

CUMULUS MEDIA INC
Form 10-Q
November 14, 2018
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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 September 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 000-24525

Cumulus Media Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware 82-5134717
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

3280 Peachtree Road, NW Suite 2200, 30305
Atlanta, GA
(Address of Principal Executive Offices) (ZIP Code)
(404) 949-0700
(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 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," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

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Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging 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 by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

As of November 7, 2018, the registrant had 16,484,236 outstanding shares of common stock consisting of:

(i) 12,901,897 shares of Class A common stock; (ii) 3,582,339 shares of Class B common stock in addition to 2,976,593 Series 1 warrants and 539,180 Series 2 warrants.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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CUMULUS MEDIA INC.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (Dollars in thousands, except share data)
 (Unaudited)

	Successor Company September 30, 2018	Predecessor Company December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 53,978	\$ 102,891
Restricted cash	7,708	8,999
Accounts receivable, less allowance for doubtful accounts of \$1,807 and \$4,322 at September 30, 2018 and December 31, 2017, respectively	236,015	235,247
Trade receivable	4,465	4,224
Assets held for sale	80,450	—
Prepaid expenses and other current assets	37,387	42,259
Total current assets	420,003	393,620
Property and equipment, net	235,738	191,604
Broadcast licenses	935,773	1,203,809
Other intangible assets, net	201,648	82,994
Goodwill	—	135,214
Other assets	16,226	20,078
Total assets	\$ 1,809,388	\$ 2,027,319
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable and accrued expenses	\$ 93,859	\$ 36,157
Trade payable	3,019	—
Current portion of term loan	13,000	—
Total current liabilities	109,878	36,157
Term loan	1,283,750	—
Other liabilities	24,666	54
Deferred income taxes	46,618	—
Total liabilities not subject to compromise	—	36,211
Liabilities subject to compromise	—	2,687,223
Total liabilities	1,464,912	2,723,434
Commitments and Contingencies (Note 14)		
Stockholders' equity (deficit):		
Predecessor Class A common stock, par value \$0.01 per share; 93,750,000 shares authorized; 32,031,054 shares issued, and 29,225,765 shares outstanding at December 31, 2017	—	320
Predecessor Class C common stock, par value \$0.01 per share; 80,609 shares authorized issued and outstanding at December 31, 2017	—	1
Predecessor treasury stock, at cost, 2,806,187 shares at December 31, 2017	—	(229,310)
Predecessor additional paid-in-capital	—	1,626,428
Predecessor accumulated deficit	—	(2,093,554)
Successor Class A common stock, par value \$0.0000001 per share; 100,000,000 shares authorized; 12,873,697 shares issued and outstanding at September 30, 2018	—	—
	—	—

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Successor Class B common stock, par value \$0.0000001 per share; 100,000,000 shares authorized; 3,594,710 shares issued and outstanding at September 30, 2018

Successor additional paid-in-capital	326,783	—
Successor retained earnings	17,693	—
Total stockholders' equity (deficit)	344,476	(696,115)
Total liabilities and stockholders' equity	\$ 1,809,388	\$ 2,027,319

See accompanying notes to the unaudited condensed consolidated financial statements.

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CUMULUS MEDIA INC.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (Dollars in thousands, except for share and per share data)
 (Unaudited)

	Successor Company Three Months Ended September 30, 2018	Predecessor Company Three Months Ended September 30, 2017
Net revenue	\$ 282,254	\$ 287,240
Operating expenses:		
Content costs	98,494	97,924
Selling, general and administrative expenses	114,345	117,690
Depreciation and amortization	14,142	15,208
Local marketing agreement fees	1,006	2,717
Corporate expenses (including stock-based compensation expense of \$1,131 and \$354, respectively)	10,878	10,853
Loss (gain) on sale or disposal of assets or stations	34	(83)
Total operating expenses	238,899	244,309
Operating income	43,355	42,931
Non-operating (expense) income:		
Interest expense	(22,403)	