

VALASSIS COMMUNICATIONS INC

Form 10-Q

November 06, 2012

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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 September 30, 2012

Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Commission File Number: 1-10991

VALASSIS COMMUNICATIONS, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)
19975 Victor Parkway
Livonia, Michigan 48152
(Address of Principal Executive Offices)
Registrant's Telephone Number: (734) 591-3000

38-2760940
(IRS Employer Identification Number)

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, 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 (check one):

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

As of November 1, 2012, there were 39,222,212 shares of the Registrant's Common Stock outstanding.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

VALASSIS COMMUNICATIONS, INC.

Condensed Consolidated Balance Sheets

(U.S. dollars in thousands, except share amounts)

(unaudited)

	September 30, 2012	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$90,344	\$101,971
Accounts receivable, net (Note 1)	399,341	448,320
Inventories (Note 1)	31,860	41,120
Prepaid expenses and other	55,080	37,655
Total current assets	576,625	629,066
Property, plant and equipment, net (Note 1)	131,566	148,905
Goodwill (Note 2)	628,886	636,471
Other intangible assets, net (Note 2)	221,403	213,613
Other assets	16,085	16,392
Total assets	\$1,574,565	\$1,644,447
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion long-term debt (Note 3)	\$18,750	\$15,000
Accounts payable	284,473	334,378
Progress billings	40,552	39,975
Accrued expenses (Note 4)	82,008	98,409
Total current liabilities	425,783	487,762
Long-term debt (Note 3)	572,561	587,560
Deferred income taxes	66,672	67,404
Other non-current liabilities	44,450	52,187
Total liabilities	1,109,466	1,194,913
Commitments and contingencies (Note 5)		
Stockholders' equity:		
Preferred stock (\$0.01 par value; 25,000,000 shares authorized; no shares issued or outstanding at September 30, 2012 and December 31, 2011)	—	—
Common stock (\$0.01 par value; 100,000,000 shares authorized; 65,394,999 and 65,398,539 shares issued at September 30, 2012 and December 31, 2011, respectively; 39,155,646 and 42,347,368 shares outstanding at September 30, 2012 and December 31, 2011, respectively)	654	654
Additional paid-in capital	111,600	123,881
Retained earnings	1,106,434	1,021,566
Accumulated other comprehensive income	2,340	2,775
Treasury stock, at cost (26,239,353 and 23,051,171 shares at September 30, 2012 and December 31, 2011, respectively)	(755,929)	(699,342)
Total stockholders' equity	465,099	449,534

Total liabilities and stockholders' equity	\$1,574,565	\$1,644,447
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See accompanying notes to condensed consolidated financial statements.

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VALASSIS COMMUNICATIONS, INC.
 Condensed Consolidated Statements of Income
 (U.S. dollars in thousands, except per share data)
 (unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2012	2011	2012	2011
Revenues	\$523,822	\$528,391	\$1,582,645	\$1,640,622
Costs and expenses:				
Cost of sales	388,284	395,728	1,180,905	1,222,345
Selling, general and administrative	73,358	80,520	234,498	239,778
Amortization expense	3,245	3,156	9,557	9,467
Goodwill impairment (Note 2)	—	—	7,585	—
Total costs and expenses	464,887	479,404	1,432,545	1,471,590
Earnings from operations	58,935	48,987	150,100	169,032
Other expenses and income:				
Interest expense	7,563	8,148		