

AMC Networks 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: 1-35106

AMC Networks Inc.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

27-5403694
(I.R.S. Employer
Identification No.)

11 Penn Plaza,
New York, NY
(Address of principal executive offices)

10001
(Zip Code)

(212) 324-8500

(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 (as defined in Exchange Act Rule 12b-2).

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

The number of shares of common stock outstanding as of August 1, 2012:

Class A Common Stock par value \$0.01 per share	58,164,199
Class B Common Stock par value \$0.01 per share	13,534,408

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AMC NETWORKS INC. AND SUBSIDIARIES

FORM 10-Q

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements.****AMC NETWORKS INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(Dollars in thousands, except per share amounts)****(unaudited)**

	June 30, 2012	December 31, 2011
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 307,803	\$ 215,836
Accounts receivable, trade (less allowance for doubtful accounts of \$2,599 and \$3,092)	293,930	286,810
Amounts due from related parties, net	4,795	5,540
Program rights, net	236,986	235,171
Prepaid expenses and other current assets	49,488	67,370
Deferred tax asset, net	12,652	59,272
Total current assets	905,654	869,999
Property and equipment, net of accumulated depreciation of \$142,815 and \$132,745	63,300	63,814
Program rights, net	768,554	765,609
Amounts due from related parties, net	3,369	3,214
Deferred carriage fees, net	42,937	47,304
Intangible assets, net	266,723	305,673
Goodwill	83,173	83,173
Other assets	39,729	45,148
Total assets	\$ 2,173,439	\$ 2,183,934
LIABILITIES AND STOCKHOLDERS DEFICIENCY		
Current Liabilities:		
Accounts payable	\$ 69,148	\$ 61,605
Accrued liabilities:		
Interest	28,681	31,254
Employee related costs	48,718	57,160
Other accrued expenses	14,335	11,385
Amounts due to related parties, net	722	5,336
Program rights obligations	161,425	146,339
Deferred revenue	32,687	23,853
Credit facility debt	5,950	5,950
Capital lease obligations	1,484	1,314
Total current liabilities	363,150	344,196
Program rights obligations	419,951	472,690
Senior notes	686,917	686,434
Credit facility debt	1,547,280	1,598,896
Capital lease obligations	14,902	14,363
Deferred tax liability, net	43,040	51,905

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Other liabilities	57,320	52,445
Total liabilities	3,132,560	3,220,929
Commitments and contingencies		
Stockholders' deficiency:		
Class A Common Stock, \$0.01 par value, 360,000,000 shares authorized, 58,798,794 and 58,628,764 shares issued and 58,170,976 and 58,434,704 shares outstanding, respectively	588	586
Class B Common Stock, \$0.01 par value, 90,000,000 shares authorized, 13,534,408 shares issued and outstanding	135	135
Preferred stock, \$0.01 par value, 45,000,000 shares authorized; none issued		
Paid-in capital	17,913	5,942
Accumulated deficit	(945,263)	(1,029,954)
Treasury stock, at cost (627,818 and 194,060 shares Class A Common Stock, respectively)	(17,665)	(1,677)
Accumulated other comprehensive loss	(14,829)	(12,027)
Total stockholders' deficiency	(959,121)	(1,036,995)
Total liabilities and stockholders' deficiency	\$ 2,173,439	\$ 2,183,934

See accompanying notes to consolidated financial statements.

Table of Contents**AMC NETWORKS INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME****Three and Six Months Ended June 30, 2012 and 2011****(In thousands, except per share amounts)****(unaudited)**

	Three Months Ended June 30, 2012	2011	Six Months Ended June 30, 2012	2011
Revenues, net (including revenues, net from related parties of \$8,102, \$8,028, \$16,175 and \$15,968, respectively)	\$ 327,570	\$ 291,965	\$ 653,809	\$ 564,868
Operating expenses:				
Technical and operating (excluding depreciation and amortization shown below and including charges from related parties of \$310, \$1,396, \$310 and \$2,601, respectively)	114,349	95,883	219,279	186,294
Selling, general and administrative (including charges from related parties of \$1,108, \$26,459, \$3,104 and \$50,750, respectively)	90,878	88,564	190,100	175,485
Restructuring credit		(15)	(3)	(49)
Depreciation and amortization	24,067	25,259	49,118	50,185
	229,294	209,691	458,494	411,915
Operating income	98,276	82,274	195,315	152,953
Other income (expense):				
Interest expense	(29,431)	(15,353)	(59,228)	(33,703)
Interest income	102	163	207	620
Write-off of deferred financing costs		(5,703)	(312)	(5,703)
Loss on extinguishment of debt		(14,518)		(14,518)
Miscellaneous, net	(644)	7	(632)	79
	(29,973)	(35,404)	(59,965)	(53,225)
Income from continuing operations before income taxes	68,303	46,870	135,350	99,728
Income tax expense	(26,898)	(19,812)	(50,868)	(42,948)
Income from continuing operations	41,405	27,058	84,482	56,780
Income from discontinued operations, net of income taxes	105	97	209	193
Net income	\$ 41,510	\$ 27,155	\$ 84,691	\$ 56,973
Basic net income per share:				
Income from continuing operations	\$ 0.59	\$ 0.39	\$ 1.20	\$ 0.82
Income from discontinued operations	\$	\$	\$	\$
Net income	\$ 0.59	\$ 0.39	\$ 1.21	\$ 0.82
Diluted net income per share:				
Income from continuing operations	\$ 0.57	\$ 0.39	\$ 1.17	\$ 0.82
Income from discontinued operations	\$	\$	\$	\$

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Net income	\$	0.58	\$	0.39	\$	1.17	\$	0.82
Weighted average common shares:								
Basic weighted average common shares		70,479		69,161		70,175		69,161
Diluted weighted average common shares		72,183		69,161		72,157		69,161

See accompanying notes to consolidated financial statements.

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AMC NETWORKS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Three and Six Months Ended June 30, 2012 and 2011

(Dollars in thousands)

(unaudited)