

LAMAR ADVERTISING CO/NEW
Form 10-Q
August 08, 2017

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, 2017

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 1-36756

Lamar Advertising Company

Commission File Number 1-12407

Lamar Media Corp.

(Exact name of registrants as specified in their charters)

Delaware	72-1449411
Delaware	72-1205791
(State or other jurisdiction of incorporation or organization)	(I.R.S Employer Identification No.)

5321 Corporate Blvd., Baton Rouge, LA	70808
(Address of principal executive offices)	(Zip Code)

Registrants' telephone number, including area code: (225) 926-1000

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Indicate by check mark whether each 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 each registrant has submitted electronically and posted on their corporate web sites, 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 Lamar Advertising Company is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer”, “accelerated filer”, “smaller reporting company” and “emerging growth 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
Emerging growth company	

If an emerging growth company, indicate by check mark if Lamar Advertising Company has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether Lamar Media Corp. is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer”, “accelerated filer”, “smaller reporting company” and “emerging growth 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
Emerging growth company	

If an emerging growth company, indicate by check mark if Lamar Media Corp. has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether Lamar Advertising Company is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes No

Indicate by check mark whether Lamar Media Corp. is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes No

The number of shares of Lamar Advertising Company’s Class A common stock outstanding as of July 27, 2017: 83,613,629

The number of shares of the Lamar Advertising Company’s Class B common stock outstanding as of July 27, 2017: 14,420,085

The number of shares of Lamar Media Corp. common stock outstanding as of July 27, 2017: 100

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This combined Form 10-Q is separately filed by (i) Lamar Advertising Company and (ii) Lamar Media Corp. (which is a wholly owned subsidiary of Lamar Advertising Company). Lamar Media Corp. meets the conditions set forth in general instruction H(1) (a) and (b) of Form 10-Q and is, therefore, filing this form with the reduced disclosure format permitted by such instruction.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain information included in this report is forward-looking in nature within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. This report uses terminology such as “anticipates,” “believes,” “plans,” “expects,” “future,” “intends,” “may,” “will,” “should,” “estimates,” “predicts,” “potential,” similar expressions to identify forward-looking statements. Examples of forward-looking statements in this report include statements about:

- our future financial performance and condition;
- our business plans, objectives, prospects, growth and operating strategies;
- our future capital expenditures and level of acquisition activity;
- market opportunities and competitive positions;
- our future cash flows and expected cash requirements;
- estimated risks;
- our ability to maintain compliance with applicable covenants and restrictions included in Lamar Media’s senior credit facility and the indentures relating to its outstanding notes;
- stock price;
- estimated future dividend distributions; and
- our ability to remain qualified as a Real Estate Investment Trust (“REIT”).

Forward-looking statements are subject to known and unknown risks, uncertainties and other important factors, including but not limited to the following, any of which may cause the actual results, performance or achievements of Lamar Advertising Company (referred to herein as the “Company” or “Lamar Advertising”) or Lamar Media Corp. (referred to herein as “Lamar Media”) to differ materially from those expressed or implied by the forward-looking statements:

- the state of the economy and financial markets generally and their effects on the markets in which we operate and the broader demand for advertising;
 - the levels of expenditures on advertising in general and outdoor advertising in particular;
- risks and uncertainties relating to our significant indebtedness;
- the demand for outdoor advertising and its continued popularity as an advertising medium;
- our need for, and ability to obtain, additional funding for acquisitions, operations and debt refinancing;
- increased competition within the outdoor advertising industry;
- the regulation of the outdoor advertising industry by federal, state and local governments;
- our ability to renew expiring contracts at favorable rates;
- the integration of businesses that we acquire and our ability to recognize cost savings and operating efficiencies as a result of these acquisitions;
- our ability to successfully implement our digital deployment strategy;
- the market for our Class A common stock;
- changes in accounting principles, policies or guidelines;
- our ability to effectively mitigate the threat of and damages caused by hurricanes and other kinds of severe weather;
- our ability to qualify as a REIT and maintain our status as a REIT; and
- changes in tax laws applicable to REIT’s or in the interpretation of those laws.

The forward-looking statements in this report are based on our current good faith beliefs, however, actual results may differ due to inaccurate assumptions, the factors listed above or other foreseeable or unforeseeable factors.

