

Consolidated Communications Holdings, Inc.

Form 10-Q

November 06, 2017

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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 September 30, 2017

or

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 000-51446

CONSOLIDATED COMMUNICATIONS HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware

02-0636095

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(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
121 South 17th Street, Mattoon, Illinois	61938-3987
(Address of principal executive offices)	(Zip Code)

(217) 235-3311

(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 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth 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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. _____

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No X

On October 30, 2017, the registrant had 70,836,042 shares of Common Stock outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED COMMUNICATIONS HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited; Amounts in thousands except per share amounts)

	Quarter Ended September		Nine Months Ended	
	30,	2016	September 30,	2016
	2017		2017	
Net revenues	\$ 363,329	\$ 191,541	\$ 703,214	\$ 567,258
Operating expense:				
Cost of services and products (exclusive of depreciation and amortization)	145,323	85,646	287,090	246,129
Selling, general and administrative expenses	94,459	39,917	166,210	119,398
Acquisition and other transaction costs	27,139	18	30,663	266
Loss on impairment	—	—	—	610
Depreciation and amortization	104,406	43,224	187,084	130,855
Income (loss) from operations	(7,998)	22,736	32,167	70,000
Other income (expense):				
Interest expense, net of interest income	(36,307)	(19,075)	(99,896)	(56,827)
Investment income	9,594	8,735	23,068	24,636
Other, net	28	(316)	74	(374)
Income (loss) before income taxes	(34,683)	12,080	(44,587)	37,435
Income tax expense (benefit)	(6,289)	4,991	(9,862)	22,287
Net income (loss)	(28,394)	7,089	(34,725)	15,148
Less: net income attributable to noncontrolling interest	54	77	136	211
Net income (loss) attributable to common shareholders	\$ (28,448)	\$ 7,012	\$ (34,861)	\$ 14,937
	\$ (0.41)	\$ 0.14	\$ (0.62)	\$ 0.29

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Net income (loss) per basic and diluted common
shares attributable to common shareholders

Dividends declared per common share	\$ 0.39	\$ 0.39	\$ 1.16	\$ 1.16
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See accompanying notes.

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CONSOLIDATED COMMUNICATIONS HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited; Amounts in thousands)

	Quarter Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income (loss)	\$ (28,394)	\$ 7,089	\$ (34,725)	\$ 15,148
Pension and post-retirement obligations:				
Change in prior service credit, net of tax	-	-	(814)	-
Amortization of actuarial losses and prior service credit to earnings, net of tax	667	679	2,400	2,036
Derivative instruments designated as cash flow hedges:				
Change in fair value of derivatives, net of tax	(285)	3	(2,829)	(595)
Reclassification of realized loss to earnings, net of tax	218	159	667	466
Comprehensive income (loss)	(27,794)			