

REALPAGE INC
Form 10-Q
August 04, 2017
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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 June 30, 2017

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: 001-34846

RealPage, Inc.
(Exact name of registrant as specified in its charter)

Delaware 75-2788861
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
2201 Lakeside Boulevard 75082-4305
Richardson, Texas
(Address of principal executive offices) (Zip Code)
(972) 820-3000
(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 the 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

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

Class	July 21, 2017
Common Stock, \$0.001 par value	82,654,544

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

RealPage, Inc.

Condensed Consolidated Balance Sheets

(in thousands, except share data)

	June 30, 2017 (unaudited)	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$324,591	\$104,886
Restricted cash	106,479	83,654
Accounts receivable, less allowance for doubtful accounts of \$2,553 and \$2,468 at June 30, 2017 and December 31, 2016, respectively	89,727	92,367
Prepaid expenses	13,293	10,836
Other current assets	6,061	5,712
Total current assets	540,151	297,455
Property, equipment, and software, net	138,241	130,428
Goodwill	359,420	259,938
Identified intangible assets, net	110,318	74,976
Deferred tax assets, net	63,260	15,665
Other assets	10,057	9,636
Total assets	\$1,221,447	\$788,098
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$24,400	\$21,421
Accrued expenses and other current liabilities	53,316	50,464
Current portion of deferred revenue	101,100	89,583
Current portion of term loan	3,833	5,469
Customer deposits held in restricted accounts	106,616	83,590
Total current liabilities	289,265	250,527
Deferred revenue	5,896	6,308
Term loan, net	116,143	116,657
Convertible notes, net	275,673	—
Other long-term liabilities	34,899	29,843
Total liabilities	721,876	403,335
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Preferred stock, \$0.001 par value: 10,000,000 shares authorized and zero shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	—	—
Common stock, \$0.001 par value: 125,000,000 shares authorized, 86,801,958 and 86,062,191 shares issued and 82,964,638 and 81,087,353 shares outstanding at June 30, 2017 and December 31, 2016, respectively	87	86
Additional paid-in capital	601,836	534,348
Treasury stock, at cost: 3,837,320 and 4,974,838 shares at June 30, 2017 and December 31, 2016, respectively	(41,364)	(30,358)
Accumulated deficit	(61,015)	(119,260)
Accumulated other comprehensive income (loss)	27	(53)
Total stockholders' equity	499,571	384,763

Total liabilities and stockholders' equity
See accompanying notes.

\$1,221,447 \$788,098

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RealPage, Inc.
Condensed Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenue:				
On demand	\$ 154,727	\$ 136,610	\$ 300,940	\$ 260,021
On premise	659	687	1,334	1,459
Professional and other	5,920	5,422	11,951	9,622
Total revenue	161,306	142,719	314,225	271,102
Cost of revenue	67,544	62,078	130,586	116,826
Gross profit	93,762	80,641	183,639	154,276
Operating expenses:				
Product development	21,290	18,878	41,677	36,150
Sales and marketing	39,235	35,129	74,382	67,328
General and administrative	27,370	21,932	51,621	40,278
Total operating expenses	87,895	75,939	167,680	143,756
Operating income	5,867	4,702		