

STAMPS.COM INC  
Form 10-Q  
November 09, 2016

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

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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 September 30, 2016

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: 000-26427

Stamps.com Inc.  
(Exact name of registrant as specified in its charter)

Delaware 77-0454966  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

1990 E. Grand Avenue  
El Segundo, California 90245  
(Address of principal executive offices, including zip code)

(310) 482-5800  
(Registrant's telephone number, including area code)

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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

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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 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

·As of October 31, 2016, there were 17,052,401 shares of the Registrant’s Common Stock issued and outstanding.

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STAMPS.COM INC. AND SUBSIDIARIES  
FORM 10-Q QUARTERLY REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2016

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## PART I - FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## STAMPS.COM INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data)

	September 30, 2016 (unaudited)	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 81,144	\$ 65,126
Short-term investments	3,029	8,553
Accounts receivable, net	60,089	55,052
Other current assets	9,595	8,345
Total current assets	153,857	137,076
Property and equipment, net	32,032	31,707
Goodwill	239,532	197,807
Intangible assets, net	101,046	95,950
Long-term investments	—	1,529
Deferred income taxes, net.	38,841	57,224
Other assets	7,829	7,321
Total assets	\$ 573,137	\$ 528,614
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 70,710	\$ 60,816
Deferred revenue	6,175	4,000
Current portion of debt, net of debt issuance costs	5,814	4,267
Contingent consideration	—	63,209
Total current liabilities	82,699	132,292
Long-term debt, net of debt issuance costs	142,993	157,353
Total liabilities	225,692	289,645
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$.001 par value per share		
Authorized shares: 47,500 in 2016 and 2015		
Issued shares: 30,425 in 2016 and 29,463 in 2015		
Outstanding shares: 17,131 in 2016 and 16,697 in 2015	53	52
Additional paid-in capital	825,941	716,253
Treasury stock, at cost, 13,294 shares in 2016 and 12,766 in 2015	(219,821 )	(172,410 )
Accumulated deficit	(258,743 )	(304,944 )
Accumulated other comprehensive income	15	18
Total stockholders' equity	347,445	238,969
Total liabilities and stockholders' equity	\$ 573,137	\$ 528,614

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



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CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Revenues:				
Service	\$ 78,871	\$ 42,470	\$220,567	\$ 118,497
Product	4,703	4,193	15,109	13,206
Insurance	4,050	2,513	12,643	7,806
Customized postage	4,912	2,484	10,016	4,545
Other	23	9	74	27
Total revenues	92,559	51,669	258,409	144,081
Cost of revenues (exclusive of amortization of intangible assets, which is included in general and administrative expense):				
Service	9,903	6,809	28,054	19,775
Product	1,579	1,364	5,019	4,400
Insurance	1,291	896	3,920	2,746
Customized postage	3,954	2,120	8,076	3,831
Total cost of revenues	16,727	11,189	45,069	30,752
Gross profit	75,832	40,480	213,340	113,329
Operating expenses:				
Sales and marketing	18,229	11,341	59,708	37,898
Research and development	9,111	4,758	25,579	13,720
General and administrative	16,901	9,470	49,276	30,004
Contingent consideration charges	—	1,920		