Consequently, we cannot guarantee that any of the forward-looking statements will prove to be accurate. The forward-looking statements in this report speak only as of the date of this report, and Lamar Advertising and Lamar Media expressly disclaim any obligation or undertaking to update or revise any forward-looking statement contained in this report, except as required by law.

For a further description of these and other risks and uncertainties, the Company encourages you to read carefully Item 1A to the combined Annual Report on Form 10-K for the year ended December 31, 2016 of the Company and Lamar Media (the “2016 Combined Form 10-K”), filed on February 24, 2017 and as such risk factors may be updated or supplemented, from time to time, in our combined Quarterly Reports on Form 10-Q.

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PART I — FINANCIAL INFORMATION

ITEM 1. — FINANCIAL STATEMENTS

LAMAR ADVERTISING COMPANY

AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(In thousands, except share and per share data)

	June 30, 2017 (Unaudited)	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$42,884	\$ 35,530
Receivables, net of allowance for doubtful accounts of \$10,220 and \$9,356 in 2017 and 2016, respectively	218,944	189,935
Prepaid lease expenses	74,025	48,815
Other current assets	49,485	39,973
Total current assets	385,338	314,253
Property, plant and equipment	3,331,392	3,294,251
Less accumulated depreciation and amortization	(2,154,869)	(2,111,536)
Net property, plant and equipment	1,176,523	1,182,715
Goodwill	1,726,444	1,726,358
Intangible assets	615,858	637,153
Other assets	41,914	38,405
Total assets	\$3,946,077	\$ 3,898,884
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Trade accounts payable	\$17,960	\$ 17,653
Current maturities of long-term debt, net of deferred financing costs of \$5,029 and \$5,459		
in 2017 and 2016, respectively	17,471	33,916
Accrued expenses	110,340	134,433
Deferred income	114,798	91,322
Total current liabilities	260,569	277,324
Long-term debt, net of deferred financing costs of \$26,144 and \$23,510 in 2017 and 2016,		
respectively	2,374,383	2,315,267
Deferred income tax liabilities	210	279
Asset retirement obligation	211,493	210,889

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Other liabilities	28,317	25,597
Total liabilities	2,874,972	2,829,356
Stockholders' equity:		
Series AA preferred stock, par value \$.001, \$63.80 cumulative dividends, 5,720 shares authorized; 5,720 shares issued and outstanding at 2017 and 2016	—	—
Class A common stock, par value \$.001, 362,500,000 shares authorized 83,944,913 and 83,038,831 shares issued at 2017 and 2016, respectively; 83,613,629 and 82,822,743 issued and outstanding at 2017 and 2016, respectively	84	83
Class B common stock, par value \$.001, 37,500,000 shares authorized, 14,420,085 and 14,610,365 shares issued and outstanding at 2017 and 2016, respectively	14	15
Additional paid-in capital	1,751,519	1,713,312
Accumulated comprehensive income	264	(624)
Accumulated deficit	(659,476)	(630,955)
Cost of shares held in treasury, 331,284 and 216,088 shares at 2017 and 2016, respectively	(21,300)	(12,303)
Stockholders' equity	1,071,105	1,069,528
Total liabilities and stockholders' equity	\$3,946,077	\$3,898,884

See accompanying notes to condensed consolidated financial statements.

LAMAR ADVERTISING COMPANY

AND SUBSIDIARIES

Condensed Consolidated Statements of Income and Comprehensive Income

(Unaudited)

(In thousands, except share and per share data)

	Three months ended		Six months ended	
	June 30,	2016	June 30,	2016
	2017		2017	2016
Statements of Income				
Net revenues	\$397,078	\$387,528	\$743,440	\$726,061
Operating expenses (income)				
Direct advertising expenses (exclusive of depreciation and amortization)	135,075	132,725	266,919	261,450
General and administrative expenses (exclusive of depreciation and amortization)	65,921	66,457	137,952	133,247
Corporate expenses (exclusive of depreciation and amortization)	16,730	20,047	33,363	36,073
Depreciation and amortization	51,782	51,933	103,207	103,422
Gain on disposition of assets	(607)	(705)	(1,643)	(12,032)
	268,901	270,457	539,798	522,160
Operating income	128,177	117,071	203,642	203,901
Other expense (income)				
Loss on extinguishment of debt	71	56	71	3,198
Interest income	—	(3)	(4)	(4)
Interest expense	31,979	31,299	63,462	61,367
	32,050	31,352	63,529	64,561
Income before income tax expense	96,127	85,719	140,113	139,340
Income tax expense	3,733	3,810	5,932	6,117
Net income	92,394	81,909	134,181	133,223
Cash dividends declared and paid on preferred stock	91	91	182	182
Net income applicable to common stock	\$92,303	\$81,818	\$133,999	\$133,041
Earnings per share:				
Basic earnings per share	\$0.94	\$0.84	\$1.37	\$1.37
Diluted earnings per share	\$0.94	\$0.84	\$1.36	\$1.36
Cash dividends declared per share of common stock	\$0.83	\$0.75	\$1.66	\$1.50
Weighted average common shares used in computing earnings				

