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RADIOSHACK CORP
Form 8-K
February 17, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

Current Report Pursuant
to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 17, 2005

RADIOSHACK CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of Incorporation)

1-05571
(Commission File Number)

75-1047710
(IRS Employer Identification No.)

Mail Stop CF3-203, 300 RadioShack Circle, Fort Worth, Texas 76102
(Address of principal executive offices) (Zip Code)

(817) 415-3700
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

Item 2.02 Results of Operations and Financial Condition.

On February 17, 2005 RadioShack Corporation (the "Company") issued a press release containing certain information with respect to its fourth quarter 2004 financial results. A copy of the press release is attached as Exhibit 99.1.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the

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registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized this 17th day of February, 2005.

RADIOSHACK CORPORATION

/s/ Mark C. Hill

Mark C. Hill
Senior Vice President - Chief
Administrative Officer, Secretary and
General Counsel

EXHIBIT INDEX

Exhibit No.

99.1 Press Release, dated February 17, 2005.

February 17, 2005
RSH-2005-005

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RadioShack Corporation Announces 2004 Fourth Quarter,
Fiscal Year Financial Results

Fort Worth, Texas, February 17, 2005 - RadioShack Corporation (NYSE: RSH) today announced net income of \$130.9 million or \$0.81 per diluted share for the quarter ended December 31, 2004 versus net income of \$127.3 million or \$0.77 per diluted share for the quarter ended December 31, 2003. This represents a fourth quarter 2004 growth rate of 3% in net income and 5% in diluted earnings per share.

As reported last month, fourth quarter 2004 comparable store sales were up 3% versus the prior year. Total sales in the fourth quarter of 2004 were up 7% to \$1,593 million, compared to total sales of \$1,490 million for the previous year.

"Strong sales and gross margin preservation were the keys to delivering higher operating and net profits in the fourth quarter and for the entire fiscal year," said Leonard Roberts, chairman and chief executive officer. "The difference between comparable and total sales in the fourth quarter of 2004 was the result of the first step in our plan to expand channels and to position the company to deliver higher growth."

For fiscal year 2004, RadioShack reported net income of \$337.2 million or \$2.08 per diluted share versus net income of \$298.5 million or \$1.77 per diluted share in fiscal year 2003. This represents a fiscal year 2004 growth rate of 13% in

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net income and 18% in diluted earnings per share.

Fiscal year 2004 comparable store sales were up 3% versus the prior year. Total sales in fiscal 2004 were \$4,841 million versus \$4,649 million in fiscal 2003, an increase of 4%.

"RadioShack had an outstanding 2004," Roberts said. "The company generated higher sales growth, expanded gross margin, leveraged SG&A, and increased operating income by 15%. Our investment in strategic growth channels, such as Sam's Club and Sprint kiosks, impacting SG&A in the fourth quarter will serve as a platform for profitable growth going forward."

Page 2

2005 Financial Guidance

RadioShack announced estimated fiscal year 2005 earnings per share of \$2.34 to \$2.40. The estimate represents a \$0.07 reduction versus previous guidance. In addition, the estimate includes the impact of FAS123R requiring the expensing of stock options. The fiscal year earnings are predicated upon the following estimated financial metrics for 2005:

- o Total sales growth of 9% to 11%,
- o Gross margin rate down 20 to 60 basis points, and
- o SG&A growth of 8% to 10%.

RadioShack also initiated first quarter 2005 earnings per share guidance of \$0.39 to \$0.41 representing a decline of 5% to 0% versus first quarter 2004 earnings per share. Management looks forward to providing further insight and its confidence into how the company will achieve its full-year guidance at its annual institutional investor conference.

Today, starting at 9:30 a.m. ET, management will host a webcast to discuss its financial results. The public is invited to listen to the event live on the Internet at www.radioshackcorporation.com on the Investor Relations page. The conference agenda is posted on the company's website too. The webcast will be replayed until at least March 31, 2005.

Statements made in this news release which are forward-looking involve risks and uncertainties and are indicated by words such as "estimated" and other similar words or phrases. These uncertainties include, but are not limited to, economic conditions, product demand, competitive products and pricing, availability of products, the regulatory environment and other risks indicated in filings with the S.E.C. such as RadioShack's most recent Forms 10-K and 10-Q.

Fort Worth, Texas-based RadioShack Corporation (NYSE: RSH) is the nation's most trusted consumer electronics specialty retailer and a growing provider of a variety of retail support services. The company operates through a vast network of sales channels, including: nearly 7,000 company and dealer stores; almost 100 RadioShack locations in Mexico; more than 500 SAM'S CLUB wireless kiosks; and a

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growing number of mall-based Sprint PCS wireless kiosks. RadioShack's knowledgeable and helpful sales associates deliver convenient product and service solutions within an estimated five minutes of where 94 percent of all Americans either live or work. For more information on RadioShack Corporation, visit www.RadioShackCorporation.com. To learn more about RadioShack products and services or to purchase items online, visit www.RadioShack.com.

