

DIGITAL RIVER INC /DE
Form 10-Q
November 08, 2013
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2013

OR

o 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 000-24643

DIGITAL RIVER, INC.

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(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

41-1901640
(I.R.S. Employer
Identification Number)

**10380 BREN ROAD WEST
MINNETONKA, MINNESOTA 55343**

(Address of principal executive offices)

(952) 253-1234
(Registrant's telephone number, including area code)

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 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 (as defined in Exchange Act Rule 12b-2). See definition 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 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.

The number of shares of common stock outstanding at October 1, 2013, was 33,432,526 shares.

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Table of Contents

DIGITAL RIVER, INC.

Form 10-Q

Index

<u>PART I.</u>	<u>FINANCIAL INFORMATION</u>	
<u>Item 1.</u>	<u>Financial Statements</u>	
	<u>Consolidated Balance Sheets as of September 30, 2013 and December 31, 2012</u>	3
	<u>Consolidated Statements of Operations for the three and nine months ended September 30, 2013 and 2012</u>	4
	<u>Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended September 30, 2013 and 2012</u>	5
	<u>Consolidated Statements of Cash Flows for the nine months ended September 30, 2013 and 2012</u>	6
	<u>Notes to Consolidated Financial Statements</u>	7
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	23
<u>Item 3.</u>	<u>Qualitative and Quantitative Disclosure about Market Risk</u>	32
<u>Item 4.</u>	<u>Controls and Procedures</u>	33
<u>PART II.</u>	<u>OTHER INFORMATION</u>	
<u>Item 1.</u>	<u>Legal Proceedings</u>	34
<u>Item 1A.</u>	<u>Risk Factors</u>	34
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	48
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	48
<u>Item 4.</u>	<u>Mine Safety Disclosure</u>	49
<u>Item 5.</u>	<u>Other Information</u>	49
<u>Item 6.</u>	<u>Exhibits</u>	49
	<u>SIGNATURES</u>	50
	<u>EXHIBIT INDEX</u>	51

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****DIGITAL RIVER, INC.****CONSOLIDATED BALANCE SHEETS**

(in thousands, except share data)

	(Unaudited) September 30, 2013	December 31, 2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 458,062	\$ 542,851
Short-term investments	122,698	162,794
Accounts receivable, net of allowance of \$2,853 and \$4,834	50,605	55,192
Deferred tax assets	119	457
Prepaid expenses and other	28,807	31,813
Assets of discontinued operations	6,584	7,561
Total current assets	666,875	800,668
Property and equipment, net	52,703	53,098
Goodwill	140,389	108,960
Intangible assets, net of accumulated amortization of \$85,655 and \$78,757	32,255	11,718
Long-term investments	52,810	71,735
Deferred income taxes	1,390	1,792
Other assets	2,512	4,313
TOTAL ASSETS	\$ 948,934	\$ 1,052,284
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 135,699	\$ 201,826
Accrued payroll	15,316	11,294
Deferred revenue	10,008	13,119
Other current liabilities	70,994	50,149
Liabilities of discontinued operations	7,291	5,753
Total current liabilities	239,308	282,141
NON-CURRENT LIABILITIES		
Senior convertible notes	295,750	309,909
Other liabilities	22,217	18,236
Total non-current liabilities	317,967	328,145
TOTAL LIABILITIES	557,275	610,286
STOCKHOLDERS EQUITY		
Preferred stock, \$.01 par value; 5,000,000 shares authorized; no shares issued or outstanding	499	489

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Common stock, \$.01 par value; 120,000,000 shares authorized; 49,928,175 and 48,941,402 shares issued

Treasury stock at cost; 16,495,649 and 13,581,889 shares	(416,999)	(368,721)
Additional paid-in capital	756,239	737,499
Retained earnings	51,177	75,901
Accumulated other comprehensive income (loss)	743	(3,170)
Total stockholders' equity	391,659	441,998
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 948,934	\$ 1,052,284

See accompanying notes to consolidated financial statements.

Table of Contents

DIGITAL RIVER, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data; unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenue	\$ 87,260	\$ 87,056	\$ 288,444	\$ 272,377