per share:				
Weighted average common shares outstanding basic	97,941,766	97,121,619	97,759,636	96,956,535
Weighted average common shares outstanding diluted	98,442,860	97,731,467	98,276,283	97,523,379
Statements of Comprehensive Income				
Net income	\$92,394	\$81,909	\$134,181	\$133,223
Other comprehensive income				
Foreign currency translation adjustments	745	11	888	1,479
Comprehensive income	\$93,139	\$81,920	\$135,069	\$134,702

See accompanying notes to condensed consolidated financial statements.

LAMAR ADVERTISING COMPANY

AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(Unaudited)

(In thousands)

	Six months ended	
	June 30,	
	2017	2016
Cash flows from operating activities:		
Net income	\$ 134,181	\$ 133,223
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	103,207	103,422
Stock-based compensation	5,043	11,292
Amortization included in interest expense	2,623	2,661
Gain on disposition of assets and investments	(1,643)	(12,032)
Loss on extinguishment of debt	71	3,198
Deferred tax expense	30	359
Provision for doubtful accounts	3,396	3,540
Changes in operating assets and liabilities		
(Increase) decrease in:		
Receivables	(32,205)	(36,639)
Prepaid lease expenses	(25,949)	(22,945)
Other assets	(7,265)	2,244
Increase (decrease) in:		
Trade accounts payable	308	152
Accrued expenses	(8,856)	3,187
Other liabilities	21,812	19,363
Net cash provided by operating activities	194,753	211,025
Cash flows from investing activities:		
Acquisitions	(28,101)	(506,147)
Capital expenditures	(47,836)	(51,513)
Proceeds from disposition of assets and investments	2,566	6,734
Decrease of notes receivable	11	13
Net cash used in investing activities	(73,360)	(550,913)
Cash flows from financing activities:		
Cash used for purchase of treasury stock	(8,997)	(6,204)
Net proceeds from issuance of common stock	17,196	14,882
Principal payments on long term debt	(5,625)	(9,385)
Payment on revolving credit facility	(334,000)	(233,000)
Proceeds received from revolving credit facility	182,000	347,000
Proceeds received from note offering	—	400,000

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Payment on senior credit facility term loans	(247,500)	(300,000)
Proceeds received from senior credit facility term loans	450,000	300,000
Debt issuance costs	(4,899)	(9,140)
Distributions to non-controlling interest	(310)	(210)
Dividends/distributions	(162,702)	(145,828)
Net cash (used in) provided by financing activities	(114,837)	358,115
Effect of exchange rate changes in cash and cash equivalents	798	1,183
Net increase in cash and cash equivalents	7,354	19,410
Cash and cash equivalents at beginning of period	35,530	22,327
Cash and cash equivalents at end of period	\$42,884	\$41,737
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$60,346	\$48,664
Cash paid for foreign, state and federal income taxes	\$7,753	\$7,906

See accompanying notes to condensed consolidated financial statements.

LAMAR ADVERTISING COMPANY

AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited)

(In thousands, except share and per share data)

1. Significant Accounting Policies

The information included in the foregoing interim condensed consolidated financial statements is unaudited. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of the Company's financial position and results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the entire year. These interim condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and the notes thereto included in the 2016 Combined Form 10-K. Subsequent events, if any, are evaluated through the date on which the financial statements are issued.

