

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**  
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**BHC COMMUNICATIONS INC**

CIK: **855433** | IRS No.: **592104168** | State of Incorpor.: **DE** | Fiscal Year End: **1231**  
Type: **10-Q** | Act: **34** | File No.: **001-10342** | Film No.: **94527822**  
SIC: **4833** Television broadcasting stations

Business Address  
767 FIFTH AVE 46TH FLOOR  
NEW YORK NY 10153  
2124210200

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

(MARK ONE)

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1994

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: 1-10342

BHC COMMUNICATIONS, INC.

(Exact name of Registrant as specified in its charter)

Delaware

59-2104168

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

767 Fifth Avenue, New York, New York

10153

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (212) 421-0200

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 X No

As of April 30, 1994 there were 6,925,815 shares of the issuer's  
Class A Common Stock outstanding and 18,000,000 shares of the  
issuer's Class B Common Stock outstanding.

<TABLE>

PART I -- FINANCIAL INFORMATION  
BHC COMMUNICATIONS, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands of dollars)

<CAPTION>

March 31, December 31,  
1994 1993

(UNAUDITED)

<u>&lt;S&gt;</u>	<u>&lt;C&gt;</u>	<u>&lt;C&gt;</u>
ASSETS		
- - - - -		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 183,247	\$ 35,371
Marketable (substantially all U.S. Government) securities	1,275,007	1,471,158
Accounts receivable, net	70,495	85,376
Film contract and prepaid broadcast rights	92,035	98,882
Prepaid expenses and other current assets	57,436	54,518
	-----	-----
Total current assets	1,678,220	1,745,305
	-----	-----
FILM CONTRACT AND PREPAID BROADCAST RIGHTS, less current portion	82,611	87,197
	-----	-----
PROPERTY AND EQUIPMENT, net	51,922	52,035
	-----	-----
INTANGIBLE ASSETS	340,065	342,395
	-----	-----
OTHER ASSETS	12,974	14,606
	-----	-----
	\$ 2,165,792	\$ 2,241,538
	=====	=====
LIABILITIES AND SHAREHOLDERS' INVESTMENT		
- - - - -		
CURRENT LIABILITIES:		
Film contracts payable within one year	\$ 98,276	\$ 112,798
Accounts payable and accrued expenses	63,724	81,834
Income taxes payable	73,701	69,340
	-----	-----
Total current liabilities	235,701	263,972
	-----	-----
FILM CONTRACTS PAYABLE AFTER ONE YEAR	85,727	95,699
	-----	-----
OTHER LIABILITIES	16,061	15,563
	-----	-----
MINORITY INTEREST	88,968	87,483
	-----	-----
SHAREHOLDERS' INVESTMENT:		
Class A common stock - par value \$.01 per share; authorized 200,000,000 shares; outstanding 7,723,418 shares	77	77
Class B common stock - par value \$.01 per share; authorized 200,000,000 shares; outstanding 18,000,000 shares	180	180
Capital surplus	98,013	98,182
Retained earnings	1,700,200	1,686,532
Treasury stock, at cost	(48,386)	(6,150)
Reduction to reflect marketable securities at fair value	(10,749)	-
	-----	-----
	1,739,335	1,778,821
	-----	-----
	\$ 2,165,792	\$ 2,241,538
	=====	=====

<FN>

The accompanying notes to condensed consolidated financial statements  
are an integral part of these balance sheets.

</TABLE>

<TABLE>

BHC COMMUNICATIONS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
(In thousands except per share data)  
(UNAUDITED)

-----

<CAPTION>

	Three Months Ended March 31,	
	1994	1993
	-----	-----
<S>	<C>	<C>
OPERATING REVENUES	\$ 95,968	\$ 89,581
	-----	-----
OPERATING EXPENSES:		
Television expenses	52,077	55,688
Selling, general and administrative	28,757	25,097
	-----	-----
	80,834	80,785
	-----	-----
Operating income	15,134	8,796
	-----	-----
OTHER INCOME:		
Interest and other income	13,448	7,756
Income associated with Time Warner Inc. securities	-	108,413
	-----	-----
	13,448	116,169
	-----	-----
Income before income taxes and minority interest	28,582	124,965
	-----	-----
INCOME TAX PROVISION	12,000	43,000
	-----	-----
Income before minority interest	16,582	81,965
	-----	-----
MINORITY INTEREST	(2,914)	(6,047)
	-----	-----
Net income	\$ 13,668	\$ 75,918
	=====	=====
	-----	-----
AVERAGE OUTSTANDING COMMON SHARES	25,251	25,997
	=====	=====
	-----	-----
NET INCOME PER SHARE	\$ .54	\$ 2.92
	=====	=====

<FN>

The accompanying notes to condensed consolidated financial statements  
are an integral part of these statements.

