

Time Inc.
Form 10-Q
November 06, 2015

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, 2015

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: 001-36218

TIME INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

13-3486363
(I.R.S. Employer Identification No.)

1271 Avenue of the Americas, New York, NY
(Address of Principal Executive Offices)
(212) 522-1212

10020
(Zip Code)

(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, or a smaller reporting company. See the 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 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:

Description of Class	Shares Outstanding as of
Common Stock — \$0.01 par value	October 30, 2015 109,774,558

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Part I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

TIME INC.

CONSOLIDATED BALANCE SHEETS

(Unaudited; in millions, except share amounts)

	September 30, 2015	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	\$265	\$519
Short-term investments	60	—
Receivables, less allowances of \$232 and \$255 at September 30, 2015 and December 31, 2014, respectively	428	488
Inventories, net of reserves	42	48
Deferred tax assets	56	84
Prepaid expenses and other current assets	186	117
Total current assets	1,037	1,256
Property, plant and equipment, net	439	369
Intangible assets, net	1,064	1,085
Goodwill	2,249	3,117
Other assets	92	73
Total assets	\$4,881	\$5,900
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$541	\$621
Deferred revenue	454	458
Current portion of long-term debt	7	7
Total current liabilities	1,002	1,086
Long-term debt	1,364	1,368
Deferred tax liabilities	320	313
Deferred revenue	89	94
Other noncurrent liabilities	197	168
Commitments and contingencies (Note 13)		
Stockholders' Equity		
Common stock, \$0.01 par value, 400 million shares authorized; 109.77 million and 109.05 million shares issued and outstanding at September 30, 2015 and December 31, 2014, respectively		1
Preferred stock, \$0.01 par value, 40 million shares authorized; none issued	—	—
Additional paid-in-capital	12,619	12,665
Accumulated deficit	(10,524)	(9,626)
Accumulated other comprehensive loss, net	(187)	(169)
Total stockholders' equity	1,909	2,871
Total liabilities and stockholders' equity	\$4,881	\$5,900

See accompanying notes.

TIME INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited; in millions, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Revenues				
Advertising	\$398	\$428	\$1,171	\$1,279
Circulation	261	279	765	807
Other	114	114	290	300
Total revenues	773	821	2,226	2,386
Costs of revenues	308	324	879	967
Selling, general and administrative expenses	383	378	1,146	1,180
Amortization of intangible assets	21	19	60	58
Restructuring and severance costs	8	(6) 22	164
Asset impairments	—	—	—	26
Goodwill impairment	952	—	952	