

Discovery Communications, Inc.
Form 10-Q
August 05, 2015

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 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: 001-34177

Discovery Communications, Inc.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

35-2333914
(I.R.S. Employer
Identification No.)

One Discovery Place
Silver Spring, Maryland
(Address of principal executive offices)
(240) 662-2000
(Registrant's telephone number, including area code)

20910
(Zip Code)

Not Applicable
(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 (§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

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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 (Do not check if a smaller reporting company) 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

Total number of shares outstanding of each class of the Registrant's common stock as of July 29, 2015:

Series A Common Stock, par value \$0.01 per share	149,302,433
Series B Common Stock, par value \$0.01 per share	6,539,137
Series C Common Stock, par value \$0.01 per share	274,283,708

DISCOVERY COMMUNICATIONS, INC.
FORM 10-Q
TABLE OF CONTENTS

	Page
<u>PART I. FINANCIAL INFORMATION.</u>	
<u>ITEM 1. Unaudited Financial Statements.</u>	
Consolidated Balance Sheets as of June 30, 2015 and December 31, 2014.	<u>4</u>
Consolidated Statements of Operations for the three and six months ended June 30, 2015 and 2014.	<u>5</u>
Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2015 and 2014.	<u>6</u>
Consolidated Statements of Cash Flows for the six months ended June 30, 2015 and 2014.	<u>7</u>
Consolidated Statements of Equity for the three and six months ended June 30, 2015 and 2014.	<u>8</u>
<u>Notes to Consolidated Financial Statements.</u>	<u>9</u>
<u>ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.</u>	<u>46</u>
<u>ITEM 3. Quantitative and Qualitative Disclosures About Market Risk.</u>	<u>64</u>
<u>ITEM 4. Controls and Procedures.</u>	<u>64</u>
<u>PART II. OTHER INFORMATION.</u>	
<u>ITEM 1. Legal Proceedings.</u>	<u>64</u>
<u>ITEM 1A. Risk Factors.</u>	<u>65</u>
<u>ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.</u>	<u>65</u>
<u>ITEM 6. Exhibits.</u>	<u>66</u>
<u>SIGNATURES.</u>	<u>67</u>

PART I. FINANCIAL INFORMATION

ITEM 1. Unaudited Financial Statements.

DISCOVERY COMMUNICATIONS, INC.

CONSOLIDATED BALANCE SHEETS

(unaudited; in millions, except par value)

	June 30, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$232	\$367
Receivables, net	1,505	1,433
Content rights, net	313	329
Deferred income taxes	84	87
Prepaid expenses and other current assets	334	275
Total current assets	2,468	2,491
Noncurrent content rights, net	2,021	1,973
Property and equipment, net	509	554
Goodwill	8,189	8,236
Intangible assets, net	1,822	1,971
Equity method investments	600	644
Other noncurrent assets	120	101
Total assets	\$15,729	\$15,970
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$277	\$225
Accrued liabilities	905	1,094
Deferred revenues	181	178
Current portion of debt	349	1,107
Total current liabilities	1,712	2,604
Noncurrent portion of debt	6,856	6,002
Deferred income taxes	494	588
Other noncurrent liabilities	427	425
Total liabilities	9,489	9,619
Commitments and contingencies (Note 15)		
Redeemable noncontrolling interests	754	747
Equity:		
Discovery Communications, Inc. stockholders' equity:		
Series A convertible preferred stock: \$0.01 par value; 75 shares authorized; 71 shares issued	1	1
Series C convertible preferred stock: \$0.01 par value; 75 shares authorized; 39 and 42 shares issued	1	1
Series A common stock: \$0.01 par value; 1,700 shares authorized; 152 and 151 shares issued	1	1
Series B convertible common stock: \$0.01 par value; 100 shares authorized; 7 shares issued	—	—
Series C common stock: \$0.01 par value; 2,000 shares authorized; 376 and 375 shares issued	4	4
Additional paid-in capital	6,926	6,917
Treasury stock, at cost	(5,086)	(4,763)
Retained earnings	4,098	3,809

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Accumulated other comprehensive loss	(460) (368)
Total Discovery Communications, Inc. stockholders' equity	5,485	5,602	
Noncontrolling interests	1	2	
Total equity	5,486	5,604	
Total liabilities and equity	\$15,729	\$15,970	

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

4

DISCOVERY COMMUNICATIONS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited; in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenues:				
Distribution	\$775	\$692	\$1,533	\$1,349
Advertising	814	844		