

INNERWORKINGS INC

FORM 8-K

(Current report filing)

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| Address | 600 WEST CHICAGO SUITE 750 CHICAGO, IL 60610 |
| Telephone | 312-642-3700 |
| CIK | 0001350381 |
| Symbol | INWK |
| SIC Code | 2790 - Service Industries For The Printing Trade |
| Industry | Printing Services |
| Sector | Services |

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

Date of Report (Date of earliest event reported): May 6, 2010

INNERWORKINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-52170
(Commission
File Number)

20-5997364
(I.R.S. Employer
Identification No.)

600 West Chicago Avenue
Suite 850
Chicago, Illinois
(Address of principal executive offices)

(312) 642-3700
(Registrant's telephone number,
including area code)

60654
(Zip Code)

N/A
(Former name or former address, if
changed since last report)

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:

- 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))
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Item 2.02 Results of Operations and Financial Condition.*

On May 6, 2010 , InnerWorkings, Inc. issued a press release announcing financial results for its fiscal quarter ended March 31, 2010. A copy of the press release is attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits:*

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|-----------------------------------|
| 99.1* | Press Release dated May 6, 2010 . |

*The information furnished under Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, is being furnished and shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

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.

INNERWORKINGS, INC.

Dated: May 6, 2010

By: /s/ Joseph M. Busky

Name: Joseph M. Busky

Title: Chief Financial Officer

Exhibit Index

| Exhibit No. | Description |
|--------------------|-----------------------------------|
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InnerWorkings Announces First Quarter 2010 Results

Seven Enterprise Wins; Strong Revenue Reflects 19% Year-Over-Year Growth

Chicago, IL, May 6, 2010 – InnerWorkings, Inc. (NASDAQ: INWK), a leading global provider of managed print and promotional solutions, today reported results for the three months ended March 31, 2010.

Quarterly Highlights:

- Revenue generated during the first quarter was \$112.2 million, an organic increase of 19% compared with the first quarter of 2009.
- Earnings per share for the first quarter were \$0.05 per diluted share, including \$0.01 from the sale of Echo Global Logistics stock, vs. \$0.01 per diluted share in Q1 of 2009.
- Enterprise revenue in the first quarter increased 28% vs. the first quarter of 2009 to \$78.5 million.
- Seven new enterprise contracts were signed during the quarter, including agreements with Hertz, SiriusXM and Junior Achievement.
- Cash flow generated from operations was \$4.2 million in the first quarter vs. \$7.7 million in the first quarter of 2009.
- Adjusted EBITDA increased from \$3.3 million in the first quarter of 2009 to \$5.5 million in the first quarter of 2010. Please refer to the non-GAAP reconciliation table below for more information.

“We generated healthy sales growth during the first quarter driven primarily by our new enterprise wins ramping to plan while also receiving a slight lift from an increase in same customer spends,” said Eric D. Belcher, Chief Executive Officer of InnerWorkings. “We are pleased that our new growth strategy is beginning to produce improved results for the Company.”

Additional first quarter 2010 financial and operational highlights include the following:

- For the first quarter of 2010, 70 percent of the Company’s revenue was generated from sales to enterprise clients, with the remaining 30 percent derived from transactional clients.
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- As of March 31, 2010, the Company had an outstanding balance of \$46.5 million on its \$75.0 million bank credit facility and had cash and short-term investments of \$27.4 million.

Outlook

The Company is reaffirming its previously stated 2010 guidance, including a revenue range of \$440 million to \$470 million and an earnings per share range of \$0.24 to \$0.29.

"The Company's recent performance coupled with our strong position in the printing industry continues to provide us with exciting market opportunities," said Joseph M. Busky, Chief Financial Officer of InnerWorkings. "While we are cautiously optimistic about our customers' increasing print spends, the Company will continue to manage expenses prudently while seeking to optimize our resources and deliver a strong return on invested capital."

Conference Call

A conference call will be broadcast live on Thursday, May 6, 2010, at 4:30 p.m. Central Time (5:30 p.m. Eastern Time). The live webcast discussion, which will include a Q&A session, will be hosted by Eric D. Belcher, Chief Executive Officer, and Joseph M. Busky, Chief Financial Officer. Interested parties are invited to listen to the live webcast by visiting the Investor "Events & Presentations" section of InnerWorkings' website at www.inwk.com. A replay of the webcast will be available later that day in the same section of the website.

About InnerWorkings, Inc.

InnerWorkings, Inc. (NASDAQ: INWK) is a leading global provider of managed print and promotional solutions to corporate clients across a wide range of industries. With proprietary technology, an extensive supplier network and domain expertise, the Company procures, manages and delivers printed materials and promotional products as part of a comprehensive outsourced enterprise solution. The Company is based in Chicago with other offices in the United States and in the United Kingdom. For more information on InnerWorkings, visit: www.inwk.com.

