

NEXSTAR BROADCASTING GROUP INC
Form 10-Q
August 07, 2015
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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, 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: 000-50478

NEXSTAR BROADCASTING GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State of Incorporation or Organization)

23-3083125
(I.R.S. Employer Identification No.)

545 E. John Carpenter Freeway, Suite 700, Irving, Texas
(Address of Principal Executive Offices)

75062
(Zip Code)

(972) 373-8800

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

Edgar Filing: NEXSTAR BROADCASTING GROUP INC - Form 10-Q

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

(Do not check if a 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

As of August 3, 2015, the registrant had 31,616,244 shares of Class A Common Stock outstanding.

TABLE OF CONTENTS

	Page
PART I FINANCIAL INFORMATION	
ITEM 1. <u>Financial Statements (Unaudited)</u>	
<u>Condensed Consolidated Balance Sheets as of June 30, 2015 and December 31, 2014</u>	1
<u>Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2015 and 2014</u>	2
<u>Condensed Consolidated Statement of Changes in Stockholders' Equity for the six months ended June 30, 2015</u>	3
<u>Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2015 and 2014</u>	4
<u>Notes to Condensed Consolidated Financial Statements</u>	5
ITEM 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	30
ITEM 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	40
ITEM 4. <u>Controls and Procedures</u>	41
PART II OTHER INFORMATION	
ITEM 1. <u>Legal Proceedings</u>	41
ITEM 1A. <u>Risk Factors</u>	41
ITEM 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	41
ITEM 3. <u>Defaults Upon Senior Securities</u>	41
ITEM 4. <u>Mine Safety Disclosures</u>	41
ITEM 5. <u>Other Information</u>	41
ITEM 6. <u>Exhibits</u>	42

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

NEXSTAR BROADCASTING GROUP, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share information, unaudited)

	June 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$26,891	\$131,912
Accounts receivable, net of allowance for doubtful accounts of \$5,114 and \$3,002, respectively	171,958	127,878
Deferred tax assets, net	50,160	41,737
Broadcast rights	14,367	10,873
Prepaid expenses and other current assets	3,535	5,264
Total current assets	266,911	317,664
Property and equipment, net	276,191	237,739
Goodwill	443,855	256,491
FCC licenses	489,698	322,040
Other intangible assets, net	332,450	194,129
Other noncurrent assets, net	56,598	134,162
Total assets ⁽¹⁾	\$1,865,703	\$1,462,225
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of debt	\$18,539	\$15,840
Current portion of broadcast rights payable	15,427	11,935
Accounts payable	22,487	17,231
Accrued expenses	38,417	36,807
Taxes payable	8,443	4,899
Interest payable	11,747	4,601
Other current liabilities	8,289	5,953
Total current liabilities	123,349	97,266
Debt	1,481,859	1,220,304
Deferred tax liabilities	118,260	44,224
Other noncurrent liabilities	45,991	43,894
Total liabilities ⁽¹⁾	1,769,459	1,405,688
Commitments and contingencies		
Stockholders' equity:		
Preferred stock - \$0.01 par value, 200,000 shares authorized; none issued and outstanding		
at each of June 30, 2015 and December 31, 2014	-	-
Class A Common stock - \$0.01 par value, 100,000,000 shares authorized; 31,616,244 and	316	312

31,172,060 shares issued and outstanding at June 30, 2015 and December 31, 2014,

respectively

Class B Common stock - \$0.01 par value, 20,000,000 shares authorized; none issued and outstanding at each of June 30, 2015 and December 31, 2014	-	-
Class C Common stock - \$0.01 par value, 5,000,000 shares authorized; none issued and outstanding at each of June 30, 2015 and December 31, 2014	-	-
Additional paid-in capital	402,920	398,029
Accumulated deficit	(312,576)	(345,804)
Total Nexstar Broadcasting Group, Inc. stockholders' equity	90,660	52,537
Noncontrolling interests in consolidated variable interest entities	5,584	4,000
Total stockholders' equity	96,244	56,537
Total liabilities and stockholders' equity	\$1,865,703	\$1,462,225

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

(1) The consolidated total assets as of June 30, 2015 and December 31, 2014 include certain assets held by consolidated VIEs of \$121.3 million and \$49.1 million, respectively, which are not available to be used to settle the obligations of Nexstar. The consolidated total liabilities as of June 30, 2015 and December 31, 2014 include certain liabilities of consolidated VIEs of \$37.0 million and \$17.9 million for which the creditors of the VIEs have no recourse to the general credit of Nexstar. See Note 2 for additional information.

1

NEXSTAR BROADCASTING GROUP, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share information, unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net revenue	\$221,322	\$146,930	\$424,713	\$280,763
Operating expenses:				
Direct operating expenses, excluding depreciation and amortization	75,011	45,257	144,696	87,106
Selling, general, and administrative expenses, excluding depreciation and amortization	56,557	43,796	113,846	84,836
Amortization of broadcast rights				