

Clear Channel Outdoor Holdings, Inc.
Form 10-Q
July 30, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED June 30, 2015

☐ 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 32663

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware

86-0812139

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification No.)

200 East Basse Road, Suite 100

78209

Delaware

86-0812139 1

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San Antonio, Texas

(Zip Code)

(Address of principal executive offices)

(210) 832-3700

(Registrant's telephone number, including area code)

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 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 ☐ 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 ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 28, 2015
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Class A Common Stock, \$.01 par value	46,381,597
Class B Common Stock, \$.01 par value	315,000,000

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

INDEX

	Page No.
Part I -- Financial Information	
Item 1. <u>Financial Statements</u>	<u>1</u>
<u>Consolidated Balance Sheets as of June 30, 2015 and December 31, 2014</u>	<u>1</u>
<u>Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2015 and 2014</u>	<u>2</u>
<u>Consolidated Statements of Cash Flows for the six months ended June 30, 2015 and 2014</u>	<u>3</u>
<u>Notes to Consolidated Financial Statements</u>	<u>4</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>20</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>32</u>
Item 4. <u>Controls and Procedures</u>	<u>33</u>
Part II -- Other Information	
Item 1. <u>Legal Proceedings</u>	<u>34</u>
Item 1A. <u>Risk Factors</u>	<u>34</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>35</u>
Item 3. <u>Defaults Upon Senior Securities</u>	<u>35</u>
Item 4. <u>Mine Safety Disclosures</u>	<u>35</u>
Item 5. <u>Other Information</u>	<u>35</u>
Item 6. <u>Exhibits</u>	<u>35</u>
<u>Signatures</u>	<u>37</u>

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

**CONSOLIDATED BALANCE SHEETS
CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND
SUBSIDIARIES**

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<i>(In thousands)</i>	June 30, 2015 (Unaudited)	December 31, 2014
CURRENT ASSETS		
Cash and cash equivalents	\$ 129,883	\$ 186,204
Accounts receivable, net of allowance of \$22,978 in 2015 and \$24,308 in 2014	711,862	697,811
Prepaid expenses	143,492	134,041
Other current assets	70,493	61,893
Total Current Assets	1,055,730	1,079,949
PROPERTY, PLANT AND EQUIPMENT		
Structures, net	1,542,361	1,614,199
Other property, plant and equipment, net	267,586	291,452
INTANGIBLE ASSETS AND GOODWILL		
Indefinite-lived intangibles	1,065,978	1,066,748
Other intangibles, net	382,840	412,064
Goodwill	807,460	817,112
OTHER ASSETS		
Due from iHeartCommunications	936,931	947,806
Other assets	129,472	133,081
Total Assets	\$ 6,188,358	\$ 6,362,411
CURRENT LIABILITIES		
Accounts payable	\$ 69,678	\$ 75,915
Accrued expenses	464,325	543,818
Deferred income	132,555	94,635
Current portion of long-term debt	2,573	3,461
Total Current Liabilities	669,131	717,829
Long-term debt	4,927,997	4,930,468
Deferred tax liability	618,071	620,255
Other long-term liabilities	236,504	234,800
Commitments and Contingent liabilities (Note 4)		
SHAREHOLDERS' DEFICIT		
Noncontrolling interest	182,773	203,334
Preferred stock, \$.01 par value, 150,000,000 shares authorized, no shares issued and outstanding	-	-
Class A common stock, \$.01 par value, 750,000,000 shares authorized, 46,598,129 and 45,231,282 shares issued in 2015 and 2014, respectively	466	452
Class B common stock, \$.01 par value, 600,000,000 shares authorized, 315,000,000 shares issued and outstanding	3,150	3,150
Additional paid-in capital	4,174,654	4,167,233
Accumulated deficit	(4,204,673)	(4,172,565)
Accumulated other comprehensive loss	(417,644)	(341,353)
Cost of shares (229,943 in 2015 and 140,702 in 2014) held in treasury	(2,071)	(1,192)
Total Shareholders' Deficit	(263,345)	(140,941)
Total Liabilities and Shareholders' Deficit	\$ 6,188,358	\$ 6,362,411

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES

(UNAUDITED)

(In thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenue	\$ 722,819	\$ 781,205	\$ 1,337,862	\$ 1,416,456
Operating expenses:				
Direct operating expenses (excludes depreciation and amortization)	372,342	413,144	735,313	794,657
Selling, general and administrative expenses (excludes depreciation and amortization)	132,522	140,271	259,652	273,221
Corporate expenses (excludes depreciation and amortization)	30,154	33,333	58,907	64,030
Depreciation and amortization	93,405	98,726	187,499	197,467
Other operating income (expense), net	659	247	(4,785)	2,901
Operating income	95,055	95,978	91,706	89,982
Interest expense	88,556	88,212	177,972	177,473
Interest income on Due from iHeartCommunications	15,049	15,227	30,302	29,900
Equity in earnings (loss) of nonconsolidated affiliates	(351)	327	171	(409)
Other income, net	15,276	11,983	35,214	13,880
Income (loss) before income taxes	36,473	35,303	(20,579)	(44,120)
Income tax benefit (expense)	(27,187)	24,820	(3,088)	7,875
Consolidated net income (loss)	9,286	60,123	(23,667)	(36,245)
Less amount attributable to noncontrolling interest	7,876	9,086	8,441	9,588
Net income (loss) attributable to the Company	\$ 1,410	\$ 51,037	\$ (32,108)	\$ (45,833)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	2,900	(12,025)	(78,587)	(16,562)
Unrealized holding gain (loss) on marketable securities	(133)	(405)	689	679
Other adjustments to comprehensive income (loss)	-	-	(1,154)	-
Other comprehensive income (loss)	2,767	(12,430)	(79,052)	(15,883)
Comprehensive income (loss)	4,177	38,607	(111,160)	(61,716)
Less amount attributable to noncontrolling interest	(5,060)	(554)	(2,761)	(3,451)

See Notes to Consolidated Financial Statements

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Comprehensive income (loss) attributable to the Company	\$	9,237	\$	39,161	\$	(108,399)	\$	(58,265)
Net income (loss) attributable to the Company per common share:								
Basic	\$	0.00	\$	0.14	\$			