

ENTRAVISION COMMUNICATIONS CORP
Form 10-Q
November 09, 2010

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 SEPTEMBER 30, 2010

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 1-15997

ENTRAVISION COMMUNICATIONS CORPORATION
(Exact name of registrant as specified in its charter)

Delaware 95-4783236
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

2425 Olympic Boulevard, Suite 6000 West, Santa Monica, California 90404
(Address of principal executive offices) (Zip Code)

(310) 447-3870
(Registrant's telephone number, including area code)

N/A
(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

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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 or a non-accelerated filer. 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 <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input checked="" type="checkbox"/>

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 November 1, 2010, there were 52,975,004 shares, \$0.0001 par value per share, of the registrant's Class A common stock outstanding, 22,188,161 shares, \$0.0001 par value per share, of the registrant's Class B common stock outstanding and 9,352,729 shares, \$0.0001 par value per share, of the registrant's Class U common stock outstanding.

ENTRAVISION COMMUNICATIONS CORPORATION

FORM 10-Q FOR THE THREE- AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2010

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Forward-Looking Statements

This document contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, including, but not limited to, any projections of earnings, revenue or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements concerning proposed new services or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing.

Forward-looking statements may include the words “may,” “could,” “will,” “estimate,” “intend,” “continue,” “believe,” “expect,” “anticipate” or other similar words. These forward-looking statements present our estimates and assumptions only as of the date of this report. Except for our ongoing obligation to disclose material information as required by the federal securities laws, we do not intend, and undertake no obligation, to update any forward-looking statement.

Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. Some of the key factors impacting these risks and uncertainties include, but are not limited to:

- risks related to our history of operating losses, our substantial indebtedness or our ability to raise capital;
- provisions of the agreements governing our debt instruments, including our 8.75% Senior Secured First Lien Notes (the “Notes”) and our revolving credit facility (the “Revolving Credit Facility”);
 - our continued compliance with all of our obligations;
- cancellations or reductions of advertising due to the current economic environment or otherwise;
 - advertising rates remaining constant or decreasing;
- the impact of rigorous competition in Spanish-language media and in the advertising industry generally;
- the impact on our business, if any, as a result of changes in the way market share is measured by third parties;
 - our relationship with Univision Communications Inc., or Univision;
- subject to restrictions contained in the Notes and the revolving credit facility agreement (the “Credit Agreement”), the overall success of our acquisition strategy, which historically has included developing media clusters in key U.S. Hispanic markets, and the integration of any acquired assets with our existing business;
 - industry-wide market factors and regulatory and other developments affecting our operations;
 - the duration and severity of the current economic environment;
 - the impact of previous and any future impairment of our assets;
 - risks related to changes in accounting interpretations; and

- the impact, including additional costs, of mandates and other obligations that may be imposed upon us as a result of the recent passage of new federal healthcare laws.

For a detailed description of these and other factors that could cause actual results to differ materially from those expressed in any forward-looking statement, please see the section entitled “Risk Factors,” beginning on page 25 of our Annual Report on Form 10-K for the year ended December 31, 2009.

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PART I

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ENTRAVISION COMMUNICATIONS CORPORATION
CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	September 30, 2010 (Unaudited)	December 31, 2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 55,210	\$ 27,666
Restricted cash	1,023	-
Trade receivables, net of allowance for doubtful accounts of \$5,287 and \$5,105 (including related parties of \$4,242 and \$4,496)	46,832	44,674
Prepaid expenses and other current assets (including related parties of \$274 and \$274)	7,488	5,803
Total current assets	110,553	78,143
Property and equipment, net	74,244	80,446
Intangible assets subject to amortization, net (included related parties of \$26,772 and \$27,841)	27,553	28,757
Intangible assets not subject to amortization	246,199	246,199
Goodwill	45,845	45,845
Other assets	17,982	8,537
Total assets	\$ 522,376	\$ 487,927
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current maturities of long-term debt (including related parties of \$1,000 and \$1,000)	\$ 1,000	\$ 1,000
Advances payable, related parties	118	118
Accounts payable and accrued expenses (including related parties of \$5,127 and \$4,262)	31,745	47,669
Total current liabilities	32,863	48,787
Long-term debt, less current maturities, net of bond discount of \$4,982 and \$0 (including related parties of \$0 and \$1,000)	395,018	362,949
Other long-term liabilities	11,567	12,258
Deferred income taxes	44,670	38,698
Total liabilities	484,118	462,692
Commitments and contingencies (note 4)		
Stockholders' equity		
Class A common stock, \$0.0001 par value, 260,000,000 shares authorized; shares issued 2010 52,955,032; 2009 51,807,122	5	5
Class B common stock, \$0.0001 par value, 40,000,000 shares authorized; shares issued and		

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outstanding 2010 22,208,133; 2009 22,587,433	2	2
Class U common stock, \$0.0001 par value, 40,000,000 shares authorized; shares issued and		
outstanding 2010 and 2009 9,352,729	1	1
Additional paid-in capital	939,799	937,963
Accumulated deficit	(901,549)	(912,736)
Total		