

iHeartCommunications, Inc.
Form 10-Q
May 04, 2016

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 MARCH 31, 2016
- 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

001-09645

iHeartCommunications, Inc.

(Exact name of registrant as specified in its charter)

Texas

74-1787539

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(State or other jurisdiction of
Identification No.)

(I.R.S. Employer

incorporation or organization)

200 East Basse Road, Suite 100

San Antonio, Texas

78209

(Address of principal executive offices)

(Zip Code)

(210) 822-2828

(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

(Explanatory Note: The registrant is a voluntary filer and is therefore not subject to the filing requirements of the Securities Exchange Act of 1934. However, during the preceding 12 months, and pursuant to the bond indentures of iHeartCommunications, Inc., the registrant has filed all reports that it would have been required to file by Section 13 or 15(d) of the Securities Exchange Act of 1934 if the registrant was subject to the filing requirements of the Securities Exchange Act of 1934 during such timeframe.)

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

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [] No [X]

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

2016	Class	Outstanding at May 2,
~~~~~ ~~~~~	Common Stock, \$.001 par value	500,000,000

The registrant meets the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q and is therefore filing this form in a reduced disclosure format permitted by General Instruction H(2).



**IHEARTCOMMUNICATIONS, INC.**  
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# **PART I – FINANCIAL INFORMATION**

# **ITEM 1. FINANCIAL STATEMENTS**

# **iHeartCommunications, Inc. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS**





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(In thousands, except share data)

	March 31, 2016 (Unaudited)	December 31, 2015
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 978,536	\$ 772,678
Accounts receivable, net of allowance of \$39,156 in 2016 and \$34,889 in 2015	1,274,294	1,442,038
Prepaid expenses	239,336	189,055
Assets held for sale	55,159	295,075
Other current assets	71,068	79,269
<b>Total Current Assets</b>	<b>2,618,393</b>	<b>2,778,115</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Structures, net	1,350,399	1,391,880
Other property, plant and equipment, net	794,041	820,676
<b>INTANGIBLE ASSETS AND GOODWILL</b>		
Indefinite-lived intangibles - licenses	2,413,790	2,413,483
Indefinite-lived intangibles - permits	961,540	971,327
Other intangibles, net	899,118	953,660
Goodwill	4,120,240	4,128,887
<b>OTHER ASSETS</b>		
Other assets	225,149	215,087
<b>Total Assets</b>	<b>\$ 13,382,670</b>	<b>\$ 13,673,115</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 117,171	\$ 153,276
Accrued expenses	702,667	834,416
Accrued interest	157,777	279,100
Deferred income	246,309	210,924
Current portion of long-term debt	185,549	181,512
<b>Total Current Liabilities</b>	<b>1,409,473</b>	<b>1,659,228</b>
Long-term debt	20,568,863	20,539,099
Deferred income taxes	1,553,018	1,554,898
Other long-term liabilities	541,161	526,571
Commitments and contingent liabilities (Note 4)		
<b>SHAREHOLDER'S DEFICIT</b>		
Noncontrolling interest	160,823	177,615
Common stock, par value \$.001 per share, authorized and issued 500,000,000 shares in 2016 and 2015, respectively	500	500
Additional paid-in capital	2,066,105	2,066,622
Accumulated deficit	(12,525,526)	(12,437,011)
Accumulated other comprehensive loss	(391,747)	(414,407)
<b>Total Shareholder's Deficit</b>	<b>(10,689,845)</b>	<b>(10,606,681)</b>
<b>Total Liabilities and Shareholder's Deficit</b>	<b>\$ 13,382,670</b>	<b>\$ 13,673,115</b>

## **See Notes to Consolidated Financial Statements**



**iHeartCommunications, Inc. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**(UNAUDITED)**

<i>(In thousands)</i>	Three Months Ended March 31,	
	2016	2015
Revenue	\$ 1,363,505	\$ 1,344,564
Operating expenses:		
Direct operating expenses (excludes depreciation and amortization)	568,371	577,692
Selling, general and administrative expenses (excludes depreciation and amortization)	425,568	416,881
Corporate expenses (excludes depreciation and amortization)	77,879	77,422
Depreciation and amortization	155,456	170,453
Other operating income (expense), net	284,463	(8,974)
Operating income	420,694	93,142
Interest expense	463,950	441,771
Gain on investments, net	-	579
Equity in earnings (loss) of nonconsolidated affiliates	(433)	331
Loss on extinguishment of debt	-	(2,201)
Other income (expense), net	(5,712)	19,891
Loss before income taxes	(49,401)	(330,029)
Income tax expense	(9,493)	(56,605)
Consolidated net loss	(58,894)	(386,634)
Less amount attributable to noncontrolling interest	29,621	(1,668)
Net loss attributable to the Company	\$ (88,515)	\$ (384,966)
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	27,577	(82,159)
Unrealized holding gain (loss) on marketable securities	(36)	822
Other adjustments to comprehensive loss	-	(1,154)
Other comprehensive income (loss)	27,541	(82,491)
Comprehensive loss	(60,974)	(467,457)
Less amount attributable to noncontrolling interest	4,881	(6,353)
Comprehensive loss attributable to the Company	\$ (65,855)	\$ (461,104)

## **See Notes to Consolidated Financial Statements**



**iHeartCommunications, Inc. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)**





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*(In thousands)*

	Three Months Ended March 31,	
	2016	2015
<b>Cash flows from operating activities:</b>		
Consolidated net loss	\$ (58,894)	\$ (386,634)
<b>Reconciling items:</b>		