2. Stock-Based Compensation

Equity Incentive Plan. Lamar Advertising's 1996 Equity Incentive Plan, as amended, (the "Incentive Plan") has reserved 15.5 million shares of Class A common stock for issuance to directors and employees, including shares underlying granted options and common stock reserved for issuance under its performance-based incentive program. Options granted under the plan expire ten years from the grant date with vesting terms ranging from three to five years and include 1) options that vest in one-fifth increments beginning on the grant date and continuing on each of the first four anniversaries of the grant date and 2) options that cliff-vest on the fifth anniversary of the grant date. All grants are made at fair market value based on the closing price of our Class A common stock as reported on the NASDAQ Global Select Market on the date of grant.

We use a Black-Scholes-Merton option pricing model to estimate the fair value of share-based awards. The Black-Scholes-Merton option pricing model incorporates various and highly subjective assumptions, including expected term and expected volatility. The Company granted options for an aggregate of 60,500 shares of its Class A common stock during the six months ended June 30, 2017. At June 30, 2017 a total of 1,197,906 shares were available for future grant.

Stock Purchase Plan. Lamar Advertising's 2009 Employee Stock Purchase Plan or 2009 ESPP was approved by our shareholders on May 28, 2009. The number of shares of Class A common stock available under the 2009 ESPP was automatically increased by 82,823 shares on January 1, 2017 pursuant to the automatic increase provisions of the 2009 ESPP.

The following is a summary of 2009 ESPP share activity for the six months ended June 30, 2017:

	Shares
Available for future purchases, January 1, 2017	250,573
Additional shares reserved under 2009 ESPP	82,823
Purchases	(59,114)
Available for future purchases, June 30, 2017	274,282

Performance-based compensation. Unrestricted shares of our Class A common stock may be awarded to key officers, employees and directors under our 1996 Equity Incentive Plan. The number of shares to be issued, if any, will be dependent on the level of achievement of performance measures for key officers and employees, as determined by the Company's Compensation Committee based on our 2017 results. Any shares issued based on the achievement of performance goals will be issued in the first quarter of 2018. The shares subject to these awards can range from a minimum of 0% to a maximum of 100% of the target number of shares depending on the level at which the goals are attained. For the six months ended June 30, 2017, the Company has recorded \$2,623 as stock-based compensation expense related to performance-based awards. In addition, each non-employee director automatically receives upon election or re-election a restricted stock award of our Class A common stock. The awards vest 50% on grant date and 50% on the last day of the directors' one year term. The Company recorded a \$280 stock-based compensation expense related to these awards for the six months ended June 30, 2017.

LAMAR ADVERTISING COMPANY

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Notes to Condensed Consolidated Financial Statements

(Unaudited)

(In thousands, except share and per share data)

3. Depreciation and Amortization

The Company includes all categories of depreciation and amortization on a separate line in its Statements of Income and Comprehensive Income. The amounts of depreciation and amortization expense excluded from the following operating expenses in its Statements of Income and Comprehensive Income are:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Direct advertising expenses	\$48,685	\$48,267	\$97,003	\$96,065
General and administrative expenses	972	902	1,902	1,783
Corporate expenses	2,125	2,764	4,302	5,574
	\$51,782	\$51,933	\$103,207	\$103,422

4. Goodwill and Other Intangible Assets

The following is a summary of intangible assets at June 30, 2017 and December 31, 2016:

	Estimated Life (Years)	June 30, 2017		December 31, 2016	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortizable intangible assets:					
Customer lists and contracts	7—10	\$561,320	\$497,672	\$559,513	\$490,514
Non-competition agreements	3—15	64,828	63,801	64,646	63,692
Site locations	15	1,902,987	1,352,502	1,885,554	1,318,976
Other	5—15	14,260	13,562	14,174	13,552
		\$2,543,395	\$1,927,537	\$2,523,887	\$1,886,734
Unamortizable intangible assets:					
Goodwill		\$1,979,980	\$253,536	\$1,979,894	\$253,536

5. Asset Retirement Obligations

The Company's asset retirement obligations include the costs associated with the removal of its structures, resurfacing of the land and retirement cost, if applicable, related to the Company's outdoor advertising portfolio. The following table reflects information related to our asset retirement obligations:

Balance at December 31, 2016	\$	210,889
Additions to asset retirement obligations		419
Accretion expense		2,093
Liabilities settled		(1,908)
Balance at June 30, 2017	\$	211,493

6. Distribution Restrictions

Lamar Media's ability to make distributions to Lamar Advertising is restricted under both the terms of the indentures relating to Lamar Media's outstanding notes and by the terms of its senior credit facility. As of June 30, 2017 and December 31, 2016, Lamar Media was permitted under the terms of its outstanding senior subordinated and senior notes to make transfers to Lamar Advertising in the form of cash dividends, loans or advances in amounts up to \$2,773,582 and \$2,702,633, respectively.

