

VALUEVISION MEDIA INC

FORM 8-K (Unscheduled Material Events)

Filed 5/20/2005 For Period Ending 5/19/2005

Address	6740 SHADY OAK RD MINNEAPOLIS, Minnesota 55344-3433
Telephone	612-947-5200
CIK	0000870826
Industry	Retail (Catalog & Mail Order)
Sector	Services
Fiscal Year	01/31

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**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**

MAY 19, 2005

Date of report (Date of earliest event reported)

VALUEVISION MEDIA, INC.

(Exact Name of Registrant as Specified in its Charter)

MINNESOTA	0-20243	41-1673770
-----	-----	-----
(State of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

6740 SHADY OAK ROAD EDEN PRAIRIE, MINNESOTA	55344-3433
-----	-----
(Address of principal executive offices)	(Zip Code)

Telephone Number: (952) 943-6000
(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 (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act

(17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act

(17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On May 19, 2005, we issued a press release discussing our results of operations and financial condition for our first fiscal quarter ended April 30, 2005. A copy of the press release is furnished as Exhibit 99 hereto.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(c) Exhibits.

99 Press Release dated May 19, 2005

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 19, 2004 VALUEVISION MEDIA, INC.

By Nathan E. Fagre

Nathan E. Fagre Senior Vice President, General Counsel and Secretary

EXHIBIT INDEX

No.	Description	Manner of Filing
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99	Press Release dated May 19, 2005.....	Furnished Electronically

EXHIBIT 99

**VALUEVISION MEDIA, INC.
6740 SHADY OAK ROAD
MINNEAPOLIS, MN 55344**

Contact Information:
Heather S. Faulkner
Director of Communications
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Phone: 952-943-6736

VALUEVISION MEDIA ANNOUNCES FINANCIAL RESULTS FOR FIRST QUARTER 2005

FIRST QUARTER RESULTS IN LINE WITH MAY 3RD PRE-RELEASE.

ValueVision Media today announced financial results for its first quarter ended April 30, 2005.

Consolidated net sales for the first quarter were \$156 million, down 2% vs. prior year. Net sales from its core TV and Internet business were \$152 million, up \$0.6 million vs. prior year. Consolidated net loss was \$10.7 million in the first quarter compared to a loss of \$7.9 million last year. EBITDA, as defined below, was a loss of \$6.0 million versus a loss of \$3.4 million one year ago.

The Company recorded a first quarter charge of \$0.4 million related to long-lived asset impairments of FanBuzz, a wholly owned subsidiary. Additionally, ValueVision recorded a first quarter charge of \$0.5 million associated with the elimination of a number of positions primarily at FanBuzz.

EBITDA DEFINED

The Company defines EBITDA as net income (loss) for the respective periods excluding depreciation and amortization expense, interest income (expense), and income taxes. Management views EBITDA as an important alternative operating performance measure because it is commonly used by analysts and institutional investors in analyzing the financial performance of companies in the broadcast and television home shopping sectors. However, EBITDA should not be construed as an alternative to operating income (loss) or to cash flows from operating activities (as determined in accordance with generally accepted accounting principles) and should not be construed as a measure of liquidity. EBITDA, as presented, may not be comparable to similarly entitled measures reported by other companies. Management uses EBITDA to evaluate operating performance and as a measure of performance for incentive compensation purposes.

ABOUT VALUEVISION MEDIA, INC

Founded in 1990, ValueVision Media is an integrated direct marketing company that sells its products directly to consumers through television, the Internet, and direct mail. For more information, please visit www.valuevisionmedia.com or www.shopnbc.com.

FORWARD-LOOKING INFORMATION

This release contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are accordingly subject to uncertainty and changes in circumstances. Actual results may vary materially from the expectations contained herein due to various important factors, including (but not limited to): consumer spending and debt levels; interest rates; competitive pressures on sales, pricing and gross profit margins; the level of cable distribution for the Company's programming and the fees associated therewith; the success of the Company's e-commerce and rebranding initiatives; the performance of its equity investments; the success of its strategic alliances and relationships; the ability of the Company to manage its operating expenses successfully; risks associated with acquisitions; changes in governmental or regulatory requirements; litigation or governmental proceedings affecting the Company's operations; and the ability of the Company to obtain and retain key executives and employees. More detailed information about those factors is set forth in the Company's filings with the Securities and Exchange Commission, including the Company's annual report on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K. The Company is under no obligation (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether as a result of new information, future events or otherwise.

