

MONSTER WORLDWIDE INC
Form 8-K
August 29, 2003

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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): **August 15, 2003**

Monster Worldwide, Inc.

(Exact name of issuer as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

0-21571
(Commission File Number)

13-3906555
(IRS Employer Identification No.)

622 Third Avenue
New York, NY 10017
(Address of Principal Executive Offices)

Registrant's telephone number, including area code (212) 351-7000

None.
(Former address, if changed since last report.)

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

Monster Worldwide, Inc. (the "Company" or the "Registrant") and Ninemsn have agreed to terminate their joint venture arrangement in Australia and New Zealand. The Company has shut down its websites in Australia and New Zealand (Monster.au and Monster.nz) and has redirected all traffic to its Monster.com website. The Company's shut down plan includes employee terminations, client notifications and property abandonment. The Company's shut down plan is substantially complete as of August 15, 2003 (the "Disposition").

This report contains certain forward-looking statements and information relating to the Company that are based on the beliefs of management as well as assumptions made by and information currently available to management. When used in this report, the words "anticipate," "believe," "estimate," "expect," "intend," "plan," or any similar expressions, as they relate to the Company or its management or the management of any of its businesses, are intended to identify forward-looking statements. Such statements reflect the current view of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected, intended or planned. Reference is made in particular to the discussion set forth below in this report and set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2002, for a discussion of some of the risks, uncertainties and assumptions that could cause actual results to differ materially from those described in our forward-looking statements.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

- (a) Financial Statements of Businesses Acquired
None
- (b) Pro Forma Financial Information

The unaudited pro forma consolidated financial information of the Company, included in Item 7(b) of this Report, is based on and should be read in conjunction with the audited consolidated financial statements and notes thereto appearing in the Company's Annual Report on Form 10-K for the year ended December 31, 2002, as adjusted in pro forma presentation on Form 8-K filed April 11, 2003 to reflect the spin-off of Hudson Highland Group, Inc. The accompanying unaudited pro forma condensed consolidated statements of operations for the six months ended June 30, 2003 and the year ended December 31, 2002 have been presented as if the Disposition had been completed as of January 1, 2002. The unaudited pro forma condensed consolidated balance sheet has been presented as if the Disposition had been completed as of June 30, 2002.

In the opinion of management, the accompanying pro forma condensed consolidated financial statements include all material adjustments necessary to reflect, on a pro forma basis, the impact of the Disposition on the historical financial information of the Company. The adjustments are described in the notes to the unaudited pro form condensed consolidated financial information and are set forth in the "Pro Forma Adjustments" column.

The unaudited pro forma condensed consolidated financial information has been presented for informational purposes only and is not indicative of any future results of operations or the results that might have occurred if the disposition had actually been completed on the indicated dates.

MONSTER WORLDWIDE, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
(In thousands, except per share amounts)

JUNE 30, 2003

**PRO FORMA
ADJUSTMENTS**

**PRO FORMA
JUNE 30, 2003**

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ASSETS

Current assets:

| | | | |
|-----------------------------|---------------------|-----------------|---------------------|
| Cash and cash equivalents | \$ 118,772 | \$ (87)(A) | \$ 118,685 |
| Accounts receivable, net | 316,036 | (1,103)(A) | 314,933 |
| Work-in-process | 21,700 | | 21,700 |
| Prepaid and other | 56,054 | 983(A),(B) | 57,037 |
| Total current assets | 512,562 | (207) | 512,355 |
| Property and equipment, net | 86,307 | (143)(A) | 86,164 |
| Goodwill | 398,895 | | 398,895 |
| Intangibles, net | 16,878 | | 16,878 |
| Other assets | 21,143 | (61)(A) | 21,082 |
| | \$ 1,035,785 | \$ (411) | \$ 1,035,374 |

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

| | | | |
|--|----------------|--------------------------|----------------|
| Accounts payable, accrued expenses and other current liabilities | \$ 408,009 | \$ (626)(A) 1,975 (B) | \$ 409,358 |
| Accrued integration and restructuring costs | 7,548 | | 7,548 |
| Accrued business reorganization and spin-off costs | 48,372 | | 48,372 |
| Deferred revenue | 138,893 | (564)(A) | 138,329 |
| Current portion of long-term debt | 3,028 | | 3,028 |
| Total current liabilities | 605,850 | 785 | 606,635 |
| Long-term debt, less current portion | 15,803 | | 15,803 |
| Minority interests and other long-term liabilities | 14,296 | (5,587)(C) | 8,709 |
| Total liabilities | 635,949 | (4,802) | 631,147 |

Stockholders' equity:

| | | | |
|--|---------------------|-----------------|---------------------|
| Preferred stock, \$.001 par value, authorized 800 shares; issued and outstanding: none | | | |
| Common stock, \$.001 par value, authorized 1,500,000 shares; Issued: 108,179 shares; outstanding: 107,252 shares | 108 | | 108 |
| Class B common stock, \$.001 par value, authorized 39,000 shares; issued and outstanding: 4,762 shares | 5 | | 5 |
| Additional paid-in capital | 954,171 | 5,587 (C) | 959,758 |
| Accumulated other comprehensive income | 39,595 | 1,126 (A) | 40,721 |
| Retained deficit | (584,201) | (2,322)(B),(D) | (586,523) |
| Treasury stock, at cost; 927 shares | (9,842) | | (9,842) |
| Total stockholders' equity | 399,836 | 4,391 | 404,227 |
| | \$ 1,035,785 | \$ (411) | \$ 1,035,374 |

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See accompanying notes to unaudited pro forma condensed consolidated financial information.

