

SINCLAIR BROADCAST GROUP INC

Form 10-Q

August 07, 2015

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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

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: 000-26076

SINCLAIR BROADCAST GROUP, INC.
(Exact name of Registrant as specified in its charter)

Maryland
(State or other jurisdiction of
Incorporation or organization)

52-1494660
(I.R.S. Employer Identification No.)

10706 Beaver Dam Road
Hunt Valley, Maryland 21030
(Address of principal executive office, zip code)

(410) 568-1500
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report)

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 file).

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 definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (check one):

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 share outstanding of each of the issuer's classes of common stock as of the latest practicable date.

Title of each class	Number of shares outstanding as of July 31, 2015
Class A Common Stock	69,566,025
Class B Common Stock	25,928,357

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FOR THE QUARTER ENDED June 30, 2015

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data) (Unaudited)

	As of June 30, 2015	As of December 31, 2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$64,579	\$17,682
Accounts receivable, net of allowance for doubtful accounts of \$4,500 and \$4,246, respectively	384,570	383,503
Current portion of program contract costs	44,538	88,198
Income taxes receivable	—	3,314
Prepaid expenses and other current assets	41,661	21,338
Deferred barter costs	8,451	5,626
Assets held for sale	—	6,504
Total current assets	543,799	526,165
ASSETS HELD FOR SALE	1,843	8,817
PROGRAM CONTRACT COSTS, less current portion	24,013	38,531
PROPERTY AND EQUIPMENT, net	741,854	752,538
RESTRICTED CASH	1,500	—
GOODWILL	1,951,302	1,964,553
BROADCAST LICENSES	130,915	135,075
DEFINITE-LIVED INTANGIBLE ASSETS, net	1,792,919	1,818,263
OTHER ASSETS	192,836	166,386
Total assets (a)	\$5,380,981	\$5,410,328
LIABILITIES AND EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	\$17,844	\$12,248
Accrued liabilities	218,395	246,123
Income taxes payable	18,691	—
Current portion of notes payable, capital leases and commercial bank financing	61,935	113,116
Current portion of notes and capital leases payable to affiliates	2,881	2,625
Current portion of program contracts payable	62,311	104,922
Deferred barter revenues	8,135	5,806
Deferred tax liabilities	6,689	6,689
Liabilities held for sale	—	2,477
Total current liabilities	396,881	494,006
LONG-TERM LIABILITIES:		
Notes payable, capital leases and commercial bank financing, less current portion	3,808,085	3,754,822
Notes payable and capital leases to affiliates, less current portion	16,775	16,309
Program contracts payable, less current portion	49,586	60,605
Deferred tax liabilities	584,883	602,243
Other long-term liabilities	78,512	77,000
Total liabilities (a)	4,934,722	5,004,985
COMMITMENTS AND CONTINGENCIES (See Note 6)		
EQUITY:		

SINCLAIR BROADCAST GROUP SHAREHOLDERS' EQUITY:

Class A Common Stock, \$.01 par value, 500,000,000 shares authorized, 69,535,162 and 69,578,899 shares issued and outstanding, respectively	695	696	
Class B Common Stock, \$.01 par value, 140,000,000 shares authorized, 25,928,357 and 25,928,357 shares issued and outstanding, respectively, convertible into Class A Common Stock	259	259	
Additional paid-in capital	981,607	979,202	
Accumulated deficit	(507,215) (545,820)
Accumulated other comprehensive loss	(6,287) (6,455)
Total Sinclair Broadcast Group shareholders' equity	469,059	427,882	
Noncontrolling interests	(22,800) (22,539)
Total equity	446,259	405,343	
Total liabilities and equity	\$5,380,981	\$5,410,328	

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Our consolidated total assets as of June 30, 2015 and December 31, 2014 include total assets of variable interest entities (VIEs) of \$155.3 million and \$163.3 million, respectively, which can only be used to settle the obligations (a) of the VIEs. Our consolidated total liabilities as of June 30, 2015 and December 31, 2014 include total liabilities of the VIEs of \$28.8 million and \$30.0 million, respectively, for which the creditors of the VIEs have no recourse to us. See Note 1. Summary of Significant Accounting Policies.

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SINCLAIR BROADCAST GROUP, INC.
 CONSOLIDATED STATEMENTS OF OPERATIONS
 (In thousands, except per share data) (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
REVENUES:				
Station broadcast revenues, net of agency commissions	\$502,338	\$404,151	\$966,501	\$778,032
Revenues realized from station barter arrangements	30,373			