As of June 30, 2017, Lamar Media's senior credit facility allows it to make transfers to Lamar Advertising in any taxable year up to the amount of Lamar Advertising's taxable income (without any deduction for dividends paid). In addition, as of June 30, 2017, transfers to Lamar Advertising are permitted under Lamar Media's senior credit facility and as defined therein up to the available cumulative credit, as long as no default has occurred and is continuing and, after giving effect to such distributions, (i) the total debt

LAMAR ADVERTISING COMPANY

AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited)

(In thousands, except share and per share data)

ratio less than 6.5 to 1 and (ii) the secured debt ratio does not exceed 3.0 to 1. As of June 30, 2017, the total debt ratio was less than 6.5 to 1 and Lamar Media's secured debt ratio was less than 3.0 to 1, and the available cumulative credit was \$1,524,061.

7. Earnings Per Share

The calculation of basic earnings per share excludes any dilutive effect of stock options, while diluted earnings per share includes the dilutive effect of stock options. There were no dilutive shares excluded from this calculation resulting from their anti-dilutive effect for the three and six months ended June 30, 2017 or 2016.

8. Long-term Debt

Long-term debt consists of the following at June 30, 2017 and December 31, 2016:

	June 30, 2017		Debt, net of
	Debt	Deferred financing costs	deferred financing costs
Senior Credit Facility	\$478,000	\$ 8,535	\$469,465
5 7/8% Senior Subordinated Notes	500,000	6,470	493,530
5% Senior Subordinated Notes	535,000	5,323	529,677
5 3/8% Senior Notes	510,000	5,326	504,674
5 3/4% Senior Notes	400,000	5,519	394,481
Other notes with various rates and terms	27	—	27
	2,423,027	31,173	2,391,854

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Less current maturities	(22,500)	(5,029)	(17,471)
Long-term debt, excluding current maturities	\$2,400,527	\$26,144	\$2,374,383

December 31, 2016

	Debt	Deferred financing costs	Debt, net of deferred financing costs
Senior Credit Facility	\$433,125	\$4,769	\$428,356
5 7/8% Senior Subordinated Notes	500,000	7,071	492,929
5% Senior Subordinated Notes	535,000	5,709	529,291
5 3/8% Senior Notes	510,000	5,662	504,338
5 3/4% Senior Notes	400,000	5,758	394,242
Other notes with various rates and terms	27	—	27
	2,378,152	28,969	2,349,183
Less current maturities	(39,375)	(5,459)	(33,916)
Long-term debt, excluding current maturities	\$2,338,777	\$23,510	\$2,315,267

5 7/8% Senior Subordinated Notes

On February 9, 2012, Lamar Media completed an institutional private placement of \$500,000 aggregate principal amount of 5 7/8% Senior Subordinated Notes, due 2022 (the “5 7/8% Notes”). The institutional private placement resulted in net proceeds to Lamar Media of approximately \$489,000.

On or after February 1, 2017, Lamar Media may redeem the 5 7/8% Notes, in whole or in part, in cash at redemption prices specified in the 5 7/8% Notes. In addition, if the Company or Lamar Media undergoes a change of control, Lamar Media may be required to make an offer to purchase each holder’s 5 7/8% Notes at a price equal to 101% of the principal amount of the 5 7/8% Notes, plus accrued and unpaid interest, up to but not including the repurchase date.

LAMAR ADVERTISING COMPANY

AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited)

(In thousands, except share and per share data)

5% Senior Subordinated Notes

On October 30, 2012, Lamar Media completed an institutional private placement of \$535,000 aggregate principal amount of 5% Senior Subordinated Notes due 2023 (the "5% Notes"). The institutional private placement resulted in net proceeds to Lamar Media of approximately \$527,100.

At any time prior to May 1, 2018, Lamar Media may redeem some or all of the 5% Notes at a price equal to 100% of the aggregate principal amount plus a make-whole premium. On or after May 1, 2018, Lamar Media may redeem the 5% Notes, in whole or in part, in cash at redemption prices specified in the 5% Notes. In addition, if the Company or Lamar Media undergoes a change of control, Lamar Media may be required to make an offer to purchase each holder's 5% Notes at a price equal to 101% of the principal amount of the 5% Notes, plus accrued and unpaid interest, up to but not including the repurchase date.

