

SAGA COMMUNICATIONS INC
Form 10-Q
August 09, 2012
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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 June 30, 2012

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 1-11588

Saga Communications, Inc.

(Exact name of registrant as specified in its charter)

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Delaware
*(State or other jurisdiction of
incorporation or organization)*

73 Kercheval Avenue
Grosse Pointe Farms, Michigan
(Address of principal executive offices)

38-3042953
*(I.R.S. Employer
Identification No.)*

48236
(Zip Code)

(313) 886-7070
(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 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

The number of shares of the registrant's Class A Common Stock, \$.01 par value, and Class B Common Stock, \$.01 par value, outstanding as of August 3, 2012 was 3,652,405 and 597,504, respectively.

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	June 30, 2012 (Unaudited)	December 31, 2011
	(In thousands)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,841	\$ 6,991
Accounts receivable, net	19,374	19,415
Prepaid expenses and other current assets	2,341	1,907
Barter transactions	1,808	1,358
Deferred income taxes	1,175	1,169
Current assets held for sale	128	120
Total current assets	33,667	30,960
Property and equipment	156,437	154,246
Less accumulated depreciation	96,703	93,624
Net property and equipment	59,734	60,622
Broadcast licenses, net	90,361	90,356
Other intangibles, deferred costs and investments, net	5,250	5,409
Assets held for sale	2,832	2,987
	\$ 191,844	\$ 190,334
Liabilities and stockholders equity		
Current liabilities:		
Accounts payable	\$ 1,410	\$ 1,728
Payroll and payroll taxes	5,765	5,730
Other accrued expenses	4,760	2,502
Barter transactions	1,870	1,550
Current portion of long-term debt		3,000
Current liabilities of station held for sale	131	128
Total current liabilities	13,936	14,638
Deferred income taxes	15,163	13,383
Long-term debt	58,828	66,078
Other liabilities	2,914	3,065
Liabilities of station held for sale	188	195
Total liabilities	91,029	97,359
Commitments and contingencies		
Stockholders equity		
Common stock	53	53
Additional paid-in capital	50,763	50,681

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Retained earnings	78,668	70,831
Treasury stock	(28,669)	(28,590)
Total stockholders' equity	100,815	92,975
	\$ 191,844	\$ 190,334

See notes to unaudited condensed consolidated financial statements.

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SAGA COMMUNICATIONS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
	(Unaudited)			
	(In thousands, except per share data)			
Net operating revenue	\$ 32,986	\$ 32,764	\$ 62,309	\$ 61,012
Station operating expense	21,959	23,016	44,319	45,150
Corporate general and administrative	1,940	1,949	3,889	3,889
Operating income from continuing operations	9,087	7,799	14,101	11,973
Other expenses, net:				
Interest expense	458	1,034	986	2,191
Write-off revolving credit facility debt issuance costs		1,326		1,326
Other income, net	(8)	(95)	(10)	(32)
Income from continuing operations before income tax	8,637	5,534	13,125	8,488
Income tax provision	3,438	2,251	5,223	3,457
Income from continuing operations, net of income tax	5,199	3,283	7,902	5,031
Loss from discontinued operations, net of income tax	(67)	(113)	(65)	(199)
Net income	\$ 5,132	\$ 3,170	\$ 7,837	\$ 4,832
Basic earnings (loss) per share:				
From continuing operations	\$ 1.22	\$.77	\$ 1.86	\$ 1.19
From discontinued operations	(.01)	(.02)	(.01)	(.05)
Earnings per share	\$ 1.21	\$.75	\$ 1.85	\$ 1.14
Diluted earnings (loss) per share:				
From continuing operations	\$ 1.22	\$.77	\$ 1.86	\$ 1.19
From discontinued operations	(.01)	(.02)	(.02)	(.05)
Earnings per share	\$ 1.21	\$.75	\$ 1.84	\$ 1.14
Weighted average common shares	4,246	4,242	4,243	4,237
Weighted average common and common equivalent shares	4,247	4,245	4,250	4,242

See notes to unaudited condensed consolidated financial statements.

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SAGA COMMUNICATIONS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30,	
	2012	2011
	(Unaudited)	
	(In thousands)	
Cash flows from operating activities:		
Cash provided by operating activities	\$ 14,756	\$ 11,556
Cash flows from investing activities:		
Acquisition of property and equipment	(2,502)	(2,522)
Other investing activities	(74)	(104)
Net cash used in investing activities	(2,576)	(2,626)
Cash flows from financing activities:		
Payments on long-term debt	(10,250)	(99,100)
Proceeds from long-term debt		92,100
Payments for debt issuance costs		(1,147)
Purchase of shares held in treasury	(80)	(117)
Net cash used in financing activities	(10,330)	(8,264)
Net increase in cash and cash equivalents	1,850	666
Cash and cash equivalents, beginning of period	6,991	12,197
Cash and cash equivalents, end of period	\$ 8,841	\$ 12,863

See notes to unaudited condensed consolidated financial statements.

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SAGA COMMUNICATIONS, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for annual financial statements.

In our opinion, the accompanying financial statements include all adjustments of a normal, recurring nature considered necessary for a fair presentation of our financial position as of June 30, 2012 and the results of operations for the three and six months ended June 30, 2012 and 2011. Results of operations for the six months ended June 30, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012. The balance sheet at December 31, 2011 has been derived from the audited financial statements at that date but does not include all of the information and notes required by GAAP for annual financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Saga Communications, Inc. Annual Report on Form 10-K for the year ended December 31, 2011.

The Company has evaluated events and transactions occurring subsequent to the balance sheet date of June 30, 2012, for items that should potentially be recognized in these financial statements or discussed within the notes to the financial statements.

Earnings Per Share Information

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended June 30,		Six Months Ended June 30,
2012		20	