

Groupon, Inc.
Form 8-K/A
March 30, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **February 8, 2012**

GROUPON, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other
jurisdiction
of incorporation)

001-35335
(Commission
File Number)

27-0903295
(I.R.S. Employer
Identification No.)

600 West Chicago Avenue
Suite 620
Chicago, Illinois
(Address of principal executive offices)

60654
(Zip Code)

(312) 676-5773

Edgar Filing: Groupon, Inc. - Form 8-K/A

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 2.02 Results of Operations and Financial Condition.*

On March 30, 2012, Groupon, Inc. (the Company) issued a press release announcing revised financial results for its fiscal quarter and year ended December 31, 2011 and reaffirming its previously provided guidance for its fiscal quarter ending March 31, 2012. This press release revises financial results for the fiscal quarter ended December 31, 2011 contained in the Company's press release dated February 8, 2012 as previously furnished on Form 8-K. Financial results for prior periods, including as of and for the nine months ended September 30, 2011, were not impacted by the revisions. A copy of the press release dated March 30, 2012 is attached hereto as Exhibit 99.1.

A revised version of the contents of the Company's press release dated February 8, 2012 is below.

GROUPON ANNOUNCES FOURTH QUARTER 2011 RESULTS

- **Revenue of \$492.2 million, up 186% year-over-year**
- **Free Cash Flow of \$155.1 million, up 258% year-over-year**
- **Operating Loss of \$15.0 million, down from \$336.1 million loss**
- **Non-GAAP EPS of negative \$0.06, including \$0.06 of tax from international operations, up from negative \$0.53**
- **Active customers increase to over 33 million, up over 275% year-over-year**

Groupon, Inc. (NASDAQ: GRPN) today announced financial results for its fourth quarter ended December 31, 2011.

Revenue increased 186% to \$492.2 million in the fourth quarter 2011, compared to \$172.2 million in the fourth quarter 2010. The unfavorable impact from year-over-year changes in foreign exchange rates throughout the quarter was \$2.9 million. Gross billings, which reflects the gross amounts collected from customers for Groupons sold, excluding any applicable taxes and net of estimated refunds, increased 196% to \$1.2 billion in the fourth quarter 2011, compared with \$415.3 million in the fourth quarter 2010.

Groupon had a strong fourth quarter and we finished 2011 having helped 250,000 local merchants across 47 countries grow their businesses while saving Groupon customers billions of dollars, said Andrew Mason, CEO and Co-Founder of Groupon. We will continue to invest in new services and tools that help our merchant partners be more successful and drive local commerce around the world.

Operating loss was \$15.0 million in the fourth quarter 2011, compared with a loss from operations of \$336.1 million in the fourth quarter 2010. The unfavorable impact from year-over-year changes in foreign exchange rates throughout the quarter was \$8.4 million. Consolidated segment operating income (CSOI), which is a non-GAAP financial measure that excludes the impact of stock-based compensation and acquisition-related charges, improved to a gain of \$18.0 million in the fourth quarter, compared with a loss of \$143.4 million in the fourth quarter 2010. Fourth quarter 2011 operating results included losses of over \$40.0 million principally from less mature markets within the international segment.

Edgar Filing: Groupon, Inc. - Form 8-K/A

Operating cash flow increased 226% to \$169.1 million for fourth quarter 2011, compared with \$51.9 million for fourth quarter 2010. Free cash flow, which is a non-GAAP financial measure

that reflects cash flow from operations less purchases of property and equipment, increased 258% to \$155.1 million for the three months ended December 31, 2011, compared with \$43.3 million for the three months ended December 31, 2010. At the end of the quarter, Groupon had \$1.2 billion in cash and cash equivalents and no long-term debt.

Fourth quarter 2011 net loss attributable to common stockholders decreased by 83% to \$65.4 million, or a loss of \$0.12 per share, from a net loss attributable to stockholders of \$378.6 million, or a loss of \$1.08 per share, in fourth quarter 2010. Pro-forma net income attributable to common stockholders for the fourth quarter improved to a loss of \$32.5 million, or a pro-forma loss of \$0.06 per share, from a prior year pro-forma net loss attributable to common stockholders of \$185.8 million, or a pro-forma loss per share of \$0.53. Pro-forma net income is a non-GAAP financial measure that excludes the impact of stock-based compensation and acquisition-related charges. The pro-forma loss of \$0.06 per share includes \$34.2 million of tax expense, an effective tax rate of approximately 134%, related to profitability in certain international countries as well as additional income tax provisions related to the establishment of the company's international headquarters in Switzerland. This resulted in an unusually high effective tax rate as compared to the company's current average statutory rate of approximately 33%.

