

SCRIPPS E W CO /DE
Form 10-Q
May 09, 2014
Table of Contents

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, 2014

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 0-16914

THE E. W. SCRIPPS COMPANY
(Exact name of registrant as specified in its charter)

Ohio 31-1223339
(State or other jurisdiction of (IRS Employer
incorporation or organization) Identification Number)

312 Walnut Street 45202
Cincinnati, Ohio (Zip Code)
(Address of principal executive offices)

Registrant's telephone number, including area code: (513) 977-3000

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 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 definition 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 Smaller reporting
company) company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the 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. As of March 31, 2014, there were 44,171,130 of the registrant's Class A Common shares, \$.01 par value per share, outstanding and 11,932,722 of the registrant's Common Voting shares, \$.01 par value per share, outstanding.

Index to The E. W. Scripps Company Report
on Form 10-Q for the Quarter Ended March 31, 2014

Item No.	Page
<u>PART I - Financial Information</u>	
<u>1. Financial Statements</u>	<u>3</u>
<u>2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>3</u>
<u>3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>3</u>
<u>4. Controls and Procedures</u>	<u>3</u>
<u>PART II - Other Information</u>	
<u>1. Legal Proceedings</u>	<u>4</u>
<u>1A. Risk Factors</u>	<u>4</u>
<u>2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>4</u>
<u>3. Defaults Upon Senior Securities</u>	<u>4</u>
<u>4. Mine Safety Disclosures</u>	<u>4</u>
<u>5. Other Information</u>	<u>4</u>
<u>6. Exhibits</u>	<u>4</u>
<u>Signatures</u>	<u>5</u>

Table of Contents

PART I

As used in this Quarterly Report on Form 10-Q, the terms “Scripps,” “Company,” “we,” “our” or “us” may, depending on the context, refer to The E. W. Scripps Company, to one or more of its consolidated subsidiary companies, or to all of them taken as a whole.

Item 1. Financial Statements

The information required by this item is filed as part of this Form 10-Q. See Index to Financial Information at page F-1 of this Form 10-Q.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required by this item is filed as part of this Form 10-Q. See Index to Financial Information at page F-1 of this Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The information required by this item is filed as part of this Form 10-Q. See Index to Financial Information at page F-1 of this Form 10-Q.

Item 4. Controls and Procedures

The information required by this item is filed as part of this Form 10-Q. See Index to Financial Information at page F-1 of this Form 10-Q.

Table of Contents

PART II

Item 1. Legal Proceedings

We are involved in litigation arising in the ordinary course of business, such as defamation actions and governmental proceedings, primarily relating to renewal of broadcast licenses, none of which is expected to result in material loss.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2013.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no sales of unregistered equity securities during the quarter ended March 31, 2014.

The following table provides information about Company purchases of Class A Common shares during the quarter ended March 31, 2014 and the remaining amount that may still be purchased under the program:

Period	Total number of shares purchased	Average price paid per share	Total market value of shares purchased	Maximum value that may yet be purchased under the plans or programs
1/1/14 - 1/31/14	163,400	\$18.80	\$3,072,705	\$22,728,338
2/1/14 - 2/28/14	245,051	18.69	4,581,093	\$18,147,245
3/1/14 - 3/31/14	580,539	17.53	10,174,210	\$7,973,035
Total	988,990	\$18.03	\$17,828,008	

In November 2012, our board of directors authorized a repurchase program of up to \$100 million of our Class A Common shares through December 2014.

In May 2014, our board of directors authorized a new repurchase program of up to \$100 million of our Class A Common shares through December 2016.

Item 3. Defaults Upon Senior Securities

There were no defaults upon senior securities during the quarter ended March 31, 2014.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

The information required by this item is filed as part of this Form 10-Q. See Index to Exhibits at page E-1 of this Form 10-Q.

Table of Contents

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE E. W. SCRIPPS COMPANY

Dated: May 9, 2014

By: /s/ Douglas F. Lyons
Douglas F. Lyons
Vice President and Controller
(Principal Accounting Officer)

Table of Contents

The E. W. Scripps Company
Index to Financial Information

Item	Page
<u>Condensed Consolidated Balance Sheets</u>	<u>F-2</u>
<u>Condensed Consolidated Statements of Operations</u>	<u>F-3</u>
<u>Condensed Consolidated Statements of Comprehensive Loss</u>	<u>F-4</u>
<u>Condensed Consolidated Statements of Cash Flows</u>	<u>F-5</u>
<u>Condensed Consolidated Statements of Equity</u>	<u>F-6</u>
<u>Condensed Notes to Consolidated Financial Statements</u>	<u>F-7</u>
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>F-18</u>
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>F-29</u>
<u>Controls and Procedures</u>	<u>F-30</u>

F-1

Table of Contents

Condensed Consolidated Balance Sheets (Unaudited)

