

MEREDITH CORP

Form 10-Q

October 27, 2010

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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 September 30, 2010

Commission file number 1-5128

MEREDITH CORPORATION

(Exact name of registrant as specified in its charter)

Iowa

42-0410230

(State or other jurisdiction of incorporation or
organization)

(I.R.S. Employer Identification No.)

1716 Locust Street, Des Moines, Iowa

50309-3023

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (515) 284-3000

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 (Section 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 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 (Do not check if a smaller reporting company)

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

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

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Shares of stock outstanding at September 30, 2010

Common shares	36,492,402
Class B shares	9,064,003
Total common and Class B shares	45,556,405

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

Meredith Corporation and Subsidiaries
Condensed Consolidated Balance Sheets

	(Unaudited)	
	September 30, 2010	June 30, 2010
Assets		
(In thousands)		
Current assets		
Cash and cash equivalents	\$21,663	\$48,574
Accounts receivable, net	231,960	223,630
Inventories	25,100	26,807
Current portion of subscription acquisition costs	57,607	57,917
Current portion of broadcast rights	14,985	5,423
Other current assets	16,746	19,076
Total current assets	368,061	381,427
Property, plant, and equipment	451,103	450,966
Less accumulated depreciation	(268,275)	(263,964)
Net property, plant, and equipment	182,828	187,002
Subscription acquisition costs	53,749	55,228
Broadcast rights	2,454	2,977
Other assets	53,074	59,138
Intangible assets, net	556,022	552,210
Goodwill	498,388	489,334
Total assets	\$1,714,576	\$1,727,316
Liabilities and Shareholders' Equity		
Current liabilities		
Current portion of long-term debt	\$50,000	\$50,000
Current portion of long-term broadcast rights payable	18,849	9,892
Accounts payable	68,645	109,897
Accrued expenses and other liabilities	113,658	109,225
Current portion of unearned subscription revenues	161,199	159,292
Total current liabilities	412,351	438,306
Long-term debt	235,000	250,000
Long-term broadcast rights payable	8,591	8,961
Unearned subscription revenues	126,451	130,699
Deferred income taxes	122,008	114,240
Other noncurrent liabilities	104,479	96,765
Total liabilities	1,008,880	1,038,971
Shareholders' equity		
Series preferred stock	—	—
Common stock	36,492	36,329
Class B stock	9,064	9,086
Additional paid-in capital	67,660	66,311
Retained earnings	619,828	604,624
Accumulated other comprehensive loss	(27,348)	(28,005)
Total shareholders' equity	705,696	688,345

Total liabilities and shareholders' equity	\$1,714,576	\$1,727,316
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See accompanying Notes to Condensed Consolidated Financial Statements.

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Meredith Corporation and Subsidiaries
Condensed Consolidated Statements of Earnings (Unaudited)

Three Months Ended September 30, (In thousands except per share data)	2010	2009
Revenues		
Advertising	\$205,503	\$191,816
Circulation	66,928	69,879
All other	71,991	70,720
Total revenues	344,422	332,415
Operating expenses		
Production, distribution, and editorial	143,633	151,093
Selling, general, and administrative	143,402	139,637
Depreciation and amortization	9,787	10,103
Total operating expenses	296,822	300,833
Income from operations	47,600	31,582
Interest income	11	10
Interest expense	(3,522)	(5,041)
Earnings before income taxes	44,089	26,551
Income taxes	(18,382)	(8,210)
Net earnings	\$25,707	\$18,341
Basic earnings per share	\$0.57	\$0.41
Basic average shares outstanding	45,483	45,158
Diluted earnings per share	\$0.56	\$0.40
Diluted average shares outstanding	45,748	45,317
Dividends paid per share	\$0.230	\$0.225

See accompanying Notes to Condensed Consolidated Financial Statements.

Meredith Corporation and Subsidiaries

Condensed Consolidated Statement of Shareholders' Equity (Unaudited)

(In thousands except per share data)	Common Stock - \$1 par value	Class B Stock - \$1 par value	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at June 30, 2010	\$36,329	\$9,086	\$66,311	\$604,624	\$(28,005)	\$688,345
Net earnings	—	—	—	25,707	—	25,707
Other comprehensive income, net	—	—	—	—	657	657
Total comprehensive income						26,364
Share-based incentive plan transactions	313	—	4,433	—	—	4,746
Purchases of Company stock	(152)	(20)	(5,351)	—	—	(5,523)
Share-based compensation	—	—	3,167	—	—	3,167
Conversion of Class B to common stock	2	(2)	—	—	—	—
Dividends paid						
Common stock	—	—	—	(8,418)	—	(8,418)
Class B stock	—	—	—	(2,085)	—	(2,085)
Tax benefit from incentive plans	—	—	(900)	—	—	(900)
Balance at September 30, 2010	\$36,492	\$9,064	\$67,660	\$619,828	\$(27,348)	\$705,696

See accompanying Notes to Condensed Consolidated Financial Statements.

Meredith Corporation and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)

Three Months Ended September 30, (In thousands)	2010	2009
Cash flows from operating activities		
Net earnings	\$25,707	\$18,341
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation	7,299	7,755
Amortization	2,488	2,348
Share-based compensation	3,167	4,112
Deferred income taxes	7,593	5,560
Amortization of broadcast rights		