

STAMPS.COM INC  
Form 10-Q  
May 10, 2018

---

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, 2018

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 and Zip Code)

(310) 482-5800

(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 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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth 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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 April 30, 2018, there were 17,923,853 shares of the Registrant's Common Stock issued and outstanding.

---

STAMPS.COM INC. AND SUBSIDIARIES  
FORM 10-Q QUARTERLY REPORT FOR THE QUARTER ENDED MARCH 31, 2018

TABLE OF CONTENTS

	Page
<u>PART I - FINANCIAL INFORMATION</u>	<u>1</u>
ITEM 1. <u>FINANCIAL STATEMENTS</u>	<u>1</u>
ITEM 2. <u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	<u>17</u>
ITEM 3. <u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	<u>30</u>
ITEM 4. <u>CONTROLS AND PROCEDURES</u>	<u>30</u>
<u>PART II - OTHER INFORMATION</u>	<u>30</u>
ITEM 1. <u>LEGAL PROCEEDINGS</u>	<u>30</u>
ITEM 1A. <u>RISK FACTORS</u>	<u>30</u>
ITEM 2. <u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	<u>31</u>
ITEM 3. <u>DEFAULTS UPON SENIOR SECURITIES</u>	<u>31</u>
ITEM 4. <u>MINE SAFETY DISCLOSURES</u>	<u>31</u>
ITEM 5. <u>OTHER INFORMATION</u>	<u>31</u>
ITEM 6. <u>EXHIBITS</u>	<u>32</u>

---

Table of Contents

## PART I - FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## STAMPS.COM INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(In thousands, except per share data)

	March 31, 2018	December 31, 2017
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 195,848	\$ 153,903
Accounts receivable, net	92,064	80,797
Current income taxes	21,648	22,344
Other current assets	16,052	14,449
Total current assets	325,612	271,493
Property and equipment, net	36,598	37,507
Goodwill	239,705	239,705
Intangible assets, net	76,981	80,990
Deferred income taxes, net	42,276	43,148
Other assets	6,224	6,261
Total assets	\$ 727,396	\$ 679,104
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 103,653	\$ 103,076
Deferred revenue	3,842	3,871
Current portion of debt, net of debt issuance costs	8,907	8,392
Total current liabilities	116,402	115,339
Long-term debt, net of debt issuance costs	58,158	60,642
Other liabilities	6,182	5,310
Total liabilities	180,742	181,291
Commitments and contingencies (Note 3)		
Stockholders' equity:		
Common stock, \$.001 par value per share		
Authorized shares: 47,500 in 2018 and 2017		
Issued shares: 32,628 in 2018 and 32,177 in 2017		
Outstanding shares: 17,883 in 2018 and 17,573 in 2017	55	55
Additional paid-in capital	991,388	962,227
Treasury stock, at cost, 14,745 shares in 2018 and 14,604 in 2017	(414,910 )	(387,545 )
Accumulated deficit	(29,886 )	(76,930 )
Accumulated other comprehensive income	7	6
Total stockholders' equity	546,654	497,813
Total liabilities and stockholders' equity	\$ 727,396	\$ 679,104

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



Table of ContentsSTAMPS.COM INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

(Unaudited)

	Three Months Ended March 31,	
	2018	2017
Revenues:		
Service	\$120,916	\$92,420
Product	5,679	5,714
Insurance	4,368	4,440
Customized postage	2,580	2,442
Other	22	24
Total revenues	133,565	105,040
Cost of revenues (exclusive of amortization of intangible assets, which is included in general and administrative expense):		
Service	20,649	12,676
Product	1,751	1,802
Insurance	998	1,368
Customized postage	2,129	1,892
Total cost of revenues	25,527	17,738
Gross profit	108,038	87,302
Operating expenses:		
Sales and marketing	25,748	23,150
Research and development	12,073	10,522
General and administrative	21,016	18,982
Total operating expenses	58,837	52,654
Income from operations	49,201	34,648
Interest expense	(590)	(880)
Interest and other income	49	30
Income before income taxes	48,660	33,798
Income tax expense	1,616	660
Net income	\$47,044	