VALUEVISION MEDIA, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands except share and per share data)

	APRIL 30, 2005	JANUARY 31, 2005
	----- (Unaudited)	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 63,682	\$ 62,640
Short-term investments	39,731	37,941
Accounts receivable, net	73,010	79,405
Inventories	59,308	54,903
Prepaid expenses and other	5,490	5,635
	-----	-----
Total current assets	241,221	240,524
PROPERTY AND EQUIPMENT, NET	50,761	52,725
FCC BROADCASTING LICENSE	31,943	31,943
NBC TRADEMARK LICENSE AGREEMENT, NET	17,881	18,687
CABLE DISTRIBUTION AND MARKETING AGREEMENT, NET	3,326	3,550
OTHER INTANGIBLE ASSETS, NET	-	68
INVESTMENTS AND OTHER ASSETS	2,799	2,799
	-----	-----
	\$ 347,931	\$ 350,296
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 59,458	\$ 48,012
Accrued liabilities	37,910	41,062
	-----	-----
Total current liabilities	97,368	89,074
LONG-TERM CAPITAL LEASE OBLIGATIONS	1,212	1,380
SERIES A REDEEMABLE CONVERTIBLE PREFERRED STOCK, \$.01 PAR VALUE, 5,339,500 SHARES AUTHORIZED; 5,339,500 SHARES ISSUED AND OUTSTANDING	43,102	43,030
Shareholders' equity:		
Common stock, \$.01 par value, 100,000,000 shares authorized; 37,094,081 and 37,043,912 shares issued and outstanding	371	370
Warrants to purchase 7,630,583 shares of common stock	46,683	46,683
Additional paid-in capital	264,079	264,005
Deferred compensation	(295)	(353)
Accumulated deficit	(104,589)	(93,893)
	-----	-----
Total shareholders' equity	206,249	216,812
	-----	-----
	\$ 347,931	\$ 350,296
	=====	=====

**VALUEVISION MEDIA, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except share and per share data)

(Unaudited)

	FOR THE THREE MONTHS ENDED APRIL 30,	
	2005	2004
Net sales	\$ 156,163	\$ 159,197
COST OF SALES	103,780	106,113
Gross profit	52,383	53,084
OPERATING EXPENSE:		
Distribution and selling	51,145	50,802
General and administrative	6,610	5,675
Depreciation and amortization	5,291	4,784
Asset impairments	400	--
Employee termination costs	528	--
Total operating expense	63,974	61,261
OPERATING LOSS	(11,591)	(8,177)
OTHER INCOME:		
Other income	255	--
Interest income	646	274
Total other income	901	274
LOSS BEFORE INCOME TAXES	(10,690)	(7,903)
Income tax provision	6	--
NET LOSS	(10,696)	(7,903)
ACCRETION OF REDEEMABLE PREFERRED STOCK	(72)	(71)
NET LOSS AVAILABLE TO COMMON SHAREHOLDERS	\$ (10,768)	\$ (7,974)
NET LOSS PER COMMON SHARE	\$ (0.29)	\$ (0.22)
NET LOSS PER COMMON SHARE ---ASSUMING DILUTION	\$ (0.29)	\$ (0.22)
Weighted average number of common shares outstanding:		
Basic	37,077,473	36,640,477
Diluted	37,077,473	36,640,477

RECONCILIATION OF EBITDA TO NET LOSS:

	FIRST QUARTER 30-APR-05	FIRST QUARTER 30-APR-04
EBITDA (AS DEFINED) (000'S) (A)	\$ (6,045)	\$ (3,393)
=====		
A reconciliation of EBITDA to net loss is as follows:		
EBITDA, as presented	\$ (6,045)	\$ (3,393)
Adjustments:		
Depreciation and amortization	(5,291)	(4,784)
Interest income	646	274
Income taxes	(6)	-
	-----	-----
Net loss	\$ (10,696)	\$ (7,903)
	=====	=====

(a) EBITDA as defined for this statistical presentation represents net income (loss) for the respective periods excluding depreciation and amortization expense, interest income (expense) and income taxes. Previous to the second quarter of fiscal 2004, management defined EBITDA as operating income (loss) excluding depreciation and amortization expense, other non-operating income (expense) and income taxes. The change was made to conform to the more common definition of EBITDA. Management views EBITDA as an important alternative operating performance measure because it is commonly used by analysts and institutional investors in analyzing the financial performance of companies in the broadcast and television home shopping sectors. However, EBITDA should not be construed as an alternative to operating income or to cash flows from operating activities (as determined in accordance with generally accepted accounting principles) and should not be construed as a measure of liquidity. EBITDA, as presented, may not be comparable to similarly entitled measures reported by other companies. Management uses EBITDA to evaluate operating performance and as a measure of performance for incentive compensation purposes.

VALUE VISION MEDIA, INC.
KEY PERFORMANCE METRICS*
(Unaudited)

	Q1 FOR THE THREE MONTHS ENDING 4/30		
	F05 ---	F04 ---	% -
PROGRAM DISTRIBUTION			

Cable FTE's	37,510	35,896	4%
Satellite FTE's	23,325	20,151	16%

Total FTE's (Average 000's)	60,835	56,047	9%
Net Sales per FTE (Annualized)	\$ 9.97	\$ 10.79	-8%
Active Customers - 12 month rolling	770,348	736,370	5%
% New Customers - 12 month rolling	58%	63%	
% Reactivated & Retained - 12 month rolling	42%	37%	
Customer Penetration - 12 month rolling	1.3%	1.3%	
PRODUCT MIX			

Jewelry	58%	65%	
Apparel	5%	5%	
Health & Beauty	4%	3%	
Computer & Electronics	19%	14%	
Fitness	2%	2%	
Home	12%	11%	

Shipped Units (000's)	1,196	1,316	-9%
Average Price Point - shipped units	\$ 183	\$ 168	9%

*Includes ShopNBC TV and ShopNBC.com only.

End of Filing

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