

JONES LANG LASALLE INC
Form 10-Q
October 31, 2012

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 September 30, 2012

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
(State or other jurisdiction of incorporation or organization)

36-4150422
(I.R.S. Employer Identification No.)

200 East Randolph Drive, Chicago, IL
(Address of principal executive offices)

60601
(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 by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such 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, a non-accelerated filer, or a smaller reporting company. See the definitions 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

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

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 outstanding of the registrant's common stock (par value \$0.01) as of the close of business on October 24, 2012 was 44,047,380.

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Part I

Financial Information
Item 1. Financial Statements

JONES LANG LASALLE INCORPORATED

Consolidated Balance Sheets

September 30, 2012 (Unaudited) and December 31, 2011

(\$ in thousands, except share data)

	September 30, 2012 (Unaudited)	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 125,730	184,454
Trade receivables, net of allowances of \$24,523 and \$20,595	858,594	907,772
Notes and other receivables	99,074	97,315
Warehouse receivables	54,140	-
Prepaid expenses	62,513	45,274
Deferred tax assets	50,269	53,553
Other	18,770	12,516
Total current assets	1,269,090	1,300,884
Property and equipment, net of accumulated depreciation of \$342,857 and \$336,377		
	248,036	241,415
Goodwill, with indefinite useful lives	1,816,944	1,751,207
Identified intangibles, net of accumulated amortization of \$108,083 and \$99,801	47,745	52,590
Investments in real estate ventures	295,525	224,854
Long-term receivables	56,881	54,840
Deferred tax assets, net	183,809	186,605
Other	135,980	120,241
Total assets	\$ 4,054,010	3,932,636
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 373,811	436,045
Accrued compensation	480,956	655,658
Short-term borrowings	30,775	65,091
Deferred tax liabilities	6,095	6,044
Deferred income	86,296	58,974
Deferred business acquisition obligations	184,006	31,164
Warehouse facility	54,140	-
Other	97,301	95,641
Total current liabilities	1,313,380	1,348,617

Noncurrent liabilities:		
Credit facility	572,000	463,000
Deferred tax liabilities	7,646	7,646
Deferred compensation	16,087	10,420
Pension liabilities	12,990	17,233
Deferred business acquisition obligations	106,185	267,896
Minority shareholder redemption liability	18,585	18,402
Other	148,286	105,042
Total liabilities	2,195,159	2,238,256
Commitments and contingencies	-	-
Company shareholders' equity:		
Common stock, \$.01 par value per share, 100,000,000 shares authorized; 44,043,059 and 43,470,271 shares issued and outstanding	440	435
Additional paid-in capital	926,114	904,968
Retained earnings	919,184	827,297
Shares held in trust	(7,599)	(7,814)
Accumulated other comprehensive income (loss)	14,834	(33,757)
Total Company shareholders' equity	1,852,973	1,691,129
Noncontrolling interest	5,878	3,251
Total equity	1,858,851	1,694,380
Total liabilities and equity	\$ 4,054,010	3,932,636

See accompanying notes to consolidated financial statements

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JONES LANG LASALLE INCORPORATED

Consolidated Statements of Comprehensive Income (Loss)

For the Three and Nine Months Ended September 30, 2012 and 2011

(\$ in thousands, except share data) (unaudited)

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Revenue	\$ 949,491	903,210	\$ 2,684,126	2,436,368
Operating expenses:				
Compensation and benefits	622,360	602,473	1,752,804	1,608,051
Operating, administrative and other	235,370	207,517	701,731	613,687
Depreciation and amortization	19,089	22,835	58,710	60,500
Restructuring and acquisition charges	6,820	16,031	32,376	22,144
Total operating expenses	883,639	848,856	2,545,621	2,304,382
Operating income	65,852	54,354	138,505	131,986
Interest expense, net of interest income	(9,952)	(9,667)	(24,837)	(27,218)
Equity in earnings from real estate ventures	10,698	514	22,500	2,682
Income before income taxes and noncontrolling interest	66,598	45,201	136,168	107,450
Provision for income taxes	16,916	11,300	34,587	26,863
Net income	49,682	33,901	101,581	80,587
	169	21	603	1,121

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Net income attributable to noncontrolling interest				
Net income attributable to the Company	49,513	33,880	100,978	79,466
Dividends on unvested common stock, net of tax benefit	-	-	(253)	(236)
Net income attributable to common shareholders	\$ 49,513	33,880	\$ 100,725	79,230
Basic earnings per common share	\$ 1.12	0.78	\$ 2.30	1.84
Basic weighted average shares outstanding	44,015,922	43,421,666	43,780,819	43,069,567
Diluted earnings per common share	\$ 1.10	0.76	\$ 2.25	1.79
Diluted weighted average shares outstanding	44,826,502	44,355,453	44,755,817	44,376,796
Other comprehensive income:				
Net income attributable to the Company	\$ 49,513	33,880	\$ 100,978	79,466
Foreign currency translation adjustments	54,924	(63,332)	48,591	(13,208)
Comprehensive income (loss) attributable to the Company	\$ 104,437	(29,452)	\$ 149,569	66,258

See accompanying notes to consolidated financial statements.

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JONES LANG LASALLE INCORPORATED
Consolidated Statement of Changes in Equity
For the Nine Months Ended September 30, 2012
(\$ in thousands, except share data) (unaudited)

	Company Shareholders' Equity							Total Equity
	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Shares Held Trust	Comprehensive Income (Loss)	Other Noncontrolling Interest	
Balances at December 31, 2011	43,470,271	\$ 435	904,968	827,297	(7,814)	(33,757)	3,251	\$ 1,694,380
Net income	—	—	—	100,978	—	—	603	101,581
Shares issued under stock compensation programs	744,259	7	3,483	—	—	—	—	3,490
Shares repurchased for payment of taxes on stock awards	(171,471)	(2)	(11,557)	—	—	—	—	(11,559)
Tax adjustments due to vestings and exercises	—	—	3,438	—	—	—	—	3,438
Amortization of stock compensation	—	—	25,782	—	—	—	—	25,782
Shares held in trust	—	—	—	—	215	—	—	215
Dividends declared, \$0.20 per share	—	—	—	(9,091)	—	—	—	(9,091)
Increase in amounts due to noncontrolling interest	—	—	—	—	—	—	2,024	2,024
	—	—	—	—	—	48,591	—	48,591

Foreign
currency
translation
adjustments

Balances at
September 30,
2012

44,043,059	\$ 440	926,114	919,184	(7,599)	14,834	5,878	\$ 1,858,851
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See accompanying notes to consolidated financial statements.

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JONES LANG LASALLE INCORPORATED
Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2012 and 2011
(\$ in thousands) (unaudited)

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Cash flows used in operating activities:		
Net income	\$ 101,581	80,587
Reconciliation of net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	58,710	60,500
Equity in earnings from real estate ventures	(22,500)	(2,682)
Operating distributions from real estate ventures	7,996	555
Provision for loss on receivables and other assets	10,552	9,457
Amortization of deferred compensation	26,181	24,149
Accretion of interest on deferred business acquisition obligations	11,486	15,214
Amortization of debt issuance costs	3,233	3,307
Change in:		
Receivables	48,300	(16,328)
Prepaid expenses and other assets	(42,358)	(5,754)
Deferred tax assets, net	6,132	29,406
Excess tax benefit from share-based payment arrangements	(3,438)	(17,524)
Accounts payable, accrued liabilities and accrued compensation	(171,587)	(222,062)