

COSTAR GROUP INC
Form 10-Q
July 24, 2013

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, 2013

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 x No o

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 x No o

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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

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

As of July 19, 2013, there were 28,624,794 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		Six Months Ended	
	June 30,		June 30,	
	2013	2012	2013	2012
Revenues	\$108,999	\$85,223	\$213,032	\$153,852
Cost of revenues	32,101	28,172	65,707	52,506
Gross margin	76,898	57,051	147,325	101,346
Operating expenses:				
Selling and marketing	23,536	20,016	50,514	35,566
Software development	11,488	7,977	23,590	12,992
General and administrative	22,697	25,491	52,517	39,985
Purchase amortization	3,894	3,580	8,019	4,214
	61,615	57,064	134,640	92,757
Income (loss) from operations	15,283	(13)	12,685	8,589
Interest and other income	83	131	187	381
Interest and other expense	(1,758)	(1,200)	(3,513)	(1,200)
Income (loss) before income taxes	13,608	(1,082)	9,359	7,770
Income tax expense, net	5,315	5,628	3,476	9,348
Net income (loss)	\$8,293	\$(6,710)	\$5,883	\$(1,578)
Net income (loss) per share — basic	\$0.30	\$(0.25)	\$0.21	\$(0.06)
Net income (loss) per share — diluted	\$0.29	\$(0.25)	\$0.21	\$(0.06)
Weighted average outstanding shares — basic	27,636	26,465	27,532	25,797
Weighted average outstanding shares — diluted	28,168	26,465	28,032	25,797

See accompanying notes.

COSTAR GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in thousands)
(unaudited)