RADIOSHACK CORPORATION AND SUBSIDIARIES Consolidated Income Statement (Unaudited) (In millions, except per share amounts)

	Three Months Ended December 31,		Increase/ (Decrease)	Twelve Dec
	2004	2003	2004 vs 2003	2004
Net sales and operating revenues	\$1,593.3	\$1,490.4	\$ 102.9	\$4,841.2
Cost of products sold	808.2	756.0	52.2	2,406.7
Gross profit	785.1	734.4	50.7	2,434.5
Operating expenses:				
Selling, general and administrative	544.5	504.2	40.3	1,774.8
Depreciation and amortization	28.1	23.2	4.9	101.4
Total operating expenses	572.6	527.4	45.2	1,876.2
Operating income	212.5	207.0	5.5	558.3
Interest income	5.5	1.4	4.1	11.4
Interest expense	(8.6)	(7.6)	(1.0)	(29.6)
Other income, net	--	--	--	2.0
Income before income taxes	209.4	200.8	8.6	542.1
Provision for income taxes	78.5	73.5	5.0	204.9
Net income	\$ 130.9	\$ 127.3	\$ 3.6	\$ 337.2
Net income per share:				
Basic	\$ 0.82	\$ 0.77	\$ 0.05	\$ 2.09
Diluted	\$ 0.81	\$ 0.77	\$ 0.04	\$ 2.08
Avg shares used to compute earnings per share:				
Basic	159.3	164.5	(5.2)	161.0
Diluted	160.7	166.3	(5.6)	162.5
Shares outstanding	158.2	162.5	(4.3)	

RADIOSHACK CORPORATION AND SUBSIDIARIES Consolidated Balance Sheets (Unaudited) (In millions)

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	Dec. 31, 2004	Dec. 31, 2003
	-----	-----
Assets		
Cash and cash equivalents	\$ 437.9	\$ 634.7
Accounts and notes receivable, net	241.0	182.4
Inventories, net	1,003.7	766.5
Other current assets	92.5	83.0
	-----	-----
Total current assets	1,775.1	1,666.6
Property, plant and equipment, net	652.0	513.1
Other assets, net	89.6	64.2
	-----	-----
Total assets	\$2,516.7	\$2,243.9
	=====	=====
Liabilities and Stockholders' Equity		
Notes payable	\$ 55.6	\$ 77.4
Accounts payable	442.2	300.2
Accrued expenses	342.1	343.0
Income taxes payable	117.5	137.5
	-----	-----
Total current liabilities	957.4	858.1
Long-term debt, excluding current maturities	506.9	541.3
Other non-current liabilities	130.3	75.2
	-----	-----
Total liabilities	1,594.6	1,474.6
	-----	-----
Stockholders' equity	922.1	769.3
	-----	-----
Total liabilities and stockholders' equity	\$2,516.7	\$2,243.9
	=====	=====

RADIOSHACK CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Unaudited)
(In millions)

	Year Ended December 31,	
	2004	2003
	-----	-----
Cash flows from operating activities:		
Net income	\$ 337.2	\$ 298.5
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	101.4	92.0
Provision for credit losses and bad debt	(0.3)	0.4
Deferred income taxes and other items	50.2	51.7
Changes in operating assets and liabilities:		
Receivables	(53.0)	17.2
Inventories	(234.2)	202.3
Other current assets	(7.5)	(5.2)
Accounts payable, accrued expenses, income taxes payable, and other	158.7	(5.0)
	-----	-----
Net cash provided by operating activities	352.5	651.9
	-----	-----
Cash flows from investing activities:		

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Additions to property, plant and equipment	(229.4)	(189.6)
Proceeds from sale of property, plant and equipment	2.5	2.0
Proceeds from sale of installation subsidiary	-	4.7
Purchase of retail subsidiary	(59.1)	-
Other investing activities	(4.2)	(6.0)
	-----	-----
Net cash used in investing activities	(290.2)	(188.9)
	-----	-----
Cash flows from financing activities:		
Purchases of treasury stock	(251.1)	(286.2)
Sales of treasury stock to employee stock plans	35.4	35.8
Proceeds from exercise of stock options	50.4	15.7
Payments of dividends	(39.7)	(40.8)
Changes in short-term borrowings, net	(14.0)	20.7
Repayments of long-term borrowings	(40.1)	(20.0)
	-----	-----
Net cash used in financing activities	(259.1)	(274.8)
	-----	-----
Net (decrease) increase in cash and cash equivalents	(196.8)	188.2
Cash and cash equivalents, beginning of period	634.7	446.5
	-----	-----
Cash and cash equivalents, end of period	\$ 437.9	\$ 634.7
	=====	=====