$ 3,001	\$ 2,066	\$ 5,184	\$ 4,019
Research and development	\$ 485	\$ 627	\$ 890	\$ 1,058

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General and administrative	\$	2,200	\$	2,208	\$	4,151	\$	4,886
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The accompanying notes are an integral part of these consolidated financial statements.

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COMSCORE, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY

(Unaudited)

(In thousands, except share data)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive (Loss) Income	Accumulated Stockholders Deficit	Total Stockholders Equity
	Shares	Amount				
Balance at December 31, 2010	31,523,559	\$ 32	\$ 216,895	\$ 2,166	\$ (53,261)	\$ 165,832
Net loss					(8,563)	(8,563)
Foreign currency translation adjustment						