

WEIGHT WATCHERS INTERNATIONAL INC  
Form 10-Q  
May 08, 2008  
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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 March 29, 2008

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 No. 001-16769

**WEIGHT WATCHERS INTERNATIONAL, INC.**

(Exact name of registrant as specified in its charter)

**Virginia**  
(State or other jurisdiction of  
incorporation or organization)

**11-6040273**  
(I.R.S. Employer  
Identification No.)

**11 Madison Avenue, 17<sup>th</sup> Floor, New York, New York 10010**

(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (212) 589-2700

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(Former name, former address and former fiscal year, if changed since last report)

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 is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition 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  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

The number of shares of common stock outstanding as of April 30, 2008 was 78,930,105.

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**WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES**

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	<b>March 29, 2008</b>	<b>December 29, 2007</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 59,362	\$ 39,823
Receivables, net	51,055	42,368
Inventories, net	39,844	44,607
Deferred income taxes	21,017	20,104
Prepaid expenses and other current assets	45,714	39,434
<b>TOTAL CURRENT ASSETS</b>	<b>216,992</b>	<b>186,336</b>
Property and equipment, net	39,491	37,649
Franchise rights acquired	735,307	724,188
Goodwill	51,382	51,364
Trademarks and other intangible assets, net	27,447	27,542
Deferred income taxes	15,619	9,917
Deferred financing costs and other noncurrent assets	8,868	9,225
<b>TOTAL ASSETS</b>	<b>\$ 1,095,106</b>	<b>\$ 1,046,221</b>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Portion of long-term debt due within one year	\$ 80,625	\$ 45,625
Accounts payable	40,937	42,678
Dividend payable	14,267	14,233
Derivative payable	52,687	23,546
Accrued liabilities	153,448	153,664
Income taxes payable	36,632	19,296
Deferred revenue	90,098	59,389
<b>TOTAL CURRENT LIABILITIES</b>	<b>468,694</b>	<b>358,431</b>
Long-term debt	1,507,875	1,602,500
Deferred income taxes	1,717	1,786
Other	10,696	9,834
<b>TOTAL LIABILITIES</b>	<b>1,988,982</b>	<b>1,972,551</b>
<b>SHAREHOLDERS' DEFICIT</b>		
Dividend to Artal Luxembourg S.A.	(304,835)	(304,835)
Common stock, \$0 par value; 1,000,000 shares authorized; 111,988 shares issued		
Treasury stock, at cost, 32,440 shares at March 29, 2008 and 32,578 shares at December 29, 2007	(1,569,498)	(1,570,054)
Retained earnings	1,000,434	950,213
Accumulated other comprehensive loss	(19,977)	(1,654)

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TOTAL SHAREHOLDERS DEFICIT	(893,876)	(926,330)
TOTAL LIABILITIES AND SHAREHOLDERS DEFICIT	\$ 1,095,106	\$ 1,046,221

The accompanying notes are an integral part of the consolidated financial statements.

**Table of Contents****WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES****UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS****(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)**

	<b>Three Months Ended</b>	
	<b>March 29, 2008</b>	<b>March 31, 2007</b>
Meeting fees, net	\$ 255,498	\$ 234,855
Product sales and other, net	135,995	128,910
Internet revenues	45,534	35,636
Revenues, net	437,027	399,401
Cost of meetings, products and other	182,521	166,138
Cost of Internet revenues	8,611	7,156
Cost of revenues	191,132	173,294
Gross profit	245,895	226,107
Marketing expenses	87,051	70,778
Selling, general and administrative expenses	42,832	39,584
Operating income	116,012	115,745
Interest expense	25,317	25,213
Other income, net	(2,435)	(11)
Early extinguishment of debt		3,021
Income before income taxes and minority interest	93,130	87,522
Provision for income taxes	36,129	33,696
Income before minority interest	57,001	53,826
Minority interest	366	
Net income	\$ 57,367	\$ 53,826
Earnings per share:		
Basic	\$ 0.72	\$ 0.63
Diluted	\$ 0.72	\$ 0.63
Weighted average common shares outstanding:		
Basic	79,467	85,066
Diluted	79,774	85,702
Dividends declared per common share	\$ 0.18	\$ 0.18

The accompanying notes are an integral part of the consolidated financial statements.



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## WEIGHT WATCHERS INTERNATIONAL, INC. AND SUBSIDIARIES

## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES

## IN SHAREHOLDERS EQUITY/(DEFICIT)

(IN THOUSANDS)

	Common Stock		Treasury Stock		Accumulated Other Comprehensive Income/(Loss)	Dividend to Artal Luxembourg, S.A.	Retained Earnings	Total
	Shares	Amount	Shares	Amount				
Balance at December 30, 2006	111,988	\$	14,486	\$ (540,318)	\$ 6,247	\$ (304,835)	\$ 770,539	\$ (68,367)
Comprehensive Income:								
Net income							201,180	201,180
Translation adjustment, net of taxes of (\$4,734)					8,049			8,049
Change in fair value of derivatives accounted for as hedges, net of taxes of \$10,199					(15,950)			(15,950)
Total Comprehensive Income								193,279
Cumulative effect of adoption of FIN 48							(1,907)	(1,907)
Issuance of treasury stock under stock plans			(967)	3,908			13,453	17,361
Tax benefit of restricted stock units vested and stock options exercised							10,879	10,879
Cash dividends declared							(55,694)	(55,694)
Purchase of treasury stock			19,059	(1,033,644)				(1,033,644)
Compensation expense on share-based awards							11,763	11,763
Balance at December 29, 2007	111,988	\$	32,578	\$ (1,570,054)	\$ (1,654)	\$ (304,835)	\$ 950,213	\$ (926,330)
Comprehensive Income:								
Net income							57,367	57,367
Translation adjustment, net of taxes of \$760					(1,219)			(1,219)
Change in fair value of derivatives accounted for as hedges, net of taxes of \$10,935					(17,104)			(17,104)
Total Comprehensive Income								39,044
Issuance of treasury stock under stock plans			(138)	556			4,261	4,817
Cash dividends declared							(13,952)	(13,952)
Compensation expense on share-based awards							2,545	2,545
Balance at March 29, 2008	111,988	\$	32,440	\$ (1,569,498)	\$ (19,977)	\$ (304,835)		