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<TABLE>

BHC COMMUNICATIONS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In thousands of dollars)  
(UNAUDITED)

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<CAPTION>

	Three Months Ended March 31,	
	1994	1993
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 13,668	\$ 75,918
Adjustments to reconcile net income to net cash provided from operating activities:		
Film contract payments	(36,893)	(36,071)
Film contract amortization	25,107	23,824
Depreciation and other amortization	5,125	5,129
Loss (gain) on disposition of marketable securities	602	(93,741)
Minority interest	2,914	6,047
Other	(644)	225
Changes in assets and liabilities:		
Accounts receivable	14,881	11,934
Other assets	3,326	(2,048)
Accounts payable and other liabilities	(5,308)	1,033
Income taxes	7,312	38,290
Net cash provided from operating activities	30,090	30,540
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dispositions (purchases) of marketable securities, net	170,334	(56,576)
Capital expenditures, net	(2,696)	(1,054)
Other	(18)	-
Net cash provided from (used in) investing activities	167,620	(57,630)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of treasury stock	(49,463)	(7,743)
Dividend	-	(51,893)
Capital transactions of subsidiary	(371)	(6,759)
Net cash used in financing activities	(49,834)	(66,395)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	147,876	(93,485)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	35,371	172,882
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 183,247	\$ 79,397

<FN>

The accompanying notes to condensed consolidated financial statements are an integral part of these statements.

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BHC COMMUNICATIONS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. PRINCIPLES OF CONSOLIDATION:

The accompanying condensed consolidated financial statements include the accounts of BHC Communications, Inc. and its subsidiaries. BHC, a majority owned (72% at March 31, 1994) subsidiary of Chris-Craft Industries, Inc., operates eight

television stations, three wholly owned and five owned by United Television, Inc., 54% owned by BHC at March 31, 1994. The interest of UTV shareholders other than BHC in the operating results and net assets of UTV is set forth as minority interest in the accompanying condensed consolidated statements of income and condensed consolidated balance sheets, respectively. Intercompany accounts and transactions have been eliminated.

The financial information included herein has been prepared by BHC, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. However, BHC believes that the disclosures herein are adequate to make the information presented not misleading. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in BHC's latest annual report on Form 10-K. The information furnished reflects all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary to a fair statement of the results for the interim periods. Certain amounts for 1993 have been reclassified to conform to 1994 presentation. The results for these interim periods are not necessarily indicative of results to be expected for the full year, due to seasonal factors, among others.

## 2. NEW ACCOUNTING STANDARD:

Effective January 1, 1994, BHC adopted Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities." In accordance with SFAS No. 115, prior period financial statements have not been restated to reflect the change in accounting principle. At January 1, 1994, BHC classified its marketable securities as available-for-sale.

At March 31, 1994, BHC's marketable securities, which consisted substantially of U.S. Government securities, had a carrying value of \$1,293,979,000 and a fair value of \$1,275,007,000. The difference of \$18,972,000 (\$10,749,000 net of income taxes and minority interest) is reflected as a reduction of shareholders' investment in the accompanying condensed consolidated balance sheet. Of the investments in U.S. Government securities, 56% mature within one year, 76% mature within two years and all within five years.

## 3. SHAREHOLDERS' INVESTMENT:

As of March 31, 1994, there were outstanding 18,000,000 shares of Class B common stock, all held by Chris-Craft, and 7,065,427 shares of Class A common stock, after reflecting as treasury stock BHC's pro rata interest in its Class A common shares held by UTV and 535,000 Class A common shares purchased by BHC during 1994. At March 31, 1994, purchases of an additional 1,281,223 shares of Class A common stock were authorized.

## 4. COMMITMENTS:

Commitments of BHC's television stations for film contracts entered into but not available for broadcasting at March 31, 1994 aggregated approximately \$103.1 million, including \$26.8 million applicable to UTV.

BHC COMMUNICATIONS, INC.

