

TechTarget Inc  
Form 10-Q  
August 14, 2008

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, 2008

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: 1-33472

TECHTARGET, INC.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or  
organization)

04-3483216  
(I.R.S. Employer Identification  
No.)

117 Kendrick Street, Suite 800  
Needham, Massachusetts 02494  
(Address of principal executive offices) (zip code)

(781) 657-1000  
(Registrant's telephone number, including area code)

(Former name, former address and formal fiscal year, if changed since last report): Not applicable

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 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

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reporting company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer <input type="radio"/>	Accelerated Filer <input type="radio"/>	Non-Accelerated Filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller Reporting Company <input type="radio"/>
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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 June 30, 2008, there were outstanding 41,524,852 shares of the registrant’s common stock, par value \$0.001.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

TECHTARGET, INC.  
Consolidated Balance Sheets  
(In thousands, except share and per share data)

	June 30, 2008 (Unaudited)	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	\$ 49,369	\$ 10,693
Short-term investments	18,348	51,308
Accounts receivable, net of allowance for doubtful accounts of \$554 and \$424 as of June 30, 2008 (unaudited) and December 31, 2007, respectively	17,131	15,198
Prepaid expenses and other current assets	4,837	1,962
Deferred tax assets	2,743	2,947
Total current assets	92,428	82,108
Property and equipment, net	3,780	4,401
Goodwill	88,326	88,326
Intangible assets, net of accumulated amortization	19,177	21,939
Deferred tax assets	3,354	2,910
Other assets	198	203
Total assets	\$ 207,263	\$ 199,887
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of bank term loan payable	\$ 3,000	\$ 3,000
Accounts payable	4,158	2,919
Income taxes payable	208	1,031
Accrued expenses and other current liabilities	1,803	2,473
Accrued compensation expenses	688	2,600
Deferred revenue	5,440	3,761
Total current liabilities	15,297	15,784
Long-term liabilities:		
Other liabilities	392	455
Bank term loan payable, net of current portion	1,500	3,000
Total liabilities	17,189	19,239
Commitments (Note 9)	-	-
Stockholders' equity:		
Preferred stock, 5,000,000 shares authorized; no shares issued or outstanding	-	-
Common stock, \$0.001 par value per share, 100,000,000 shares authorized, 41,524,852 and 41,081,616 shares issued and outstanding at June 30, 2008 (unaudited) and December 31, 2007, respectively	42	41
Additional paid-in capital	217,577	209,773

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Warrants	3	13
Accumulated other comprehensive loss	(91)	(102)
Accumulated deficit	(27,457)	(29,077)
Total stockholders' equity	190,074	180,648
Total liabilities and stockholders' equity	\$ 207,263	\$ 199,887

See accompanying notes.

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TECHTARGET, INC.

Consolidated Statements of Operations  
(In thousands, except share and per share data)

	Three Months Ended June		Six Months Ended June 30,	
	2008	30, 2007	2008	2007
	(Unaudited)			
<b>Revenues:</b>				
Online	\$ 20,844	\$ 16,330	\$ 39,707	\$ 30,039
Events	7,262	6,350	11,247	9,289
Print	1,274	1,924	2,296	3,621
Total revenues	29,380	24,604	53,250	42,949
<b>Cost of revenues:</b>				
Online (1)	5,481	3,900	10,650	7,425
Events (1)	2,923	2,410	4,750	3,782
Print (1)	632	999	1,178	2,128
Total cost of revenues	9,036	7,309	16,578	13,335
Gross profit	20,344	17,295	36,672	29,614
<b>Operating expenses:</b>				
Selling and marketing (1)	8,885	6,388	17,329	12,540
Product development (1)	2,890	1,596	5,652	3,344
General and administrative (1)	3,459	2,943	7,254	5,553
Depreciation	581	364	1,305	694
Amortization of intangible assets	1,332	1,041	2,812	1,800
Total operating expenses	17,147	12,332	34,352	23,931
Operating income	3,197	4,963	2,320	5,683
<b>Interest income (expense):</b>				
Interest income	368	655	900	1,015
Interest expense	(100)	(278)	(214)	(705)
Total interest income	268	377	686	310
Income before provision for income taxes	3,465	5,340	3,006	5,993
Provision for income taxes	1,733	2,092	1,386	2,428
Net income	\$ 1,732	\$ 3,248	\$ 1,620	\$ 3,565
<b>Net income (loss) per common share:</b>				
Basic	\$ 0.04	\$ 0.07	\$ 0.04	\$ (0.02)
Diluted	\$ 0.04	\$ 0.06	\$ 0.04	\$ (0.02)
<b>Weighted average common shares outstanding:</b>				
Basic	41,375,997	24,295,344	41,267,207	16,246,313
Diluted	43,598,364	27,243,822	43,531,804	16,246,313

(1) Amounts include stock-based compensation expense as follows:

Cost of online revenue	\$ 39	\$ 70	\$ 137	\$ 140
Cost of events revenue	25	11	47	23
Cost of print revenue	4	10	4	19
Selling and marketing	1,347	588	2,739	1,124
Product development	140	73	280	146
General and administrative	858	446	1,459	817

See accompanying notes.

TECHTARGET, INC.  
Consolidated Statements of Cash Flows  
(In thousands)

	Six Months Ended June 30,	
	2008	2007
	(Unaudited)	
Operating Activities:		
Net income	\$ 1,620	\$ 3,565
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,117	2,494
Provision for bad debt	149	61
Stock-based compensation expense	4,666	2,269
Non-cash interest expense	-	310
Deferred tax benefit	(240)	(131)
Excess tax benefit - stock options	(999)	(2,295)
Changes in operating assets and liabilities, net of businesses acquired:		
Accounts receivable	(2,082)	(1,325)
Prepaid expenses and other current assets	(1,833)	(873)
Other assets	2	783
Accounts payable		