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MONSTER WORLDWIDE, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands, except per share amounts)

| | SIX MONTHS ENDED JUNE 30, 2003 | PRO FORMA ADJUSTMENTS (E) | PRO FORMA SIX MONTHS ENDED JUNE 30, 2003 |
|--|--------------------------------------|---------------------------------|--|
| Revenue | \$ 336,075 | \$ (863) | \$ 335,212 |
| Salaries and related | 155,574 | (1,432) | 154,142 |
| Office and general | 80,944 | (548) | 80,396 |
| Marketing and promotion | 67,567 | (1,257) | 66,310 |
| Business reorganization, spin-off and other special charges | 47,878 | 46 | 47,924 |
| Amortization of intangibles | 1,213 | | 1,213 |
| Total operating expenses | 353,176 | (3,191) | 349,985 |
| Operating loss | (17,101) | 2,328 | (14,773) |
| Interest and other, net | (1,081) | 247 | (834) |
| Loss from continuing operations before provision for income taxes and minority interests | (18,182) | 2,575 | (15,607) |
| Provision for income taxes | 1,648 | | 1,648 |
| Loss from continuing operations before minority interests | (19,830) | 2,575 | (17,255) |
| Minority interests | (1,124) | 1,288 | 164 |
| Loss from continuing operations | \$ (18,706) | \$ 1,287 | \$ (17,419) |
| Basic and diluted loss per share: | | | |
| Loss from continuing operations | \$ (0.17) | | \$ (0.16) |
| Weighted average shares outstanding: | | | |
| Basic and diluted | 111,661 | | 111,661 |

See accompanying notes to unaudited pro forma condensed consolidated financial information.

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MONSTER WORLDWIDE, INC.
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

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(In thousands, except per share amounts)

| | YEAR ENDED DECEMBER 31, 2002 | PRO FORMA ADJUSTMENTS (E) | PRO FORMA YEAR ENDED DECEMBER 31, 2002 |
|---|------------------------------------|---------------------------------|--|
| Revenue | \$ 702,757 | \$ (2,217) | \$ 700,540 |
| Salaries and related | 315,632 | (2,499) | 313,133 |
| Office and general | 159,091 | (1,470) | 157,621 |
| Marketing and promotion | 128,269 | (1,236) | 127,033 |
| Merger and integration | 3,178 | | 3,178 |
| Business reorganization, spin-off and other special charges | 104,815 | (995) | 103,820 |
| Amortization of intangibles | 2,405 | | 2,405 |
| Total operating expenses | 713,390 | (6,200) | 707,190 |
| Operating loss | (10,633) | 3,983 | (6,650) |
| Interest and other, net | 882 | 342 | 1,224 |
| Loss from continuing operations before provision (benefit) for income taxes, minority interests and accounting change | (9,751) | 4,325 | (5,426) |
| Provision (benefit) for income taxes | 9,220 | 629 | 9,849 |
| Loss from continuing operations before minority interests and accounting change | (18,971) | 3,696 | (15,275) |
| Minority interests | (2,216) | 1,848 | (368) |
| Loss from continuing operations before accounting change | \$ (16,755) | \$ 1,848 | \$ (14,907) |
| Basic and diluted loss per share: | | | |
| Loss from continuing operations before accounting change | \$ (0.15) | | \$ (0.13) |
| Weighted average shares outstanding: | | | |
| Basic and diluted | 111,339 | | 111,339 |

See accompanying notes to unaudited pro forma condensed consolidated financial information.

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

See introduction to pro forma financial information on page 2. The pro forma unaudited condensed consolidated balance sheet was prepared assuming the disposition occurred as of June 30, 2003 and included "Pro Forma Adjustments" as follows:

(A)

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To record the disposition of assets and liabilities relating to the Company's terminated joint venture arrangement in Australia and New Zealand.

- (B) Represents estimated shut-down costs, less amounts to be reimbursed by Ninemsn. Such costs include estimated severance payments of \$900,000, property costs of \$993,000 and amounts refundable to customers of \$82,000. Ninemsn has agreed to pay approximately 50% of the shut down costs, or approximately \$987,500. The Company is not obligated to repay any prior capital contributions to Ninemsn.
- (C) To record the forgiveness of minority liabilities by Ninemsn in connection with the termination of the joint venture.
- (D) To record the loss on abandonment of net assets as follows:

| | | |
|--------------------------------------|----|--------------|
| Prepaid and other | \$ | 5 |
| Property and equipment, net | | 143 |
| Other assets | | 61 |
| Accumulated other comprehensive loss | | 1,126 |
| | | <u>1,335</u> |
| | \$ | <u>1,335</u> |

The pro forma unaudited condensed consolidated statement of operations for the six months ended June 30, 2003 and the year ended December 31, 2002 have been presented as if the disposition was completed as of January 1, 2002. This statement includes "Pro Forma Adjustments" as follows:

- (E) To reclassify the operations of the Company's terminated joint venture arrangement in connection with the disposition as discontinued operations.
- (c) Exhibits.

2.1

Deed of Termination of Monster.com Australia and New Zealand Joint Venture, by and among, the Company, TMP Worldwide Pty Limited, Monster.com Asia Pacific Pty Limited, Ninemsn Investments Pty Limited, Monster.com A&NZ Pty Ltd. and Ecorp Limited.

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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: August 28, 2003

MONSTER WORLDWIDE, INC.

By: /s/ MICHAEL SILECK

Michael Sileck, Chief Financial Officer

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[MONSTER WORLDWIDE, INC. UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET \(In thousands, except per share amounts\)](#)

[MONSTER WORLDWIDE, INC. UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS \(In thousands, except per share amounts\)](#)

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