

Edgar Filing: Live Nation Entertainment, Inc. - Form 10-Q

Live Nation Entertainment, Inc.
Form 10-Q
August 10, 2015

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 June 30, 2015

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 001-32601

LIVE NATION ENTERTAINMENT, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)
9348 Civic Center Drive
Beverly Hills, CA 90210
(Address of principal executive offices, including zip code)
(310) 867-7000
(Registrant's telephone number, including area code)

20-3247759
(I.R.S. Employer Identification No.)

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 shorter 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.

Large accelerated filer Accelerated filer 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

On August 4, 2015, there were 202,362,219 outstanding shares of the registrant's common stock, \$0.01 par value per share, including 938,389 shares of unvested restricted stock awards and excluding 408,024 shares held in treasury.

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GLOSSARY OF KEY TERMS

AOCI	Accumulated other comprehensive income (loss)
AOI	Adjusted operating income (loss)
Company	Live Nation Entertainment, Inc. and subsidiaries
FASB	Financial Accounting Standards Board
GAAP	United States Generally Accepted Accounting Principles
Live Nation	Live Nation Entertainment, Inc. and subsidiaries
SEC	United States Securities and Exchange Commission
	For periods prior to May 6, 2010, Ticketmaster means Ticketmaster Entertainment LLC and its predecessor companies (including without limitation Ticketmaster Entertainment, Inc.); for periods on and after May 6, 2010, Ticketmaster means the Ticketmaster ticketing business of the Company
Ticketmaster	

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

LIVE NATION ENTERTAINMENT, INC.

CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

	June 30, 2015	December 31, 2014 (as adjusted)
	(in thousands)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,525,819	\$ 1,382,029
Accounts receivable, less allowance of \$18,671 and \$17,489, respectively	524,227	419,301
Prepaid expenses	655,805	440,272
Other current assets	46,897	26,089
Total current assets	2,752,748	2,267,691
Property, plant and equipment		
Land, buildings and improvements	816,708	808,116
Computer equipment and capitalized software	456,949	454,925
Furniture and other equipment	228,297	209,624
Construction in progress	107,751	78,111
	1,609,705	1,550,776
Less accumulated depreciation	907,942	855,439
	701,763	695,337
Intangible assets		
Definite-lived intangible assets, net	785,086	682,713
Indefinite-lived intangible assets	369,522	369,480
Goodwill	1,619,123	1,479,037
Other long-term assets	485,274	474,103
Total assets	\$ 6,713,516	\$ 5,968,361
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable, client accounts	\$ 722,720	\$ 658,108
Accounts payable	86,087	74,151
Accrued expenses	635,490	675,880
Deferred revenue	1,201,446	543,122
Current portion of long-term debt, net	57,289	47,443
Other current liabilities	24,248	12,035
Total current liabilities	2,727,280	2,010,739
Long-term debt, net	1,973,173	1,995,957
Long-term deferred income taxes	194,607	196,759
Other long-term liabilities	128,346	112,204
Commitments and contingent liabilities		
Redeemable noncontrolling interests	245,545	168,855
Stockholders' equity		
Common stock	2,016	2,004
Additional paid-in capital	2,430,002	2,414,428
Accumulated deficit	(1,085,826)	(1,042,603)
Cost of shares held in treasury	(6,865)	(6,865)

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Accumulated other comprehensive loss	(87,931) (70,010)
Total Live Nation stockholders' equity	1,251,396	1,296,954	
Noncontrolling interests	193,169	186,893	
Total equity	1,444,565	1,483,847	
Total liabilities and equity	\$6,713,516	\$5,968,361	

See Notes to Consolidated Financial Statements

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CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
	(in thousands except share and per share data)			
Revenue	\$ 1,765,777	\$ 1,665,785	\$ 2,886,089	\$ 2,793,101
Operating expenses:				
Direct operating expenses	1,279,099	1,184,696	2,000,388	1,915,847
Selling, general and administrative expenses	326,839	325,925	641,384	628,330
Depreciation and amortization	88,571	76,219	173,112	158,807
Gain on disposal of operating assets	(76) (3,787) (37) (3,281
Corporate expenses	26,342	25,717	50,702	46,891
Acquisition transaction expenses	2,757	1,329	2,230	