

NEXSTAR BROADCASTING GROUP INC

Form 10-Q

August 12, 2008

[Table of Contents](#)

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, 2008

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)

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Delaware
(State of Organization or Incorporation)

23-3083125
(IRS Employer Identification No.)

5215 N. O Connor Blvd., Suite 1400

Irving, Texas 75039
(Address of Principal Executive Offices, including 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 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):

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 July 31, 2008 the Registrant had outstanding:

15,013,839 shares of Class A Common Stock

and 13,411,588 shares of Class B Common Stock

Table of Contents

TABLE OF CONTENTS

	Page
PART I	
<u>FINANCIAL INFORMATION</u>	
ITEM 1. <u>Financial Statements (Unaudited)</u>	
<u>Condensed Consolidated Balance Sheets at June 30, 2008 and December 31, 2007</u>	1
<u>Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2008 and 2007</u>	2
<u>Condensed Consolidated Statement of Changes in Stockholders' Deficit for the six months ended June 30, 2008</u>	3
<u>Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2008 and 2007</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>	34
ITEM 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	43
ITEM 4. <u>Controls and Procedures</u>	43
PART II	
<u>OTHER INFORMATION</u>	
ITEM 1. <u>Legal Proceedings</u>	44
ITEM 1A. <u>Risk Factors</u>	44
ITEM 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	44
ITEM 3. <u>Defaults Upon Senior Securities</u>	44
ITEM 4. <u>Submission of Matters to a Vote of Security Holders</u>	44
ITEM 5. <u>Other Information</u>	44
ITEM 6. <u>Exhibits</u>	44
<u>EXHIBIT INDEX</u>	

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. Financial Statements****NEXSTAR BROADCASTING GROUP, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands, except share information)

	June 30, 2008 (Unaudited)	December 31, 2007 (Note 2)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 15,631	\$ 16,226
Accounts receivable, net of allowance for doubtful accounts of \$916 and \$1,208, respectively	56,075	55,346
Current portion of broadcast rights	6,060	13,885
Taxes receivable		351
Prepaid expenses and other current assets	1,620	2,482
Deferred tax asset	15	15
Total current assets	79,401	88,305
Property and equipment, net	121,356	111,612
Broadcast rights	6,584	7,674
Goodwill	152,272	151,686
FCC licenses	166,455	163,795
Other intangible assets, net	167,403	178,611
Other noncurrent assets	5,525	6,399
Deferred tax asset	613	620
Total assets	\$ 699,609	\$ 708,702
LIABILITIES AND STOCKHOLDERS DEFICIT		
Current liabilities:		
Current portion of debt	\$ 3,485	\$ 50,391
Current portion of broadcast rights payable	6,336	13,943
Accounts payable	13,421	8,334
Accrued expenses	10,122	13,563
Taxes payable	237	478
Interest payable	10,234	6,499
Deferred revenue	6,555	6,569
Other liabilities	1,333	
Total current liabilities	51,723	99,777
Debt	667,680	630,785
Broadcast rights payable	8,179	9,569
Deferred tax liabilities	47,576	44,555
Deferred revenue	1,949	2,096

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Deferred gain on sale of assets	5,149	5,368
Deferred representation fee incentive	6,276	
Other liabilities	10,589	5,942
Total liabilities	799,121	798,092
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock - \$0.01 par value, authorized 200,000 shares; no shares issued and outstanding at both June 30, 2008 and December 31, 2007		
Common stock:		
Class A Common - \$0.01 par value, authorized 100,000,000 shares; issued and outstanding 15,013,839 and 15,005,839 at June 30, 2008 and December 31, 2007, respectively	150	150
Class B Common - \$0.01 par value, authorized 20,000,000 shares; issued and outstanding 13,411,588 at both June 30, 2008 and December 31, 2007	134	134
Class C Common - \$0.01 par value, authorized 5,000,000 shares; issued and outstanding no shares at June 30, 2008 and December 31, 2007, respectively		
Additional paid-in capital	397,622	396,293
Accumulated deficit	(497,418)	(485,967)
Total stockholders' deficit	(99,512)	(89,390)
Total liabilities and stockholders' deficit	\$ 699,609	\$ 708,702

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents**NEXSTAR BROADCASTING GROUP, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
	(Unaudited)		(Unaudited)	
Net revenue	\$ 70,618	\$ 68,729	\$ 134,330	\$ 130,783
Operating expenses:				
Direct operating expenses (exclusive of depreciation and amortization shown separately below)	19,283	18,551	38,779	36,707
Selling, general, and administrative expenses (exclusive of depreciation and amortization shown separately below)	21,839	21,787	42,724	42,085
Non-cash contract termination fees			7,167	
Amortization of broadcast rights	4,806	4,756	10,141	10,648
Amortization of intangible assets	6,383	6,467	12,755	12,932
Depreciation	5,088	5,024	10,421	10,012
Gain on asset exchange	(2,742)	(1,035)	(3,592)	(1,035)
Gain on asset disposal, net	(205)	(242)	(170)	(90)
Total operating expenses	54,452	55,308	118,225	111,259
Income from operations	16,166	13,421	16,105	19,524
Interest expense, including amortization of debt financing costs	(10,806)	(13,771)	(24,795)	(27,491)
Interest and other income	151	145	552	261
Income (loss) before income taxes	5,511	(205)	(8,138)	(7,706)
Income tax expense	(1,634)	(1,086)	(3,313)	(2,618)
Net income (loss)	\$ 3,877	\$ (1,291)	\$ (11,451)	\$ (10,324)
Net income (loss) per common share:				
Basic and diluted	\$ 0.14	\$ (0.05)	\$ (0.40)	\$ (0.36)
Weighted average number of common shares outstanding:				
Basic and diluted	28,422	28,402	28,420	28,397

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents

NEXSTAR BROADCASTING GROUP, INC.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS DEFICIT

For the Six Months Ended June 30, 2008

(in thousands, except share information)

	Class A		Common Stock Class B		Class C		Additional	Accumulated	Total
	Shares	Amount	Shares	Amount	Shares	Amount	Paid-In Capital	Deficit	Stockholders Deficit
Balance at January 1, 2008 (Note 2)	15,005,839	\$ 150	13,411,588	\$ 134		\$	\$ 396,293	\$ (485,967)	\$ (89,390)
Stock-based compensation expense							1,291		1,291
Issuance of common shares related to exercise of stock options	8,000						38		38
Net loss								(11,451)	(11,451)
Balance at June 30, 2008 (unaudited)	15,013,839	\$ 150	13,411,588	\$ 134		\$	\$ 397,622	\$ (497,418)	\$ (99,512)

The accompanying notes are an integral part of these condensed consolidated financial statements.

Table of Contents**NEXSTAR BROADCASTING GROUP, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(in thousands)**

	Six Months Ended June 30, 2008 2007 (Unaudited)	
Cash flows from operating activities:		
Net loss	\$ (11,451)	\$ (10,324)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Deferred income taxes	3,043	2,338
Provision for bad debts	107	406
Depreciation of property and equipment	10,421	10,012
Amortization of intangible assets	12,755	12,932
Amortization of debt financing costs	530	523
Amortization of broadcast rights, excluding barter	4,303	4,228
Amortization of deferred representation fee incentive		