

ENTERCOM COMMUNICATIONS CORP
Form 10-Q
August 05, 2016
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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, 2016

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: 001-14461

Entercom Communications Corp.

(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of
incorporation or organization)

23-1701044
(I.R.S. employer
identification no.)

401 E. City Avenue, Suite 809

Bala Cynwyd, Pennsylvania 19004

(Address of principal executive offices and zip code)

(610) 660-5610

(Registrant's telephone number, including area code)

(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 (section 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 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 A common stock, \$0.01 par value 33,405,006 Shares Outstanding as of July 20, 2016

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(Class A Shares Outstanding include 2,123,451 unvested and vested but deferred restricted stock units)

Class B common stock, \$0.01 par value 7,197,532 Shares Outstanding as of July 20, 2016.

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Private Securities Litigation Reform Act Safe Harbor Statement

In addition to historical information, this report contains statements by us with regard to our expectations as to financial results and other aspects of our business that involve risks and uncertainties and may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

Forward-looking statements are presented for illustrative purposes only and reflect our current expectations concerning future results and events. All statements other than statements of historical fact are forward-looking statements for purposes of federal and state securities laws, including, without limitation, any projections of earnings, revenues or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing.

You can identify forward-looking statements by our use of words such as anticipates, believes, continues, expects, intends, likely, may, opportunity, plans, potential, project, will, could, would, should, seeks, similar expressions which identify forward-looking statements, whether in the negative or the affirmative. We cannot guarantee that we actually will achieve these plans, intentions or expectations. These forward-looking statements are subject to risks, uncertainties and other factors, some of which are beyond our control, which could cause actual

results to differ materially from those forecasted or anticipated in such forward-looking statements. You should not place undue reliance on these forward-looking statements, which reflect our view only as of the date of this report. We undertake no obligation to update these statements or publicly release the result of any revision(s) to these statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events.

Key risks to our company are described in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 26, 2016 and as may be supplemented by the risks described under Part II, Item 1A, of our quarterly reports on Form 10-Q and in our Current Reports on Form 8-K.

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PART I
FINANCIAL INFORMATION

ITEM 1. Financial Statements**ENTERCOM COMMUNICATIONS CORP.****CONDENSED CONSOLIDATED BALANCE SHEETS****(amounts in thousands)****(unaudited)**

	JUNE 30, 2016	DECEMBER 31, 2015
ASSETS:		
Cash	\$ 11,071	\$ 9,169
Accounts receivable, net of allowance for doubtful accounts	91,312	87,157
Prepaid expenses, deposits and other	8,408	6,220
Prepaid and refundable federal and state income taxes	106	55
Deferred tax assets	3,464	3,464
Total current assets	114,361	106,065
Net property and equipment	55,875	57,993
Radio broadcasting licenses	807,416	807,381
Goodwill	32,629	32,629
Assets held for sale		6,106
Deferred charges and other assets, net of accumulated amortization	4,540	5,471
TOTAL ASSETS	\$ 1,014,821	\$ 1,015,645
LIABILITIES:		
Accounts payable	\$ 105	\$ 73
Accrued expenses	15,827	16,772
Other current liabilities	19,945	19,924
Long-term debt, current portion	29,150	31,832
Total current liabilities	65,027	68,601
Long-term debt, net of current portion	431,119	448,724
Deferred tax liabilities	89,883	81,643
Other long-term liabilities	27,495	27,608
Total long-term liabilities	548,497	557,975

Total liabilities	613,524	626,576
CONTINGENCIES AND COMMITMENTS		
PERPETUAL CUMULATIVE CONVERTIBLE PREFERRED STOCK	27,619	27,619
SHAREHOLDERS EQUITY:		
Class A, B and C common stock	406	397
Additional paid-in capital	608,727	611,754
Accumulated deficit	(235,455)	(250,701)
Total shareholders equity	373,678	361,450
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$ 1,014,821	\$ 1,015,645

See notes to condensed consolidated financial statements.

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(amounts in thousands, except share and per share data)

(unaudited)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JUNE 30,			
	2016	2015	2016	2015
NET REVENUES	\$ 120,478	\$ 100,592	\$ 216,581	\$ 179,012
OPERATING EXPENSE:				
Station operating expenses, including non-cash compensation expense	82,639	70,000	154,354	129,367
Depreciation and amortization expense	2,517	1,905	4,964	3,860
Corporate general and administrative expenses, including non-cash compensation expense	8,493	6,451	16,091	12,730
Impairment loss			62	
Merger and acquisition costs and restructuring charges		2,031		3,754
Net (gain) loss on sale or disposal of assets	(755)	(410)	(1,219)	(567)
Total operating expense	92,894	79,977	174,252	149,144
OPERATING INCOME (LOSS)	27,584	20,615	42,329	29,868
OTHER (INCOME) EXPENSE:				
Net interest expense	9,147	9,313	18,539	18,592
TOTAL OTHER EXPENSE	9,147	9,313	18,539	18,592
INCOME (LOSS) BEFORE INCOME TAXES (BENEFIT)	18,437	11,302	23,790	11,276
INCOME TAXES (BENEFIT)	7,603	4,555	8,544	4,622
NET INCOME (LOSS) AVAILABLE TO THE COMPANY	10,834	6,747	15,246	6,654
Preferred stock dividend	(412)		(825)	
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS	\$ 10,422	\$ 6,747	\$ 14,421	\$ 6,654
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS PER	\$ 0.27	\$ 0.18	\$ 0.37	\$ 0.17

SHARE - BASIC**NET INCOME (LOSS) AVAILABLE TO
COMMON SHAREHOLDERS PER
SHARE - DILUTED**

\$	0.26	\$	0.17	\$	0.37	\$	0.17
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**DIVIDENDS DECLARED AND PAID PER
COMMON SHARE**

\$	0.075	\$		\$	0.075	\$	
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WEIGHTED AVERAGE SHARES:

Basic	38,468,822	38,074,240	38,462,998	38,071,049
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Diluted	41,130,418	38,928,610	39,273,532	39,026,880
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See notes to condensed consolidated financial statements.

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	Common Stock		Additional		Retained	Total	
	Class A Shares	Class B Amount	Class B Shares	Class A Amount	Paid-in Capital		(Accumulated Deficit)
Balance, December 31, 2014	31,862,294	\$ 319	7,197,532	\$ 72	\$ 608,515	\$ (279,885)	\$ 329,021
Net income (loss) available to the Company						29,184	29,184
Compensation expense related to granting of stock awards	738,195	7			5,517		5,524
Exercise of stock options	11,750				35		35
Purchase of vested employee restricted stock units	(131,688)	(1)			(1,561)		(1,562)
Preferred stock dividend					(752)		(752)
Balance, December 31, 2015	32,480,551	325	7,197,532	72	611,754	(250,701)	361,450
Net income (loss) available to the Company						15,246	15,246
Compensation expense related to granting of stock awards	1,107,635	11			3,008		3,019
Exercise of stock options	22,500				30		30
Purchase of vested employee restricted stock units	(227,171)	(2)			(2,191)		(2,193)
Payment of dividends on common stock					(2,886)		(2,886)
Dividend equivalents, net of forfeitures					(163)		(163)
Payment of dividends on preferred stock					(825)		(825)
Balance, June 30, 2016	33,383,515	\$ 334	7,197,532	\$ 72	\$ 608,727	\$ (235,455)	\$ 373,678

See notes to condensed consolidated financial statements.

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**ENTERCOM COMMUNICATIONS CORP.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(amounts in thousands)

(unaudited)

	SIX MONTHS ENDED JUNE 30,	
	2016	2015
OPERATING ACTIVITIES:		