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JONES LANG LASALLE INC
Form 10-Q
May 15, 2002

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2002

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 1-13145

JONES LANG LASALLE INCORPORATED

(Exact name of registrant as specified in its charter)

Maryland

36-4150422

(State or other jurisdic-
tion of incorporation or
organization)

(IRS Employer Identification No.)

200 East Randolph Drive, Chicago, IL

60601

(Address of principal executive office)

(Zip Code)

Registrant's telephone number, including area code 312/782-5800

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 the number of shares outstanding of each of the issuer's classes
of common stock, as of the latest practicable date.

Outstanding at

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Class	May 10, 2002
-----	-----
Common Stock (\$0.01 par value)	30,265,896

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

JONES LANG LASALLE INCORPORATED
CONSOLIDATED BALANCE SHEETS

MARCH 31, 2002 AND DECEMBER 31, 2001
(in thousands, except share data)
(UNAUDITED)

	MARCH 31, 2002	DECEMBER 31, 2001
-----	-----	-----
ASSETS		

Current assets:		
Cash and cash equivalents	\$ 11,893	10,446

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Trade receivables, net of allowances of \$8,260 and \$6,305 in 2002 and 2001, respectively.	167,867	222,590
Notes receivable and advances to real estate ventures.	3,748	3,847
Other receivables	8,933	9,553
Prepaid expenses.	11,685	11,802
Deferred tax assets	16,658	16,935
Other assets.	15,809	11,340
	-----	-----
Total current assets.	236,593	286,513
Property and equipment, at cost, less accumulated depreciation of \$109,063 and \$102,401 in 2002 and 2001, respectively.	86,546	92,503
Goodwill, with indefinite useful lives, at cost, less accumulated amortization of \$35,198 and \$35,327 in 2002 and 2001, respectively.	305,616	305,688
Negative goodwill, at cost, less accumulated amortization of (\$565) in 2001	--	(846)
Identified intangibles, with definite useful lives, at cost, less accumulated amortization of \$24,413 and \$23,195 in 2002 and 2001, respectively.	22,063	23,327
Investments in real estate ventures	60,298	56,899
Long-term receivables, net.	21,423	17,375
Prepaid pension asset	12,683	14,384
Deferred tax assets	24,082	25,770
Debt issuance costs	5,047	5,407
Other assets, net	8,560	8,707
	-----	-----
	\$ 782,911	835,727
	=====	=====

JONES LANG LASALLE INCORPORATED
CONSOLIDATED BALANCE SHEETS - CONTINUED

MARCH 31, 2002 AND DECEMBER 31, 2001
(in thousands, except share data)
(UNAUDITED)

	MARCH 31, 2002	DECEMBER 31, 2001
	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY		

Current liabilities:		
Accounts payable and accrued liabilities \$	106,047	116,968
Accrued compensation.	64,667	131,680
Short-term borrowings	10,594	15,497
Deferred tax liabilities.	212	23

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Other liabilities	23,451	23,467
	-----	-----
Total current liabilities . . .	204,971	287,635
Long-term liabilities:		
Credit facilities	89,911	59,854
9% Senior Notes, due 2007	143,831	146,768
Deferred tax liabilities.	4,480	6,567
Other	24,567	19,733
	-----	-----
Total liabilities	467,760	520,557
Commitments and contingencies		
Minority interest in consolidated subsidiaries.	855	789
Stockholders' equity:		
Common stock, \$.01 par value per share, 100,000,000 shares authorized; 30,234,324 and 30,183,450 shares issued and outstanding as of March 31, 2002 and December 31, 2001, respectively.	302	302
Additional paid-in capital.	469,770	463,926
Deferred stock compensation	(9,614)	(6,038)
Retained deficit.	(126,556)	(122,521)
Stock held in trust	(658)	(1,658)
Accumulated other comprehensive loss. .	(18,948)	(19,630)
	-----	-----
Total stockholders' equity. . .	314,296	314,381
	-----	-----
	\$ 782,911	835,727
	=====	=====

See accompanying notes to consolidated financial statements.