Full-Year 2011

Revenue increased 415% to \$1.6 billion in 2011, compared with \$312.9 million in revenue in 2010. The favorable impact on revenue from year-over-year changes in foreign exchange rates throughout the year was \$44.0 million.

Gross billings increased 435% to \$4.0 billion in 2011, compared with \$745.3 million in gross billings in 2010.

Full year 2011 loss from operations was \$233.4 million, compared with the loss from operations of \$420.3 million in 2010. The unfavorable impact from year-over-year changes in foreign exchange rates throughout the year was \$13.0 million. Consolidated segment operating losses improved to a loss of \$144.3 million in 2011 from a loss of \$181.0 million in 2010.

Operating cash flow increased 234% to \$290.5 million in 2011, compared with \$86.9 million in 2010. Free cash flow increased 242% to \$246.6 million for the twelve months ended December 31, 2011, compared with \$72.2 million for the twelve months ended December 31, 2010.

Net loss attributable to common stockholders decreased to \$373.5 million in 2011, or a loss of \$1.03 per share, from a net loss attributable to common stockholders of \$456.3 million, or a loss of \$1.33 per share, in 2010. Pro-forma net loss attributable to common stockholders for the full year resulted in a loss of \$284.4 million, or a pro-forma loss of \$0.79 per share, from a prior year pro-forma net loss attributable to common stockholders of \$217.0 million, or a pro-forma loss per share \$0.63. The pro-forma loss per share of \$0.79 includes \$43.7 million of tax expense related to profitability in certain international countries as well as additional income tax provisions related to the establishment of the company's international headquarters in Switzerland.

Summary Consolidated and Segment Results

	Three Months Ended			Twelve Months Ended		Y/Y % Growth
	December 31,		Y/Y %	December 31,		
	2010	2011	Growth	2010	2011	Growth
	(dollars in thousands, except per share data)					
	(unaudited)	(unaudited)		(unaudited)		
Revenue (gross billings of \$415,269, \$1,230,868, \$34,082, \$745,348 and \$3,985,501)						
North America	\$ 88,363	\$ 179,638	103.3%	\$ 200,412	\$ 634,980	216.8%
International	83,861	312,526	272.7%	112,529	975,450	766.8%
Consolidated revenue	\$ 172,224	\$ 492,164	185.8%	\$ 312,941	\$ 1,610,430	414.6%
Operating loss	(336,129)	(14,972)	95.5%	(420,344)	(233,386)	44.5%
Consolidated segment operating (loss) income						
North America	\$ (21,905)	\$ 18,239	183.3%	\$ (10,437)	\$ 4,796	146.0%
International	(121,456)	(287)	99.8%	(170,556)	(149,129)	12.6%
CSOI(1)	\$ (143,361)	\$ 17,952	112.5%	\$ (180,993)	\$ (144,333)	20.3%
Net loss attributable to common stockholders	\$ (378,610)	\$ (65,379)	82.7%	\$ (456,320)	\$ (373,494)	18.2%
Pro-forma net loss attributable to common stockholders(2)	\$ (185,842)	\$ (32,455)	82.5%	\$ (216,969)	\$ (284,441)	31.1%
Net loss per share attributable to common stockholders	\$ (1.08)	\$ (0.12)		\$ (1.33)	\$ (1.03)	
Pro-forma loss per share(3)	\$ (0.53)	\$ (0.06)		\$ (0.63)	\$ (0.79)	
Weighted average basic shares	351,494,664	528,421,712		342,698,772	362,261,324	
Weighted average diluted shares	351,494,664	528,421,712		342,698,772	362,261,324	

(1) Consolidated segment operating (loss) income, or CSOI, is a non-GAAP financial measure. See Reconciliation of Non-GAAP Financial Measures for a reconciliation of this measure to the most applicable financial measure under U.S. GAAP. We do not allocate stock-based compensation and acquisition-related expense to the segments.

(2) Pro-forma net income attributable to common stockholders is a non-GAAP financial measure. This measure excludes stock-based compensation and acquisition-related costs. See Reconciliation of Non-GAAP Financial Measures for a reconciliation of this measure to the most applicable financial measure under U.S. GAAP.

