

TRAVELZOO INC  
Form 10-Q  
April 25, 2014

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 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 10022  
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 24, 2014 was 14,746,954 shares.



TRAVELZOO INC.  
Table of Contents

	Page
PART I—FINANCIAL INFORMATION	
<u>Item 1. Financial Statements (Unaudited)</u>	<u>3</u>
<u>Condensed Consolidated Balance Sheets as of March 31, 2014 and December 31, 2013</u>	<u>3</u>
<u>Condensed Consolidated Statements of Operations for the Three Months Ended March 31, 2014 and 2013</u>	<u>4</u>
<u>Condensed Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2014 and 2013</u>	<u>5</u>
<u>Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2014 and 2013</u>	<u>6</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>7</u>
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>18</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>47</u>
<u>Item 4. Controls and Procedures</u>	<u>47</u>
PART II—OTHER INFORMATION	
<u>Item 1. Legal Proceedings</u>	<u>48</u>
<u>Item 1A. Risk Factors</u>	<u>48</u>
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>49</u>
<u>Item 6. Exhibits</u>	<u>50</u>
<u>Signature</u>	<u>51</u>

## PART I—FINANCIAL INFORMATION

## Item 1. Financial Statements

## TRAVELZOO INC.

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except par value)

	March 31, 2014	December 31, 2013
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$61,035	\$66,223
Accounts receivable, less allowance for doubtful accounts of \$351 and \$428 as of March 31, 2014 and December 31, 2013, respectively	15,355	13,986
Income tax receivable	1,388	2,656
Deposits	251	396
Prepaid expenses and other current assets	2,538	3,202
Deferred tax assets	1,067	1,143
Restricted cash	—	200
Funds held for reverse/forward stock split	212	13,668
Total current assets	81,846	101,474
Deposits, less current portion	1,231	1,168
Deferred tax assets, less current portion	2,032	2,032
Restricted cash	1,480	1,479
Property and equipment, net	10,305	8,245
Intangible assets, net	349	404
Total assets	\$97,243	\$114,802
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$28,999	\$31,766
Accrued expenses	9,820	10,543
Deferred revenue	1,688	1,578
Deferred rent	271	281
Reserve for unexchanged promotional shares	11,500	12,726
Payable to shareholders for reverse/forward stock split	212	13,668
Income tax payable	726	—
Total current liabilities	53,216	70,562
Long-term tax liabilities	10,546	10,436
Deferred rent, less current portion	3,111	2,469
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, 14,747 and 14,991 shares outstanding as of March 31, 2014 and December 31, 2013, respectively)	163	163
Treasury stock (at cost, 1,054 and 810 shares at March 31, 2014 and December 31, 2013, respectively)	(21,231	) (15,662
Additional paid-in capital	10,642	10,247
Retained earnings	41,409	37,117

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Accumulated other comprehensive loss	(613	) (530	)
Total stockholders' equity	30,370	31,335	
Total liabilities and stockholders' equity	\$97,243	\$114,802	

See accompanying notes to unaudited condensed consolidated financial statements.

3

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

	Three Months Ended	
	March 31,	
	2014	2013
Revenues	\$40,195	\$42,177
Cost of revenues	4,777	3,985
Gross profit	35,418	38,192
Operating expenses:		
Sales and marketing	17,843	19,659
General and administrative	10,578	10,497
Total operating expenses	28,421	30,156
Income from operations	6,997	8,036
Other income	122	31
Income before income taxes	7,119	8,067
Income taxes	2,481	2,472
Net income	\$4,638	\$5,595
Basic net income per share	\$0.31	\$0.36
Diluted net income per share	\$0.31	\$0.36
Shares used in computing basic net income per share	14,880	15,362
Shares used in computing diluted net income per share	14,970	15,371

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,	
	2014	2013
Net income	\$4,638	\$5,595
Other comprehensive income:		
Foreign currency translation adjustment	(83	) (1,217
Total comprehensive income	\$4,555	\$4,378

See accompanying notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2014	2013
Cash flows from operating activities:		
Net income	\$4,638	\$5,595
Adjustments to reconcile net income to net cash provided by operating activities:		