

ADESA INC  
Form 10-Q  
May 10, 2006

**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, 2006

Commission File Number **001-32198**

**ADESA, Inc.**

(Exact name of Registrant as specified in its charter)

<b>Delaware</b>	<b>35-1842546</b>
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

**13085 Hamilton Crossing Boulevard  
Carmel, Indiana 46032**

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(800) 923-3725**

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 is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

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 of common stock outstanding as of April 30, 2006:

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Class	Number of Shares Outstanding
Common	89,860,569

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**PART I**  
**FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**ADESA, Inc.**  
**Consolidated Statements of Income**  
*(In millions, except per share data)*  
*(unaudited)*

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2006</b>	<b>2005</b>
Operating revenues		
Auction and related services	<b>\$ 250.4</b>	\$ 213.7
Dealer financing	<b>35.2</b>	29.0
Total operating revenues	<b>285.6</b>	242.7
Operating expenses		
Cost of services (exclusive of depreciation and amortization)	<b>144.2</b>	114.5
Selling, general and administrative	<b>66.9</b>	54.8
Depreciation and amortization	<b>10.8</b>	9.2
Total operating expenses	<b>221.9</b>	178.5
Operating profit	<b>63.7</b>	64.2
Interest expense	<b>7.0</b>	8.1
Other income, net	<b>(1.7 )</b>	(1.5 )
Income from continuing operations before income taxes	<b>58.4</b>	57.6
Income taxes	<b>22.1</b>	22.5
Income from continuing operations	<b>36.3</b>	35.1
(Loss) income from discontinued operations, net of income taxes		(0.1 )
Net income	<b>\$ 36.3</b>	\$ 35.0
Earnings per share - basic		
Income from continuing operations	<b>\$ 0.40</b>	\$ 0.39
(Loss) income from discontinued operations, net of income taxes		
Net income	<b>\$ 0.40</b>	\$ 0.39
Earnings per share - diluted		
Income from continuing operations	<b>\$ 0.40</b>	\$ 0.38
(Loss) income from discontinued operations, net of income taxes		
Net income	<b>\$ 0.40</b>	\$ 0.38
Dividends declared per common share (Note 11)	<b>\$ 0.075</b>	\$ 0.075

See notes to consolidated financial statements

**ADESA, Inc.**  
**Consolidated Balance Sheets**  
*(In millions, except share data)*

	March 31, 2006 <i>(unaudited)</i>	December 31, 2005
<b>Assets</b>		
<b><i>Current assets</i></b>		
Cash and cash equivalents	\$ 238.4	\$ 240.2
Restricted cash	7.1	5.7
Trade receivables, net of allowances of \$4.5 (2006) and \$3.9 (2005)	274.8	188.6
Finance receivables, net of allowances of \$3.2 (2006) and \$2.4 (2005)	241.7	196.7
Retained interests in finance receivables sold	65.8	56.8
Deferred income taxes	20.0	21.6
Other current assets	17.8	14.5
Total current assets	865.6	724.1
<b><i>Other assets</i></b>		
Goodwill	543.2	532.6
Other intangible assets, net of accumulated amortization of \$31.9 (2006) and \$29.8 (2005)	46.6	42.0
Other assets	65.7	50.9
Total other assets	655.5	625.5
Property and equipment, net of accumulated depreciation of \$162.9 (2006) and \$155.2 (2005)	600.7	595.9
Total assets	\$ 2,121.8	\$ 1,945.5

See notes to consolidated financial statements

**ADESA, Inc.**  
**Consolidated Balance Sheets**  
*(In millions, except share data)*

	March 31, 2006 <i>(unaudited)</i>	December 31, 2005
<b>Liabilities and Stockholders Equity</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 415.5	\$ 270.3
Accrued employee benefits and compensation expenses	34.5	35.0
Other accrued expenses	40.7	36.7
Income taxes payable	3.4	3.3
Current maturities of long-term debt	70.0	70.0
Current liabilities of discontinued operations	6.9	6.8
Total current liabilities	571.0	422.1
<b>Non-current liabilities</b>		
Long-term debt	355.0	362.5
Deferred tax liabilities	62.6	63.6
Other liabilities	7.8	7.4
Total non-current liabilities	425.4	433.5
Commitments and contingencies (Note 12)		
<b>Stockholders equity</b>		
Preferred stock, \$0.01 par value:		
Authorized shares: 50,000,000		
Issued shares: none		
Common stock, \$0.01 par value:		
Authorized shares: 500,000,000		
Issued shares: 94,868,104 (2006 and 2005)	1.0	1.0
Additional paid-in capital	670.0	668.3
Retained earnings	510.3	480.7
Treasury stock, at cost:		
Shares: 5,029,663 (2006)		
5,275,585 (2005)	(105.6 )	(110.7 )
Accumulated other comprehensive income	49.7	50.6
Total stockholders equity	1,125.4	1,089.9
Total liabilities and stockholders equity	\$ 2,121.8	\$ 1,945.5

See notes to consolidated financial statements

**ADESA, Inc.**  
**Consolidated Statement of Stockholders Equity**  
*(In millions)*

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
<b>Balance at December 31, 2005</b>	94.9	\$ 1.0	\$ 668.3	\$ 480.7	(\$110.7 )	\$ 50.6	\$ 1,089.9
Comprehensive income:							
Net income							