

TRAVELZOO INC  
Form 10-Q  
May 01, 2013

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, 2013

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

TRAVELZOO INC.  
(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 10,022  
New York, New York (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

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 April 29, 2013 was 15,361,873 shares.



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## PART I—FINANCIAL INFORMATION

## Item 1. Financial Statements

## TRAVELZOO INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except par value)

	March 31, 2013	December 31, 2012
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$65,107	\$61,169
Accounts receivable, less allowance for doubtful accounts of \$582 and \$498 as of March 31, 2013 and December 31, 2012, respectively	15,303	13,626
Income tax receivable	5,117	6,682
Deposits	398	389
Prepaid expenses and other current assets	2,187	2,260
Deferred tax assets	2,426	2,194
Total current assets	90,538	86,320
Deposits, less current portion	1,208	1,107
Deferred tax assets, less current portion	1,240	1,710
Restricted cash	3,252	3,396
Property and equipment, net	5,316	4,314
Intangible assets, net	796	986
Total assets	\$102,350	\$97,833
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$26,909	\$28,695
Accrued expenses	12,796	11,993
Deferred revenue	2,158	2,698
Income tax payable	559	—
Deferred rent	262	280
Total current liabilities	42,684	43,666
Long-term tax liabilities	10,133	10,030
Deferred rent, less current portion	1,510	798
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value per share (5,000 shares authorized; none issued)	—	—
Common stock, \$0.01 par value (40,000 shares authorized; 15,801 shares issued and 15,362 shares outstanding as of March 31, 2013 and December 31, 2012)	163	163
Treasury stock (at cost, 438 shares at March 31, 2013 and December 31, 2012)	(7,898	) (7,898
Additional paid-in capital	9,169	8,863
Retained earnings	48,543	42,948
Accumulated other comprehensive loss	(1,954	) (737
Total stockholders' equity	48,023	43,339
Total liabilities and stockholders' equity	\$102,350	\$97,833

See accompanying notes to unaudited condensed consolidated financial statements.



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

	Three Months Ended	
	March 31,	
	2013	2012
Revenues	\$42,177	\$39,333
Cost of revenues	3,985	4,054
Gross profit	38,192	35,279
Operating expenses:		
Sales and marketing	19,659	16,265
General and administrative	10,497	9,444
Unexchanged promotional merger shares	—	3,000
Total operating expenses	30,156	28,709
Income from operations	8,036	6,570
Other income	31	99
Income before income taxes	8,067	6,669
Income taxes	2,472	2,922
Net income	\$5,595	\$3,747
Basic net income per share	\$0.36	\$0.23
Diluted net income per share	\$0.36	\$0.23
Shares used in computing basic net income per share	15,362	15,962
Shares used in computing diluted net income per share	15,371	16,019

See accompanying notes to unaudited condensed consolidated financial statements.

TRAVELZOO INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(In thousands, except per share amounts)

	Three Months Ended	
	March 31,	
	2013	2012
Net income	\$5,595	\$3,747
Other comprehensive income:		
Foreign currency translation adjustment	(1,217	) 507
Total comprehensive income	\$4,378	\$4,254

TRAVELZOO INC.  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (Unaudited)  
 (In thousands)

	Three Months Ended March 31,	
	2013	2012
Cash flows from operating activities:		
Net income	\$5,595	\$3,747
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	716	627
Deferred income tax	193	—
Stock-based compensation	307	287
Provision for losses on accounts receivable	95	108
Net foreign currency effect		