JONES LANG LASALLE INCORPORATED
CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

THREE MONTHS ENDED MARCH 31, 2002 AND 2001
(in thousands, except share data)
(UNAUDITED)

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	2002	2001
	-----	-----
Revenue:		
Fee based services	\$ 160,275	195,488
Equity in earnings (losses) from unconsolidated ventures	(158)	2,516
Other income	1,685	845
	-----	-----
Total revenue	161,802	198,849
Operating expenses:		
Compensation and benefits, excluding non-recurring charges	110,943	134,477
Operating, administrative and other, excluding non-recurring charges	45,500	52,915
Depreciation and amortization	9,471	11,331
Non-recurring charges:		
Compensation and benefits	--	--
Operating, administrative and other	--	1,055
	-----	-----
Total operating expenses	165,914	199,778
Operating loss	(4,112)	(929)
Interest expense, net of interest income	3,918	4,846
	-----	-----
Loss before benefit for income taxes and minority interest	(8,030)	(5,775)
Net benefit for income taxes	(3,212)	(2,195)
Minority interest in earnings (losses) of subsidiaries	63	(34)
	-----	-----
Net loss before cumulative effect of change in accounting principle	(4,881)	(3,546)

JONES LANG LASALLE INCORPORATED
CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME - CONTINUED
THREE MONTHS ENDED MARCH 31, 2002 AND 2001
(in thousands, except share data)
(UNAUDITED)

	2002	2001
	-----	-----
Cumulative effect of change in accounting principle	846	--
	-----	-----
Net loss	\$ (4,035)	(3,546)
	=====	=====

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Other comprehensive income (loss), net of tax:		
Foreign currency translation		
adjustments	\$ 682	(5,887)
	-----	-----
Comprehensive loss.	\$ (3,353)	(9,433)
	=====	=====
Basic loss per common share before cumulative		
effect of change in accounting principle.	\$ (0.16)	(0.12)
Cumulative effect of change in		
accounting principle.	0.03	--
	-----	-----
Basic loss per common share	\$ (0.13)	(0.12)
	=====	=====
Basic weighted average		
shares outstanding.	30,207,897	30,120,466
	=====	=====
Diluted loss per common share before		
cumulative effect of change in		
accounting principle.	\$ (0.16)	(0.12)
Cumulative effect of change in accounting		
principle	0.03	--
	-----	-----
Diluted loss per common share	\$ (0.13)	(0.12)
	=====	=====
Diluted weighted average		
shares outstanding.	30,207,897	30,120,466
	=====	=====

See accompanying notes to consolidated financial statements.

JONES LANG LASALLE INCORPORATED
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

PERIOD ENDED MARCH 31, 2002
(in thousands, except share data)
(UNAUDITED)

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	Common Stock		Addi- tional	Deferred	Retained	Shares	Accumu- lated
	Shares	Amount	Paid-In	Stock	Earnings	Held in	Other
	-----	-----	Capital	Compen- sation	(Deficit)	Trust	Compre- hensive
	-----	-----	-----	-----	-----	-----	Income
							(Loss)
	-----	-----	-----	-----	-----	-----	-----
Balances at December 31, 2001	30,183,450	\$302	463,926	(6,038)	(122,521)	(1,658)	(19,630)
Net loss.	--	--	--	--	(4,035)	--	--
Shares issued in connection with:							
Stock option plan	32,473	--	5,367	(4,819)	--	--	--
Amortization of shares issued in connection with stock option plan. .	--	--	--	408	--	--	--
Reduction in deferred stock compensation rights out- standing. . .	--	--	(69)	69	--	--	--
Stock purchase programs . . .	25,096	--	667	(258)	--	--	1
Amortization of shares issued in connection with stock purchase programs . . .	--	--	--	1,024	--	--	--
Shares repur- chased for pay- ment of taxes on shares issued pursuant to stock purchase programs . . .	(6,695)	--	(121)	--	--	--	--

JONES LANG LASALLE INCORPORATED
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY - CONTINUED

	Common Stock		Addi- tional	Deferred	Retained	Shares	Accumu- lated
	Shares	Amount	Paid-In	Stock	Earnings	Held in	Other
	-----	-----	Capital	Compen- sation	(Deficit)	Trust	Compre- hensive
	-----	-----	-----	-----	-----	-----	Income
							(Loss)
	-----	-----	-----	-----	-----	-----	-----

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Distribution of shares held in trust.	--	--	--	--	--	1,000	--
Cumulative effect of foreign currency translation adjustments. . .	--	--	--	--	--	--	681
	-----	----	-----	-----	-----	-----	-----
Balances at March 31, 2002.	30,234,324	\$302	469,770	(9,614)	(126,556)	(658)	(18,948)
	=====	=====	=====	=====	=====	=====	=====