

HARTE HANKS INC
Form 10-Q
November 09, 2016
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U.S.
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2016

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: 001-07120

HARTE HANKS, INC.
(Exact name of registrant as specified in its charter)
Delaware 74-1677284
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)
9601 McAllister Freeway, Suite 610, San Antonio, Texas 78216
(Address of principal executive offices, including zipcode)

(210) 829-9000
(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 website, 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 or a non-accelerated filer. See definitions of "large accelerated filer," "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company)
Smaller reporting company

Indicate by check mark if the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

The number of shares outstanding of each of the registrant's classes of common stock as of October 15, 2016 was 61,602,233 shares of common stock, all of one class.

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Item 1. Financial Statements

Harte Hanks, Inc. and Subsidiaries Condensed Consolidated Balance Sheets
(Unaudited)

In thousands, except per share and share amounts	September 30, 2016	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,883	\$ 16,564
Accounts receivable (less allowance for doubtful accounts of \$1,489 at September 30, 2016 and \$974 at December 31, 2015)	77,779	103,758
Inventory	1,021	963
Prepaid expenses	5,736	7,908
Prepaid taxes and income tax receivable	4,562	1,760
Other current assets	2,933	6,456
Current assets held for sale	169,022	169,401
Total current assets	267,936	306,810
Property, plant and equipment (less accumulated depreciation of \$142,971 at September 30, 2016 and \$145,137 at December 31, 2015)	25,908	28,136
Goodwill	73,179	69,699
Other intangible assets (less accumulated amortization of \$1,266 at September 30, 2016 and \$650 at December 31, 2015)	3,507	4,123
Other assets (including deferred income taxes of \$5,603 at September 30, 2016 and \$3,000 at December 31, 2015)	8,254	5,645
Total assets	\$ 378,784	\$ 414,413
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt	\$ 61,153	\$ 3,000
Accounts payable	38,124	36,513
Accrued payroll and related expenses	10,379	7,416
Deferred revenue and customer advances	6,367	6,240
Income taxes payable	1,299	1,246
Customer postage and program deposits	9,855	12,513
Other current liabilities	5,202	6,342
Current liabilities held for sale	22,846	24,862
Total current liabilities	155,225	98,132
Long-term debt	—	74,105
Pensions	53,725	55,491
Contingent consideration	21,760	20,277
Other long-term liabilities (including deferred income taxes of \$21,993 at September 30, 2016 and \$20,672 at December 31, 2015)	25,516	26,092
Total liabilities	256,226	274,097
Stockholders' equity		
Common stock, \$1 par value, 250,000,000 shares authorized 120,430,981 shares issued at September 30, 2016 and 120,146,720 shares issued at December 31, 2015	120,431	120,147
Additional paid-in capital	351,011	353,050
Retained earnings	955,347	973,538
	(1,260,053)	(1,262,859)

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Less treasury stock, 58,830,094 shares at cost at September 30, 2016 and 58,879,742 shares at cost at December 31, 2015

Accumulated other comprehensive loss	(44,178)	(43,560)
Total stockholders' equity	122,558		140,316	
Total liabilities and stockholders' equity	\$ 378,784		\$ 414,413	

See Accompanying Notes to Condensed Consolidated Financial Statements

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Harte Hanks, Inc. and Subsidiaries Condensed Consolidated Statements of Comprehensive Loss
(Unaudited)

	Three Months Ended September 30,	
In thousands, except per share amounts	2016	2015
Operating revenues	\$97,425	\$108,784
Operating expenses		
Labor	59,970	60,474
Production and distribution	27,275	34,115
Advertising, selling, general and administrative	11,586	