

Clear Channel Outdoor Holdings, Inc.

Form 10-Q

August 03, 2011

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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, 2011

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

1-32663

CLEAR CHANNEL OUTDOOR HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

86-0812139
(I.R.S. Employer Identification No.)

200 East Basse Road
San Antonio, Texas
(Address of principal executive offices)

78209
(Zip Code)

(210) 832-3700

(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 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 July 28, 2011
Class A Common Stock, \$.01 par value	40,921,738
Class B Common Stock, \$.01 par value	315,000,000

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. FINANCIAL STATEMENTS****CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(In thousands)**

	June 30, 2011 (Unaudited)	December 31, 2010
CURRENT ASSETS		
Cash and cash equivalents	\$ 616,512	\$ 624,018
Accounts receivable, net	761,957	735,115
Other current assets	225,921	191,360
Total Current Assets	1,604,390	1,550,493
PROPERTY, PLANT AND EQUIPMENT		
Structures, net	1,980,304	2,007,399
Other property, plant and equipment, net	303,207	290,325
INTANGIBLE ASSETS		
Definite-lived intangibles, net	673,005	705,218
Indefinite-lived intangibles	1,113,889	1,114,413
Goodwill	884,652	862,242
OTHER ASSETS		
Due from Clear Channel Communications	483,917	383,778
Other assets	162,602	162,697
Total Assets	\$ 7,205,966	\$ 7,076,565
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 603,225	\$ 623,585
Deferred income	153,629	100,675
Current portion of long-term debt	58,800	41,676
Total Current Liabilities	815,654	765,936
Long-term debt	2,500,211	2,522,133
Deferred tax liability	814,651	828,568
Other long-term liabilities	276,791	251,873
Commitments and contingent liabilities (Note 6)		
SHAREHOLDERS' EQUITY		
Noncontrolling interest	219,116	209,794
Class A common stock	410	408
Class B common stock	3,150	3,150
Additional paid-in capital	6,680,481	6,677,146

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Retained deficit	(3,957,195)	(3,974,349)
Accumulated other comprehensive loss	(146,520)	(207,439)
Cost of shares held in treasury	(783)	(655)
Total Shareholders' Equity	2,798,659	2,708,055
Total Liabilities and Shareholders' Equity	\$ 7,205,966	\$ 7,076,565

See Notes to Consolidated Financial Statements

Table of Contents**CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS****(UNAUDITED)****(In thousands, except per share data)**

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2011	2010	2011	2010
Revenue	\$ 789,208	\$ 701,407	\$ 1,439,422	\$ 1,310,175
Operating expenses:				
Direct operating expenses (excludes depreciation and amortization)	415,472	385,884	806,852	764,770
Selling, general and administrative expenses (excludes depreciation and amortization)	142,937	130,692	266,117	242,049
Corporate expenses (excludes depreciation and amortization)	23,038	23,757	45,021	44,529
Depreciation and amortization	105,600	105,299	207,930	207,008
Other operating income net	4,300	1,720	9,102	2,738
Operating income	106,461	57,495	122,604	54,557
Interest expense	60,803	60,395	121,786	118,713
Interest income on Due from Clear Channel Communications	10,518	3,806	19,571	7,219
Equity in earnings (loss) of nonconsolidated affiliates	673	4	602	(799)
Other income (expense) net	(277)	(4,155)	2,834	(4,992)
Income (loss) before income taxes	56,572	(3,245)	23,825	(62,728)
Income tax benefit (expense)	(22,360)	741	(5)	11,445
Consolidated net income (loss)	34,212	(2,504)	23,820	(51,283)
Less amount attributable to noncontrolling interest	7,517	6,623	6,666	5,626
Net income (loss) attributable to the Company	\$ 26,695	\$ (9,127)	\$ 17,154	\$ (56,909)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	28,366	(67,087)	66,385	(106,589)
Foreign currency reclassification adjustment	59	(1,365)	148	(1,141)
Unrealized gain (loss) on marketable securities	(1,949)	(2,328)	520	(4,948)
Comprehensive income (loss)	53,171	(79,907)	84,207	(169,587)
Less amount attributable to noncontrolling interest	3,832	(3,891)	6,134	(3,733)
Comprehensive income (loss) attributable to the Company	\$ 49,339	\$ (76,016)	\$ 78,073	\$ (165,854)
Net income (loss) attributable to the Company:				
Basic	\$ 0.07	\$ (0.03)	\$ 0.04	\$ (0.16)
Weighted average common shares outstanding Basic	355,883	355,542	355,839	355,502
Diluted	\$ 0.07	\$ (0.03)	\$ 0.04	\$ (0.16)
Weighted average common shares outstanding Diluted	356,658	355,542	356,624	355,502

See Notes to Consolidated Financial Statements

Table of Contents**CLEAR CHANNEL OUTDOOR HOLDINGS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(UNAUDITED)****(In thousands)**

	Six Months Ended June 30,	
	2011	2010
Cash flows from operating activities:		
Consolidated net income (loss)	\$ 23,820	\$ (51,283)
Reconciling items:		
Depreciation and amortization	207,930	207,008
Deferred taxes	(16,425)	(29,133)
Provision for doubtful accounts	3,311	2,150
Other reconciling items net	(3,866)	11,562
Changes in operating assets and liabilities:		
Increase in accounts receivable	(3,535)	(25,948)
Increase in deferred income	48,615	35,276
Increase (decrease) in accrued expenses	(32,894)	10,080
Increase (decrease) in accounts payable and other liabilities	3,400	(4,878)
Changes in other operating assets and liabilities, net of effects of acquisitions and dispositions	(33,924)	