(in thousands, except share data)	As of March 31, 2014	As of December 31, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$ 187,119	\$ 221,255
Restricted cash	6,810	8,210
Accounts and notes receivable (less allowances - \$1,879 and \$2,027)	124,910	139,703
Inventory	6,180	6,543
Deferred income taxes	17,861	17,861
Income taxes receivable	731	436
Miscellaneous	8,819	8,046
Total current assets	352,430	402,054
Investments	16,025	16,567
Property, plant and equipment	347,071	353,797
Goodwill	56,682	27,966
Other intangible assets	141,839	137,862
Deferred income taxes	7,875	8,733
Miscellaneous	29,242	19,151
Total Assets	\$ 951,164	\$ 966,130
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$ 14,811	\$ 16,529
Customer deposits and unearned revenue	27,121	28,633
Current portion of long-term debt	2,000	2,000
Accrued liabilities:		
Employee compensation and benefits	28,658	26,986
Miscellaneous	30,252	28,930
Other current liabilities	9,840	10,043
Total current liabilities	112,682	113,121
Long-term debt (less current portion)	197,500	198,000
Other liabilities (less current portion)	104,787	107,272
Equity:		
Preferred stock, \$.01 par — authorized: 25,000,000 shares; none outstanding	—	—
Common stock, \$.01 par:		
Class A — authorized: 240,000,000 shares; issued and outstanding: 44,171,130 and 44,094,501 shares	442	441
Voting — authorized: 60,000,000 shares; issued and outstanding: 11,932,722 and 11,932,722 shares	119	119
Total	561	560
Additional paid-in capital	505,158	509,243
Retained earnings	108,932	116,893
Accumulated other comprehensive loss, net of income taxes:		
Unrealized loss on derivatives	(659) (718
Pension liability adjustments	(79,761) (80,205
Total The E.W. Scripps Company shareholders' equity	534,231	545,773

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Noncontrolling interest	1,964	1,964
Total equity	536,195	547,737
Total Liabilities and Equity	\$951,164	\$966,130

See notes to condensed consolidated financial statements.

F-2

Table of Contents

Condensed Consolidated Statements of Operations (Unaudited)

(in thousands, except per share data)	Three Months Ended	
	March 31, 2014	2013
Operating Revenues:		
Advertising	\$146,770	\$147,147
Subscriptions	32,299	30,471
Retransmission	12,474	10,442
Other	12,251	10,593
Total operating revenues	203,794	198,653
Costs and Expenses:		
Employee compensation and benefits	101,749	100,699
Programs and program licenses	12,968	12,796
Newsprint, press supplies and other printing costs	12,038	12,944
Newspaper distribution	11,916	12,273
Other expenses	49,748	48,881
Defined benefit pension plan expense	1,378	1,969
Acquisition and related integration costs	262	—
Separation and restructuring costs	—	976
Total costs and expenses	190,059	190,538
Depreciation, Amortization, and Losses (Gains):		
Depreciation	9,808	10,102
Amortization of intangible assets	1,921	1,712
Losses (gains), net on disposal of property, plant and equipment	68	5
Net depreciation, amortization, and losses (gains)	11,797	11,819
Operating income (loss)	1,938	(3,704)
Interest expense	(2,254)	(2,613)
Miscellaneous, net	(445)	(1,304)
Loss from operations before income taxes	(761)	(7,621)
Benefit for income taxes	(149)	(4,950)
Net loss	(612)	(2,671)
Net loss attributable to noncontrolling interests	—	—
Net loss attributable to the shareholders of The E.W. Scripps Company	\$(612)	\$(2,671)
Net loss per basic share of common stock attributable to the shareholders of The E.W. Scripps Company:	\$(0.01)	\$(0.05)
Net loss per diluted share of common stock attributable to the shareholders of The E.W. Scripps Company:	\$(0.01)	\$(0.05)

See notes to condensed consolidated financial statements.

Table of Contents

Condensed Consolidated Statements of Comprehensive Loss (Unaudited)

(in thousands)	Three Months Ended	
	March 31, 2014	2013
Net loss	\$(612) \$(2,671
Changes in fair value of derivative, net of tax of \$37 and \$35	59	59
Changes in defined benefit pension plans, net of tax of \$280 and \$298	444	851
Total comprehensive loss	(109) (1,761
Less comprehensive loss attributable to noncontrolling interest	—	—
Total comprehensive loss attributable to the shareholders of The E.W. Scripps Company	\$(109) \$(1,761
See notes to condensed consolidated financial statements.		

F-4

Table of Contents

Condensed Consolidated Statements of Cash Flows (Unaudited)

(in thousands)	Three Months Ended	
	March 31, 2014	2013
Cash Flows from Operating Activities:		
Net loss	\$(612) \$(2,671
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization	11,729	11,814
Deferred income taxes	(304) (377
Stock and deferred compensation plans	2,941	4,132
Pension expense, net of payments	1,021	1,405
Other changes in certain working capital accounts, net	14,640	(26,474
Miscellaneous, net	45	1,253
Net cash provided by (used in) operating activities	29,460	(10,918
Cash Flows from Investing Activities:		
Acquisitions	(46,000)