

GRAY TELEVISION INC  
Form 10-Q  
August 07, 2018

**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, 2018 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 1-13796**

**Gray Television, Inc.**

(Exact name of registrant as specified in its charter)

**Georgia**

(State or other jurisdiction of  
incorporation or organization)

**58-0285030**

(I.R.S. Employer  
Identification Number)

**4370 Peachtree Road, NE, Atlanta, Georgia 30319**

(Address of principal executive offices) (Zip code)

**(404) 504-9828**

(Registrant's telephone number, including area 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 periods 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 website, 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, a 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.

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 any 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 \_\_\_

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

<b>Common Stock (No Par Value)</b>	<b>Class A Common Stock (No Par Value)</b>
<b>82,022,500 shares outstanding as of July 31, 2018</b>	<b>6,729,035 shares outstanding as of July 31, 2018</b>

**INDEX**

**GRAY TELEVISION, INC.**

<b><u>PART I.</u></b>	<b><u>FINANCIAL INFORMATION</u></b>	<b><u>PAGE</u></b>
Item 1.	Financial Statements	
	Condensed consolidated balance sheets (Unaudited) - June 30, 2018 and December 31, 2017	3
	Condensed consolidated statements of operations (Unaudited) - three months and six-months ended June 30, 2018 and 2017	5
	Condensed consolidated statement of stockholders' equity (Unaudited) - six-months ended June 30, 2018	6
	Condensed consolidated statements of cash flows (Unaudited) - six-months ended June 30, 2018 and 2017	7
	Notes to condensed consolidated financial statements (Unaudited)	8
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	22
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	30
Item 4.	Controls and Procedures	30
<b><u>PART II.</u></b>	<b><u>OTHER INFORMATION</u></b>	
Item 1A.	Risk Factors	30
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	30
Item 6.	Exhibits	31
	<b><u>SIGNATURES</u></b>	<b>32</b>

**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements**

**GRAY  
TELEVISION,  
INC.  
CONDENSED  
CONSOLIDATED  
BALANCE  
SHEETS  
(Unaudited)  
(in thousands)**

	<b>June 30, 2018</b>	<b>December 31, 2017</b>
<b>Assets:</b>		
Current assets:		
Cash	\$510,577	\$462,399
Accounts receivable trade, less allowance for doubtful accounts of \$3,024 and \$4,606, respectively	176,712	171,230
Current portion of program broadcast rights, net	4,892	14,656
Prepaid income taxes	25,848	13,791
Prepaid and other current assets	4,376	4,681
Total current assets	722,405	666,757
Property and equipment, net	342,996	350,658
Broadcast licenses	1,530,703	1,530,703
Goodwill	611,100	611,100
Other intangible assets, net	63,196	73,784
Investments in broadcasting and technology companies	16,599	16,599
Other	14,446	11,256
Total assets	\$3,301,445	\$3,260,857

**See notes to condensed consolidated financial statements.**

**GRAY  
TELEVISION,  
INC.  
CONDENSED  
CONSOLIDATED  
BALANCE  
SHEETS  
(Unaudited)**  
(in thousands except  
for share data)

	<b>June 30, 2018</b>	<b>December 31, 2017</b>
<b>Liabilities and stockholders' equity:</b>		
Current liabilities:		
Accounts payable	\$6,119	\$7,840
Employee compensation and benefits	25,830	30,144
Accrued interest	26,662	26,624
Accrued network programming fees	18,259	20,317
Other accrued expenses	10,841	11,970
Federal and state income taxes	19,168	8,753
Current portion of program broadcast obligations	5,274	15,236
Deferred revenue	5,038	4,004
Current portion of long-term debt	37,000	6,417
Total current liabilities	154,191	131,305
Long-term debt, less current portion and deferred financing costs	1,799,229	1,831,011
Program broadcast obligations, less current portion	3,377	4,277
Deferred income taxes	272,541	261,690
Accrued pension costs	37,317	37,838
Other	1,832	1,839
Total liabilities	2,268,487	2,267,960
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Common stock, no par value; authorized 200,000,000 shares and 100,000,000 shares, issued 89,298,943 shares and 88,788,664 shares, outstanding 82,022,500 shares and 83,253,588 shares, respectively	904,871	902,518
Class A common stock, no par value; authorized 25,000,000 shares and 15,000,000 shares, issued 8,569,149 shares and 8,349,069 shares, outstanding 6,729,035 shares and 6,598,377 shares, respectively	25,662	24,644
Retained earnings	222,344	161,694
Accumulated other comprehensive loss, net of income tax benefit	(22,165 )	(22,165 )
	1,130,712	1,066,691
Treasury stock at cost, common stock, 7,276,443 shares and 5,535,076 shares, respectively	(72,270 )	(49,562 )

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Treasury stock at cost, Class A common stock, 1,840,114 shares and 1,750,692 shares, respectively	(25,484 )	(24,232 )
Total stockholders' equity	1,032,958	992,897
Total liabilities and stockholders' equity	\$3,301,445	\$3,260,857

**See notes to condensed consolidated financial statements.**

**GRAY  
TELEVISION,  
INC.  
CONDENSED  
CONSOLIDATED  
STATEMENTS  
OF OPERATIONS  
(Unaudited)**

(in thousands except  
for per share data)

	<b>Three Months Ended June 30, 2018</b>		<b>Six Months Ended June 30, 2018</b>	
	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>
Revenue (less agency commissions)	\$250,344	\$226,681	\$476,602	\$430,142
Operating expenses before depreciation, amortization and loss (gain) on disposal of assets, net:				
Broadcast	141,919	133,683	291,573	267,239
Corporate and administrative	10,833	8,432	19,093	16,142
Depreciation	13,543	12,841	27,237	25,470
Amortization of intangible assets	5,153			