

REALPAGE INC
Form 10-Q
August 06, 2018
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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, 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: 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 20, 2018
Common Stock, \$0.001 par value	93,817,205

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

RealPage, Inc.

Condensed Consolidated Balance Sheets

(in thousands, except share and per share data)

	June 30, 2018 (unaudited)	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$373,174	\$69,343
Restricted cash	102,518	96,002
Accounts receivable, less allowance for doubtful accounts of \$8,442 and \$3,951 at June 30, 2018 and December 31, 2017, respectively	112,484	124,505
Prepaid expenses	15,493	12,107
Other current assets	15,812	6,622
Total current assets	619,481	308,579
Property, equipment, and software, net	145,340	148,428
Goodwill	918,785	751,052
Identified intangible assets, net	276,983	252,337
Deferred tax assets, net	42,607	44,887
Other assets	20,710	11,010
Total assets	\$2,023,906	\$1,516,293
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$28,394	\$26,733
Accrued expenses and other current liabilities	97,484	79,379
Current portion of deferred revenue	111,238	116,622
Current portion of term loans	16,133	14,116
Convertible notes, net	286,908	—
Customer deposits held in restricted accounts	102,512	96,057
Total current liabilities	642,669	332,907
Deferred revenue	5,181	5,538
Revolving facility	—	50,000
Term loans, net	295,382	303,261
Convertible notes, net	—	281,199
Other long-term liabilities	41,299	41,513
Total liabilities	984,531	1,014,418
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Preferred stock, \$0.001 par value: 10,000,000 shares authorized and zero shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	—	—
Common stock, \$0.001 par value: 250,000,000 and 125,000,000 shares authorized, 96,485,983 and 87,153,085 shares issued and 93,959,957 and 83,180,401 shares outstanding at June 30, 2018 and December 31, 2017, respectively	96	87
Additional paid-in capital	1,159,831	637,851
Treasury stock, at cost: 2,526,026 and 3,972,684 shares at June 30, 2018 and December 31, 2017, respectively	(67,360)	(61,260)
Accumulated deficit	(53,445)	(75,046)

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Accumulated other comprehensive income	253	243
Total stockholders' equity	1,039,375	501,875
Total liabilities and stockholders' equity	\$2,023,906	\$1,516,293
See accompanying notes.		

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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,	
	2018	2017	2018	2017
Revenue:				
On demand	\$206,945	\$154,727	\$400,245	\$300,940
Professional and other	9,307	6,579	17,308	13,285
Total revenue	216,252	161,306	417,553	314,225
Cost of revenue	85,741	67,544	162,401	130,586
Gross profit	130,511	93,762	255,152	183,639
Operating expenses:				
Product development	30,771	21,290	59,811	41,677
Sales and marketing	54,488	39,235	104,729	74,382
General and administrative	28,444	27,370	55,534	51,621
Total operating expenses	113,703	87,895	220,074	167,680
Operating income	16,808	5,867	35,078	