

AMC Networks Inc.
Form 10-Q
May 04, 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 March 31, 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: 1-35106

AMC Networks Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

27-5403694
(I.R.S. Employer
Identification No.)

11 Penn Plaza,
New York, NY
(Address of principal executive offices)
(212) 324-8500
(Registrant's telephone number, including area code)

10001
(Zip 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 (§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 (as defined in Exchange Act Rule 12b-2).

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

The number of shares of common stock outstanding as of April 27, 2015:
Class A Common Stock par value \$0.01 per share 60,797,296
Class B Common Stock par value \$0.01 per share 11,484,408

AMC NETWORKS INC. AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

AMC NETWORKS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS(Dollars in thousands, except per share amounts)
(unaudited)

	March 31, 2015	December 31, 2014
ASSETS		
Current Assets:		
Cash and cash equivalents	\$194,307	\$201,367
Accounts receivable, trade (less allowance for doubtful accounts of \$4,059 and \$4,276)	667,771	587,193
Amounts due from related parties, net	3,691	4,102
Current portion of program rights, net	428,529	437,302
Prepaid expenses and other current assets	70,569	74,294
Deferred tax asset, net	17,354	24,822
Total current assets	1,382,221	1,329,080
Property and equipment, net of accumulated depreciation of \$194,873 and \$186,242	134,852	133,844
Program rights, net	997,911	959,941
Deferred carriage fees, net	59,458	46,737
Intangible assets, net	565,425	590,824
Goodwill	704,955	734,356
Other assets	204,602	181,805
Total assets	\$4,049,424	\$3,976,587
LIABILITIES AND STOCKHOLDERS' DEFICIENCY		
Current Liabilities:		
Accounts payable	\$129,066	\$101,866
Accrued liabilities	184,165	204,786
Current portion of program rights obligations	284,866	271,199
Deferred revenue	51,307	36,888
Promissory note payable	40,000	40,000
Current portion of long-term debt	92,500	74,000
Current portion of capital lease obligations	2,781	2,953
Total current liabilities	784,685	731,692
Program rights obligations	476,420	465,672
Long-term debt	2,649,182	2,685,566
Capital lease obligations	26,490	27,386
Deferred tax liability, net	129,391	128,066
Other liabilities	72,615	85,503
Total liabilities	4,138,783	4,123,885
Commitments and contingencies		
Redeemable noncontrolling interests	206,089	204,611
Stockholders' deficiency:		
Class A Common Stock, \$0.01 par value, 360,000,000 shares authorized, 62,007,567 and 61,762,944 shares issued and 60,797,296 and 60,552,673 shares outstanding, respectively	620	618
Class B Common Stock, \$0.01 par value, 90,000,000 shares authorized, 11,484,408 shares issued and outstanding, respectively	115	115

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Preferred stock, \$0.01 par value, 45,000,000 shares authorized; none issued	—	—
Paid-in capital	98,885	100,642
Accumulated deficit	(220,969)	(341,889)
Treasury stock, at cost (1,210,271 shares Class A Common Stock, respectively)	(51,993)	(51,993)
Accumulated other comprehensive loss	(141,656)	(79,248)
Total AMC Networks stockholders' deficiency	(314,998)	(371,755)
Non-redeemable noncontrolling interests	19,550	19,846
Total stockholders' deficiency	(295,448)	(351,909)
Total liabilities and stockholders' deficiency	\$4,049,424	\$3,976,587
See accompanying notes to condensed consolidated financial statements.		

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AMC NETWORKS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Three Months Ended March 31, 2015 and 2014

(In thousands, except per share amounts)

(unaudited)

	Three Months Ended March 31,	
	2015	2014
Revenues, net (including revenues, net from related parties of \$6,719 and \$7,689, respectively)	\$668,682	\$524,554
Operating expenses:		
Technical and operating (excluding depreciation and amortization)	262,173	217,170
Selling, general and administrative (including charges from related parties of \$949 and \$659, respectively)	154,579	145,357
Restructuring expense	656	—
Depreciation and amortization	20,527	14,394
	437,935	376,921
Operating income	230,747	147,633
Other income (expense):		
Interest expense	(33,024)) (31,772)
Interest income	437	341
Miscellaneous, net	(10,230)) (5,110)
	(42,817)) (36,541)
Income from continuing operations before income taxes	187,930	111,092
Income tax expense	(61,254)) (39,105)
Income from continuing operations	126,676	71,987
Loss from discontinued operations, net of income taxes	—	(750)
Net income including noncontrolling interests	126,676	71,237
Net (income) loss attributable to noncontrolling interests	(5,756)) 130
Net income attributable to AMC Networks' stockholders	\$120,920	\$71,367