(3) Pro-forma loss per share attributable to common stockholders is a non-GAAP measure. It calculates loss per share based on pro forma net income attributable to common stockholders, which is described above. See Reconciliation of Non-GAAP Financial Measures for a reconciliation of this measure to the most applicable financial measure under U.S. GAAP.

Fourth Quarter and Full-Year 2011 Highlights

Edgar Filing: Groupon, Inc. - Form 8-K/A

- As of December 31, 2011, Groupon's worldwide active customer base grew to over 33 million, an increase of over 275% year-over-year and more than 20% quarter-over-quarter. Active customers are defined as customers who have purchased a Groupon in the trailing twelve months and may include individual customers with multiple registrations.
- Trailing twelve month gross billings per average active customer, which is a proxy for the total annualized spend per average customer, increased to \$187 in fourth quarter 2011 from \$160 in fourth quarter 2010.
- Fourth quarter 2011 North America segment results were aided by the company's second annual *Grouponicus* seasonal promotion, which served 40 North American markets with local deals, travel deals and goods chosen specifically for their giftability.
- Worldwide, more than 26 million people have downloaded the Groupon mobile app on their smartphones.
- In just over six months from launching Groupon Now!, Groupon has expanded this offering to 31 markets and served deals from nearly 20,000 merchant partners in North America.
- Groupon continued to invest in creating additional value for its merchant partners, with fourth quarter 2011 releases of merchant tools including Groupon Merchant Center, Groupon Scheduler, and Groupon Rewards.
- Groupon increased its long-term technology investments, expanding into new facilities in Palo Alto to accommodate the more than four times growth in its engineering and product development staff in 2011.

First Quarter 2012 Guidance

- Revenue is expected to be between \$510 million and \$550 million, an increase of between 73% and 86% compared with first quarter 2011.
- Income from operations is expected to be between \$15 million and \$35 million, compared with a loss from operations of \$117.1 million in first quarter 2011.
- This guidance includes approximately \$35 million for stock-based compensation and acquisition-related expense, and it assumes, among other things, no additional business acquisitions or investments and no further revisions to stock-based compensation estimates.

Non-GAAP Financial Measures

This release includes the following financial measures defined as non-GAAP financial measures by the SEC: Free cash flow, CSOI and pro-forma net income. Groupon believes free cash flow is an important indicator for its business because it measures the amount of cash the company generates after spending on marketing, wages and benefits, capital expenditures and other items. Free cash flow also reflects changes in working capital. Groupon believes CSOI is an important measure for management to evaluate the performance of its business as it represents the operating results of its segments as reported under U.S. GAAP and does not include certain non-cash expenses. Groupon believes pro-forma net income is an important measure for management to evaluate the performance of its business, as it represents the net income of its segments as reported under U.S. GAAP and also does not include certain non-cash expenses. Free cash flow, CSOI and pro-forma net income may be different from similar measures used by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with U.S. GAAP. For a reconciliation of these non-GAAP financial measures to the nearest comparable U.S. GAAP measures, see Reconciliation of Non-GAAP Financial Measures included in this release.

Note on Forward Looking Statements

The statements in this release that refer to plans and expectations for the next quarter or the future are forward-looking statements that involve a number of risks and uncertainties, and actual results could differ materially from those discussed. The risks and uncertainties that could cause our results to differ materially from those included in the forward-looking statements include, but are not limited to, our ability to continue to expand our business and continue revenue growth; our ability to manage the growth of our organization; responding to changes in the markets in which we compete for business; retaining existing merchant partners and adding new merchant partners; competing against smaller competitors and competitors with more financial resources than us; developing new product and service offerings that are appealing to customers; maintaining a strong brand; effectively dealing with challenges arising from our international operations; integrating our technology platforms; managing refund risks; retaining our executive team; regulations, including the CARD Act and regulation of the Internet; tax liabilities; tax legislation; maintaining our information technology infrastructure; security breaches; protecting our intellectual property; handling acquisitions, joint ventures and strategic investments effectively; seasonality; payment-related risks; customer and merchant partner fraud; global economic uncertainty; compliance with rules and regulations associated with being a public company; and our ability to raise capital if necessary. We urge you to refer to the factors included under the headings Risk Factors and Management's Discussion and Analysis of