

COSTAR GROUP INC
Form 10-Q
July 30, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2015

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 0-24531

CoStar Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or
organization)

52-2091509

(I.R.S. Employer Identification No.)

1331 L Street, NW

Washington, DC 20005

(Address of principal executive offices) (zip code)

(202) 346-6500

(Registrant's telephone number, including area code)

(877) 739-0486

(Registrant's facsimile 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 ☐

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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 Securities Exchange Act of 1934.

Large accelerated filer ☒ x

Accelerated filer ☐ o

Non-accelerated filer ☐ o

Smaller reporting company ☐ o

(Do not check if a 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
☐ o No ☒ x

As of July 24, 2015, there were 32,470,507 shares of the registrant’s common stock outstanding.

COSTAR GROUP, INC.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

COSTAR GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenues	\$170,657	\$147,708	\$329,677	\$266,784
Cost of revenues	44,634	39,481	90,030	73,124
Gross margin	126,023	108,227	239,647	193,660
Operating expenses:				
Selling and marketing	92,434	40,889	161,912	68,634
Software development	16,844	15,143	31,992	27,494
General and administrative	29,909	26,250	55,272	51,147
Purchase amortization	6,965	9,036	14,107	12,335
	146,152	91,318	263,283	159,610
Income (loss) from operations	(20,129)	16,909	(23,636)	34,050
Interest and other income	137	62	431	199
Interest and other expense	(2,354)	(3,753)	(4,697)	(5,368)
Income (loss) before income taxes	(22,346)	13,218	(27,902)	28,881
Income tax expense (benefit), net	(7,380)	4,969	(6,809)	10,892
Net income (loss)	\$(14,966)	\$8,249	\$(21,093)	\$17,989
Net income (loss) per share — basic	\$(0.47)	\$0.28	\$(0.66)	\$0.63
Net income (loss) per share — diluted	\$(0.47)	\$0.28	\$(0.66)	\$0.62
Weighted average outstanding shares — basic	31,991	29,061	31,911	28,667
Weighted average outstanding shares — diluted	31,991	29,486	31,911	29,163

See accompanying notes.

COSTAR GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands)

(unaudited)

Three Months Ended

June 30,