Non-GAAP Financial Measures

This press release includes the following financial measure defined as a "non-GAAP financial measure" by the Securities and Exchange Commission: adjusted EBITDA. This measure may be different from non-GAAP financial measures used by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with generally accepted accounting principles. For a reconciliation of this non-GAAP financial measure to the nearest comparable GAAP measure, see "Reconciliation of Adjusted EBITDA" included in this press release.

Forward-Looking Statements

This release contains statements relating to future results. These statements are forward-looking statements under the federal securities laws. We can give no assurance that any future results discussed in these statements will be achieved. Any forward-looking statements represent our views only as of today and should not be relied upon as representing our views as of any subsequent date. These statements are subject to a variety of risks and uncertainties that could cause our actual results to differ materially from the statements contained in this release. For a discussion of important factors that could affect our actual results, please refer to our SEC filings, including the “Risk Factors” section of our most recently filed Form 10-K.

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Consolidated Statements of Income
(Unaudited)

| | Three Months Ended March | |
|---|---------------------------------|----------------------------|
| | 31, | |
| | 2009 | 2010 |
| Revenue | \$ 94,277,433 | \$ 112,212,546 |
| Cost of goods sold | 71,267,277 | 85,280,016 |
| Gross profit | <u>23,010,156</u> | <u>26,932,530</u> |
| Operating expenses: | | |
| Selling, general, and administrative expenses | 20,619,116 | 22,004,424 |
| Depreciation and amortization | <u>1,495,375</u> | <u>2,117,625</u> |
| Income from operations | 895,665 | 2,810,481 |
| Total other income (expense) | <u>(492,101)</u> | <u>525,099</u> |
| Income before taxes | 403,564 | 3,335,580 |
| Income tax expense | <u>155,153</u> | <u>1,167,453</u> |
| Net income | <u><u>\$ 248,411</u></u> | <u><u>\$ 2,168,127</u></u> |
| Basic earnings per share | \$ 0.01 | \$ 0.05 |
| Diluted earnings per share | \$ 0.01 | \$ 0.05 |
| Weighted average shares outstanding, basic | 45,399,786 | 45,652,208 |
| Weighted average shares outstanding, diluted | 47,034,006 | 47,406,736 |

Consolidated Balance Sheets

| | December 31, 2009 | March 31, 2010 |
|---|----------------------------------|---------------------------|
| | <u> </u> | <u> </u> |
| | | (Unaudited) |
| Balance Sheet Data | | |
| Cash and cash equivalents | \$ 2,903,906 | \$ 7,368,974 |
| Short-term investments | 23,541,199 | 20,019,260 |
| Accounts receivable, net of allowance for doubtful accounts | 72,565,814 | 82,293,183 |
| Unbilled revenue | 20,189,900 | 21,428,365 |
| Inventories | 8,749,266 | 8,137,572 |
| Prepaid expenses | 11,399,560 | 10,930,409 |
| Other current assets | 7,391,905 | 7,441,418 |
| Total long-term assets | <u>120,416,506</u> | <u>118,832,228</u> |
| Total assets | <u>\$ 267,158,056</u> | <u>\$ 276,451,409</u> |
| | | |
| Accounts payable-trade | \$ 53,915,750 | \$ 64,080,970 |
| Other current liabilities | 16,717,920 | 15,178,112 |
| Revolving credit facility | 46,384,586 | 46,476,689 |
| Other long-term liabilities | 3,089,784 | 1,489,669 |
| Total stockholders' equity | <u>147,050,016</u> | <u>149,225,969</u> |
| Total liabilities and stockholders' equity | <u>\$ 267,158,056</u> | <u>\$ 276,451,409</u> |

**Cash Flow Data
(Unaudited)**

| | Three Months Ended March 31, | |
|--|-------------------------------------|---------------------|
| | 2009 | 2010 |
| Net cash provided by operating activities | \$ 7,653,405 | \$ 4,213,913 |
| Net cash provided by (used in) investing activities | (6,138,780) | 190,762 |
| Net cash provided by (used in) financing activities | (477,393) | 75,827 |
| Effect of exchange rate changes on cash and cash equivalents | (137,770) | (15,434) |
| Increase in cash and cash equivalents | 899,462 | 4,465,068 |
| Cash and cash equivalents, beginning of period | 4,011,855 | 2,903,906 |
| Cash and cash equivalents, end of period | <u>\$ 4,911,317</u> | <u>\$ 7,368,974</u> |

Reconciliation of Adjusted EBITDA

| | Three Months Ended March 31, | |
|-------------------------------|-------------------------------------|--------------------|
| | 2009 | 2010 |
| Operating Income | \$ 895,665 | \$2,810,481 |
| Depreciation and amortization | 1,495,375 | 2,117,625 |
| Stock based compensation | 919,755 | 561,018 |
| Adjusted EBITDA | <u>\$3,310,795</u> | <u>\$5,489,124</u> |

Contact:

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