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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS  
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Liquidity and Capital Resources  
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BHC's core operating cash flow is generated primarily by its television broadcasting business. Television broadcasting cash flow generally parallels the earnings of BHC's television stations, adjusted to reflect (i) the difference between film contract payments and related film contract amortization and (ii) the effect of significant prepayments for other broadcast rights. The relationship between film contract payments and related amortization may vary greatly between periods (payments exceeded amortization by \$11.8 million and \$12.2 million, respectively, in the 1994 and 1993 first quarters), and is dependent upon the mix of programs aired and payment terms of the stations' contracts. Station earnings rose strongly in the 1994 first quarter, and station cash flow accordingly increased 236%.

BHC's cash flow additionally reflects earnings associated with its cash and marketable securities. Prior to their disposition in 1993, substantial dividend income was realized on BHC's large holdings of Time Warner Inc. convertible preferred shares. Proceeds from the Time Warner dispositions were placed mostly in money market instruments, primarily U.S. Government obligations, having significantly lower yields than the securities disposed.

Total cash and marketable securities declined slightly to \$1.46 billion at March 31, 1994 from \$1.51 billion at December 31, 1993, despite first quarter operating cash flow of \$30.1 million. Such decline primarily reflects the expenditure of \$49.5 million for treasury stock purchases, and a \$19 million reduction in the carrying value of marketable securities to reflect their fair value.

A special cash dividend of \$2.00 per share on BHC's Class A and Class B common stock, totalling \$51.9 million, was paid in January 1993. This is the only dividend paid by BHC since it became a public company in January 1990, and BHC has no current plan to pay future cash dividends.

Since April 1990, BHC's Board of Directors has authorized the purchase of up to 5,500,000 Class A common shares. Through March 31, 1994, 4,218,777 shares have been purchased for a total cost of \$241.7 million, including \$42.3 million applicable to shares purchased in the first quarter of 1994.

BHC intends to expand its operations in the media, entertainment and communications industries and to explore business opportunities in other industries. BHC currently has no

outstanding debt, and believes it is capable of raising significant additional capital to augment its already substantial cash balances, if desired, to fund such additional expansion.

BHC's television stations make commitments for programming that will not be available for telecasting until future dates. At March 31, 1994, commitments for such programming totalled approximately \$103.1 million, including \$26.8 million applicable to UTV. BHC capital expenditures generally have not been material in relation to its financial position, and the related commitments at March 31, 1994 were not material. BHC expects that future film contract commitments and capital expenditure requirements for its present business will be satisfied primarily from operations or from current cash balances.

#### Results of Operations

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BHC 1994 first quarter net income totalled \$13,668,000, or \$.54 per share, compared to \$75,918,000, or \$2.92 per share, in last year's first quarter. Excluding after tax income associated with BHC's former holdings of Time Warner securities, 1993 first quarter net income was \$8,770,000, or \$.34 per share. The 56% increase in income excluding Time Warner amounts primarily reflects substantial increases in television station earnings and interest income.

BHC's core television broadcasting business achieved record first quarter operating revenues and earnings. Relatively strong demand for television advertising produced a 7% increase in operating revenues, to \$95,968,000 from last year's \$89,581,000. That increase, together with the favorable resolution of a disputed music license arrangement, resulted in a 76% increase in station earnings. After a \$3,750,000 increase in management fee expense (reflecting a \$3,000,000 increase, to \$8,000,000 from \$5,000,000, effective as of January 1, 1993 in the annual fee paid Chris-Craft), operating income rose 72%, to \$15,134,000 from \$8,796,000.

First quarter interest and other income increased to \$13,448,000 from \$7,756,000 in 1993, primarily due to the placement of Time Warner proceeds in money market instruments.

BHC's effective income tax rate rose to 42% from 34% in the 1993 first quarter, as 1993's pretax income included significant dividend income which is not subject to full federal income tax.

BHC COMMUNICATIONS, INC.

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#### PART II. OTHER INFORMATION AND SIGNATURE

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Item 6. Exhibits and Reports on Form 8-K.

(a) None.



(b) No report on Form 8-K was filed during the quarter for which this report is filed.

SIGNATURE

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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.

BHC COMMUNICATIONS, INC.

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(Registrant)

By: /s/ JOELEN K. MERKEL

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Joelen K. Merkel  
Vice President and Treasurer  
(Principal Accounting Officer)

Date: May 13, 1994