5 3/8% Senior Notes

On January 10, 2014, Lamar Media completed an institutional private placement of \$510,000 aggregate principal amount of 5 3/8% Senior Notes due 2024 (the "5 3/8% Notes"). The institutional private placement resulted in net proceeds to Lamar Media of approximately \$502,300.

At any time prior to January 15, 2019, Lamar Media may redeem some or all of the 5 3/8% Notes at a price equal to 100% of the aggregate principal amount, plus accrued and unpaid interest thereon plus a make-whole premium. On or after January 15, 2019, Lamar Media may redeem the 5 3/8% Notes, in whole or in part, in cash at redemption prices specified in the 5 3/8% Notes. In addition, if the Company or Lamar Media undergoes a change of control, Lamar Media may be required to make an offer to purchase each holder's 5 3/8% Notes at a price equal to 101% of the principal amount of the 5 3/8% Notes, plus accrued and unpaid interest, up to but not including the repurchase date.

5 3/4% Senior Notes

On January 28, 2016, Lamar Media completed an institutional private placement of \$400,000 aggregate principal amount of 5 3/4% Senior Notes due 2026 (the "5 3/4 % Notes"). The institutional private placement resulted in net proceeds to Lamar Media of approximately \$394,500.

Lamar Media may redeem up to 35% of the aggregate principal amount of the 5 3/4% Notes, at any time and from time to time, at a price equal to 105.750% of the aggregate principal amount so redeemed, plus accrued and unpaid interest thereon, with the net cash proceeds of certain public equity offerings completed before February 1, 2019, provided that following the redemption, at least 65% of the 5 3/4% Notes that were originally issued remain outstanding and any such redemption occurs within 120 days following the closing of any such public equity offering. At any time prior to February 1, 2021, Lamar Media may redeem some or all of the 5 3/4% Notes at a price equal to 100% of the aggregate principal amount, plus accrued and unpaid interest thereon plus a make-whole premium. On or

after February 1, 2021, Lamar Media may redeem the 5 3/4% Notes, in whole or in part, in cash at redemption prices specified in the 5 3/4% Notes. In addition, if the Company or Lamar Media undergoes a change of control, Lamar Media may be required to make an offer to purchase each holder's 5 3/4% Notes at a price equal to 101% of the principal amount of the 5 3/4% Notes, plus accrued and unpaid interest, up to but not including the repurchase date.

Senior Credit Facility

On May 15, 2017, Lamar Media entered into a Third Restatement Agreement ("Restatement Agreement") to its Second Amended and Restated Credit Agreement ("existing senior credit facility") dated as of February 3, 2014 with the Company, certain of Lamar Media's subsidiaries as guarantors, JPMorgan Chase Bank, N.A. as administrative agent and the lenders party thereto, under which the parties agreed to amend and restate Lamar Media's existing senior credit facility.

Lamar Media's Third Amended and Restated Credit Agreement dated as of May 15, 2017 (as amended, the "senior credit facility") consists of (i) a new \$450,000 senior secured revolving credit facility which will mature on May 15, 2022, (ii) a new \$450,000 Term A loan facility (the "Term A loans") which will mature on May 15, 2022, and (iii) an incremental facility pursuant to which Lamar

LAMAR ADVERTISING COMPANY

AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

(Unaudited)

(In thousands, except share and per share data)

Media may incur additional term loan tranches or increase its revolving credit facility subject to pro forma compliance with the secured debt ratio financial maintenance covenant described below.

Under the senior credit facility Lamar Media borrowed all \$450,000 in Term A loans on May 15, 2017. The net proceeds, together with borrowing under the revolving portion of senior credit facility and cash on hand, were used to repay all outstanding amounts under the existing senior credit facility, and all revolving commitments under that facility were terminated.

The Term A Loans will begin amortizing on September 30, 2017 in quarterly installments on each December 31, March 31, June 30 and September 30 thereafter. The remaining quarterly installments scheduled to be paid are as follows:

Principal Payment Date	Principal Amount
September 30, 2017-June 30, 2019	\$5,625.0
September 30, 2019-June 30, 2020	\$8,437.5
September 30, 2020-March 31, 2022	\$16,875.0
Term A Loan Maturity Date	\$