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iHeartCommunications, Inc.

Form 10-Q

November 09, 2016

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, 2016

☐ 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

001-09645

IHEARTCOMMUNICATIONS, INC.

(Exact name of registrant as specified in its charter)

Texas 74-1787539

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

200 East Basse Road, Suite 100 78209
San Antonio, Texas
(Address of principal executive offices) (Zip Code)
(210) 822-2828

(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 ☐

(Explanatory Note: The registrant is a voluntary filer and is
therefore not subject to the filing requirements of the Securities
Exchange Act of 1934. However, during the preceding 12
months, and pursuant to the bond indentures of
iHeartCommunications, Inc., the registrant has filed all reports
that it would have been required to file by Section 13 or 15(d)
of the Securities Exchange Act of 1934 if the registrant was
subject to the filing requirements of the Securities Exchange
Act of 1934 during such timeframe.)

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 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.

Large accelerated filer ☐ Accelerated filer ☐

Non-accelerated filer ☒ 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 ☒

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Class	Outstanding at November 7, 2016
~ ~ ~ ~ ~	~ ~ ~ ~ ~
~ ~ ~ ~ ~	~ ~ ~ ~ ~
~ ~ ~ ~ ~	~ ~ ~ ~ ~
~	~
Common Stock, \$.001 par value	500,000,000

The registrant meets the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q and is therefore filing this form in a reduced disclosure format permitted by General Instruction H(2).

IHEARTCOMMUNICATIONS, INC.
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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

IHEARTCOMMUNICATIONS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	September 30, 2016 (Unaudited)	December 31, 2015
(In thousands, except share data)		
CURRENT ASSETS		
Cash and cash equivalents	\$542,910	\$772,678
Accounts receivable, net of allowance of \$36,556 in 2016 and \$34,889 in 2015	1,392,997	1,442,038
Prepaid expenses	205,750	189,055
Assets held for sale	55,184	295,075
Other current assets	79,682	79,269
Total Current Assets	2,276,523	2,778,115
PROPERTY, PLANT AND EQUIPMENT		
Structures, net	1,254,395	1,391,880
Other property, plant and equipment, net	784,459	820,676
INTANGIBLE ASSETS AND GOODWILL		
Indefinite-lived intangibles - licenses	2,414,041	2,413,483
Indefinite-lived intangibles - permits	961,194	971,327
Other intangibles, net	798,742	953,660
Goodwill	4,108,950	4,128,887
OTHER ASSETS		
Other assets	225,968	215,087
Total Assets	\$12,824,272	\$13,673,115
CURRENT LIABILITIES		
Accounts payable	\$111,066	\$153,276
Accrued expenses	731,793	834,416
Accrued interest	152,066	279,100
Deferred income	238,763	210,924
Current portion of long-term debt	204,591	181,512
Total Current Liabilities	1,438,279	1,659,228
Long-term debt	20,249,812	20,539,099
Deferred income taxes	1,541,335	1,554,898
Other long-term liabilities	557,626	526,571
Commitments and contingent liabilities (Note 4)		
SHAREHOLDER'S DEFICIT		
Noncontrolling interest	157,026	177,615
Common stock, par value \$.001 per share, authorized and issued 500,000,000 shares in 2016 and 2015, respectively	500	500
Additional paid-in capital	2,067,403	2,066,622
Accumulated deficit	(12,839,371)	(12,437,011)
Accumulated other comprehensive loss	(348,338)	(414,407)
Total Shareholder's Deficit	(10,962,780)	(10,606,681)
Total Liabilities and Shareholder's Deficit	\$12,824,272	\$13,673,115
See Notes to Consolidated Financial Statements		

IHEARTCOMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(UNAUDITED)

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Revenue	\$1,570,418	\$1,579,514	\$4,552,455	\$4,523,937
Operating expenses:				
Direct operating expenses (excludes depreciation and amortization)	595,576	627,150	1,781,193	1,820,005
Selling, general and administrative expenses (excludes depreciation and amortization)	421,700	429,426	1,281,849	1,270,869
Corporate expenses (excludes depreciation and amortization)	86,779	74,775	252,308	232,492
Depreciation and amortization	158,453	166,320	476,053	505,167
Impairment charges	8,000	21,631	8,000	21,631
Other operating income (expense), net	(505)) 6,914	219,768	98,694
Operating income	299,405	267,126	972,820	772,467
Interest expense	459,852	453,921	1,389,793	1,348,649
Loss on investments, net	(13,767)) (5,000)) (13,767)) (4,421)
Equity in earnings (loss) of nonconsolidated affiliates	1,117	(857)) (926)) (1,216)
Gain (loss) on extinguishment of debt	157,556			