

Shutterstock, Inc.
Form 10-Q
November 04, 2016
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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 September 30, 2016

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: 001-35669

SHUTTERSTOCK, INC.

(Exact name of registrant as specified in its charter)

Delaware 80-0812659
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

Shutterstock, Inc.
350 Fifth Avenue, 21st Floor
New York, NY 10118
(Address of principal executive offices, including zip code)

(646) 710-3417
(Registrant's telephone number, including area code)

Indicate by check mark whether 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, 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.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

(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 No

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Indicate the number of shares outstanding of each of the issuer's classes of stock, as of the latest practicable date.

Class	Outstanding at October 28, 2016
Common Stock, \$0.01 par value per share	35,128,513

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SPECIAL NOTE ON FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, particularly in the discussions under the caption “Management’s Discussion and Analysis of Financial Condition and Results of Operations”. These include statements that involve expectations, plans or intentions (such as those relating to future business, future results of operations or financial condition, new or planned features, products or services, or management strategies) based on our management’s current beliefs and assumptions. These forward-looking statements can be identified by words such as “may”, “will”, “would”, “should”, “could”, “expect”, “anticipate”, “believe”, “es”, “intend”, “plan” and other similar expressions. However, not all forward-looking statements contain these words. These forward-looking statements involve known and unknown risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in our forward-looking statements. Such risks and uncertainties include, among others, those discussed under the caption “Risk Factors” in our most recently filed Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission, or the SEC, on February 24, 2016, and in our consolidated financial statements, related notes, and the other information appearing elsewhere in such report, as well as information appearing in this report on Form 10-Q and our other filings with the SEC. Any forward-looking statement made by us in this Quarterly Report on Form 10-Q speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may occur and it is not possible for us to predict them all. We do not intend, and, except as required by law, we undertake no obligation, to update any of our forward-looking statements after the date of this report to reflect actual results or future events or circumstances. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

Unless the context otherwise indicates, references in this Quarterly Report on Form 10-Q and our other filings with the SEC to the terms “Shutterstock”, “the Company”, “we”, “our” and “us” refer to Shutterstock, Inc. and its subsidiaries. “Shutterstock”, “Bigstock”, “Offset”, “PremiumBeat”, “Rex Features” and “WebDAM” are registered trademarks or logos appearing in this Quarterly Report on Form 10-Q and are the property of Shutterstock, Inc. or one of our subsidiaries. All other trademarks, service marks and trade names appearing in this Quarterly Report on Form 10-Q are the property of their respective owners.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

Shutterstock, Inc.

Consolidated Balance Sheets

(In thousands, except par value amount)

(unaudited)

	September 30, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 237,997	\$ 241,304
Short-term investments	52,407	47,078
Credit card receivables	4,230	2,811
Accounts receivable, net	34,064	25,653
Prepaid expenses and other current assets	16,553	11,713
Deferred tax assets, net	6,654	7,116
Total current assets	351,905	335,675
Property and equipment, net	49,814	32,094
Intangible assets, net	30,763	29,781
Goodwill	50,523	50,934
Deferred tax assets, net	21,521	18,691
Other assets	2,807	1,946
Total assets	\$ 507,333	\$ 469,121
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 15,303	\$ 6,816
Accrued expenses	39,126	30,696
Contributor royalties payable	19,286	17,822
Income taxes payable	845	953
Deferred revenue	117,877	98,239
Other liabilities	10,385	6,258
Total current liabilities	202,822	160,784
Deferred tax liability, net	2,199	3,778
Other non-current liabilities	8,967	15,994
Total liabilities	213,988	180,556
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Common stock, \$0.01 par value; 200,000 shares authorized; 36,854 and 36,146 shares issued and 35,115 and 35,686 shares outstanding as of September 30, 2016 and December 31, 2015, respectively	368	361
Treasury stock, at cost; 1,739 and 460 shares as of September 30, 2016 and December 31, 2015, respectively	(59,728) (15,635)
Additional paid-in capital	244,333	213,851
Accumulated comprehensive loss	(10,838) (6,449)
Retained earnings	119,210	96,437
Total stockholders' equity	293,345	288,565
Total liabilities and stockholders' equity	\$ 507,333	\$ 469,121
See Notes to Unaudited Consolidated Financial Statements.		

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Shutterstock, Inc.

Consolidated Statements of Operations

(In thousands, except for per share data)

(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Revenue	\$123,073	\$107,260	\$364,144	\$309,147
Operating expenses:				
Cost of revenue	50,184	44,512	150,492	126,582
Sales and marketing	32,977	27,393	91,636	79,927
Product development	11,604	10,827	34,800	31,700
General and administrative	17,020	16,441	54,629	44,949
Total operating expenses	111,785	99,173	331,557	283,158
Income from operations	11,288	8,087	32,587	25,989
Other income (expense), net	102	(767)	(122)	(3,386)