

Edgar Filing: Live Nation Entertainment, Inc. - Form 10-Q

Live Nation Entertainment, Inc.
Form 10-Q
May 03, 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 March 31, 2016

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 001-32601

LIVE NATION ENTERTAINMENT, INC.
(Exact name of registrant as specified in its charter)

Delaware 20-3247759
(State of Incorporation) (I.R.S. Employer Identification No.)
9348 Civic Center Drive
Beverly Hills, CA 90210
(Address of principal executive offices, including zip code)
(310) 867-7000
(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.

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

On April 27, 2016, there were 202,926,816 outstanding shares of the registrant's common stock, \$0.01 par value per share, including 1,044,993 shares of unvested restricted stock awards and excluding 408,024 shares held in treasury.

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GLOSSARY OF KEY TERMS

AOCI	Accumulated other comprehensive income (loss)
AOI	Adjusted operating income (loss)
Company	Live Nation Entertainment, Inc. and subsidiaries
FASB	Financial Accounting Standards Board
GAAP	United States Generally Accepted Accounting Principles
Live Nation	Live Nation Entertainment, Inc. and subsidiaries
SEC	United States Securities and Exchange Commission
Ticketmaster	For periods prior to May 6, 2010, Ticketmaster means Ticketmaster Entertainment LLC and its predecessor companies (including without limitation Ticketmaster Entertainment, Inc.); for periods on and after May 6, 2010, Ticketmaster means the Ticketmaster ticketing business of the Company

See Notes to Consolidated Financial Statements

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements

LIVE NATION ENTERTAINMENT, INC.

CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

	March 31, 2016	December 31, 2015
	(in thousands)	
ASSETS		
Current assets		
Cash and cash equivalents	\$1,699,281	\$1,303,125
Accounts receivable, less allowance of \$18,411 and \$17,168, respectively	480,681	452,600
Prepaid expenses	747,661	496,226
Other current assets	38,631	36,364
Total current assets	2,966,254	2,288,315
Property, plant and equipment		
Land, buildings and improvements	841,717	840,032
Computer equipment and capitalized software	502,217	505,233
Furniture and other equipment	241,081	233,271
Construction in progress	65,197	47,684
	1,650,212	1,626,220
Less accumulated depreciation	927,422	894,938
	722,790	731,282
Intangible assets		
Definite-lived intangible assets, net	785,301	777,763
Indefinite-lived intangible assets	369,219	369,317
Goodwill	1,619,552	1,604,315
Other long-term assets	464,058	385,249
Total assets	\$6,927,174	\$6,156,241
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable, client accounts	\$802,718	\$662,941
Accounts payable	76,204	58,607
Accrued expenses	620,142	686,664
Deferred revenue	1,354,101	618,640
Current portion of long-term debt, net	43,990	42,352
Other current liabilities	29,082	32,002
Total current liabilities	2,926,237	2,101,206
Long-term debt, net	1,992,851	2,002,662
Long-term deferred income taxes	204,032	199,472
Other long-term liabilities	135,308	142,267
Commitments and contingent liabilities		
Redeemable noncontrolling interests	264,088	263,715
Stockholders' equity		
Common stock	2,023	2,020
Additional paid-in capital	2,423,054	2,428,566
Accumulated deficit	(1,120,919)	(1,075,111)
Cost of shares held in treasury	(6,865)	(6,865)
Accumulated other comprehensive loss	(112,905)	(111,657)

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Total Live Nation stockholders' equity	1,184,388	1,236,953
Noncontrolling interests	220,270	209,966
Total equity	1,404,658	1,446,919
Total liabilities and equity	\$6,927,174	\$ 6,156,241

See Notes to Consolidated Financial Statements

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LIVE NATION ENTERTAINMENT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended March 31,	
	2016	2015
	(in thousands except share and per share data)	
Revenue	\$1,207,716	\$1,120,312
Operating expenses:		
Direct operating expenses	784,203	721,289
Selling, general and administrative expenses	336,181	314,545
Depreciation and amortization	94,955	84,541
Loss on disposal of operating assets	25	39
Corporate expenses	24,506	24,360
Acquisition transaction expenses	1,136	(527)
Operating loss	(33,290)	(23,935)
Interest expense	25,432	25,363
Interest income	(556)	(1,565)
Equity in earnings of nonconsolidated affiliates	(592)	(2,980)
Other expense (income), net	(8,547)	21,028
Loss before income taxes	(49,027)	(65,781)
Income tax expense	6,927	745
Net loss	(55,954)	(66,526)
Net loss attributable to noncontrolling interests		