

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

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FILER

BELLSOUTH CORP

CIK: **732713** | IRS No.: **581533433** | State of Incorpor.: **GA** | Fiscal Year End: **1231**
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Business Address
1155 PEACHTREE ST NE
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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: July 21, 1994

BELLSOUTH CORPORATION

(Exact name of registrant as specified in its charter)

Georgia	1-8607	58-1533433
(State or other	(Commission	(IRS Employer
jurisdiction of	File Number)	Identification
incorporation)		No.)

1155 Peachtree Street, N. E., Atlanta, Georgia 30309-3610	
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (404) 249-2000

Item 5. Other Events

BellSouth Corporation reported that growth in the company's network services and wireless businesses, coupled with continued cost containment, boosted second quarter earnings per share (EPS) 37 percent, to \$1.04 from a reported 76 cents a year earlier. Expenses in BellSouth's core telephone operations were essentially flat, even though access line growth set a second quarter record.

The quarter was the first time in the company's history that second quarter earnings topped \$1.00 per share, and was BellSouth's fourth quarter in a row of strong operating results. Last year, the company reported second quarter EPS of 76 cents. This included a one-time charge for debt refinancing of 11 cents. Excluding the one-time charge in 1993, second quarter EPS on an

operating basis increased 20 percent in 1994.

Net income was \$516.5 million in the second quarter of 1994, compared with \$377.7 million in the same quarter of 1993 (\$433.1 million before the one-time debt refinancing charge). Revenues of \$4.13 billion were up 5.7 percent compared with the second quarter a year earlier. Quarterly operating expenses increased just 2.5 percent overall, and were essentially flat at BellSouth Telecommunications.

BellSouth had solid growth in volumes in the second quarter, including an increase of 133,600 access lines, best ever for the April-May-June period, and 78 percent higher than the 74,900 increase in the second quarter of 1993. This means the company grew the largest base of customer access lines in the country at an annual rate of 4.2 percent, fueled by a healthy Southeastern economy and marketing of second residential telephone lines. Total long distance access minutes were up 8.1 percent compared with the second quarter of 1993. A year ago, this key volume measure increased 6.6 percent.

During the second quarter, BellSouth Telecommunications sold its one millionth MemoryCall(R) service voice mailbox, and sales of this value-priced telephone answering feature are at a record pace.

BellSouth's cellular businesses continued their healthy growth around the world, exceeding the 2 million total customer milestone, based on BellSouth's ownership percentages. U.S. cellular customers increased to 1,803,800 in the year since June 30, 1993, up 513,200, or 40 percent. Domestic cellular's contribution of \$68.2 million to net income was 78 percent higher than in the second quarter of 1993.

In overseas markets, BellSouth's cellular customers increased to 264,600 in the second quarter of 1994, 128 percent more than a year ago. The second quarter of 1994 also saw BellSouth's Optus consortium in Australia continue to win a significant share of the long distance market through consumer balloting.

BELLSOUTH CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In Millions, Except Per Share Amounts)

	For the Three Months		For the Six Months	
	Ended June 30,		Ended June 30,	
	1994	1993	1994	1993
Operating Revenues:				
Network and Related Services				

Local service	\$1,709.7	\$1,624.6	\$3,389.4	\$3,243.0
Interstate access	765.0	718.5	1,567.4	1,467.9
Intrastate access	230.4	217.7	460.5	433.2
Toll	300.4	300.0	600.6	605.1
Directory advertising and publishing	396.3	394.4	741.1	724.3
Wireless communications	494.4	379.0	948.3	731.6
Other services	231.7	272.7	544.9	535.5
Total Operating Revenues	4,127.9	3,906.9	8,252.2	7,740.6
Operating Expenses:				
Cost of services and products	1,492.3	1,467.5	2,984.6	2,958.3
Depreciation and amortization	800.7	770.9	1,599.1	1,538.5
Selling, general and administrative	833.3	812.1	1,654.7	1,583.3
Total Operating Expenses	3,126.3	3,050.5	6,238.4	6,080.1
Operating Income	1,001.6	856.4	2,013.8	1,660.5
Interest Expense	154.0	180.8	318.9	360.8
Other Income (Expense), net	(11.7)	16.8	47.8	25.7
Income before Income Taxes, Extraordinary Loss and Cumulative Effect of Change in Accounting Principle	835.9	692.4	1,742.7	1,325.4
Provision for Income Taxes	319.4	259.3	640.9	481.1
Income Before Extraordinary Loss and Cumulative Effect of Change in Accounting Principle	516.5	433.1	1,101.8	844.3
Extraordinary Loss on Early Extinguishment of Debt, net of tax	-	(55.4)	-	(55.4)
Cumulative Effect of Change in Accounting Principle, net of tax	-	-	-	(67.4)
Net Income	\$ 516.5	\$ 377.7	\$1,101.8	\$ 721.5
Weighted Average Common Shares Outstanding	496.6	496.1	496.6	495.8
Dividends Declared Per Common Share	\$.69	\$.69	\$ 1.38	\$ 1.38
Earnings Per Share:				
Income Before Extraordinary Loss and Cumulative Effect of Change in Accounting Principle	\$ 1.04	\$.87	\$ 2.22	\$ 1.70
Extraordinary Loss on Early Extinguishment of Debt, net of tax	-	(.11)	-	(.11)
Cumulative Effect of Change in Accounting Principle,				

net of tax	-	-	-	(.14)
Net Income	\$ 1.04	\$.76	\$ 2.22	\$ 1.45

BELLSOUTH CORPORATION
CONSOLIDATED BALANCE SHEETS
(In Millions)

	June 30, 1994 (Unaudited)	December 31, 1993
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 777.6	\$ 501.5
Temporary cash investments	38.7	49.0
Accounts receivable, net of allowance for uncollectibles of \$145.2 and \$149.6	2,837.2	2,985.2
Material and supplies	389.1	418.7
Other current assets	357.1	364.6
	4,399.7	4,319.0
Investments and Advances	2,427.6	2,039.4
Property, Plant and Equipment, net	24,747.6	24,667.8
Deferred Charges and Other Assets	569.4	512.2
Intangible Assets, net	1,319.0	1,334.9
Total Assets	\$33,463.3	\$32,873.3
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Debt maturing within one year	\$ 1,902.5	\$ 1,838.6
Accounts payable	1,115.7	979.0
Other current liabilities	2,626.2	2,943.8
	5,644.4	5,761.4
Long-Term Debt	7,488.5	7,380.7
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes	3,479.6	3,465.3
Unamortized investment tax credits	481.0	515.9
Other liabilities and deferred credits	2,442.4	2,255.8
	6,403.0	6,237.0
Shareholders' Equity:		
Common stock, \$1 par value	502.5	501.6
Paid-in capital	8,028.9	8,009.4
Retained earnings	6,342.3	5,919.3
Shares held in trust	(336.2)	(292.6)

Guarantee of ESOP debt	(610.1)	(643.5)
	13,927.4	13,494.2
Total Liabilities and Shareholders' Equity	\$33,463.3	\$32,873.3

PRELIMINARY (UNAUDITED)

July 21, 1994

BELLSOUTH FINANCIAL HIGHLIGHTS
SELECTED DATA

	Three Months Ended June 30, 1994	Three Months Ended June 30, 1993
Return to equity	14.8%	10.6%
Return to average total capital	10.9%	8.9%
Weighted average common shares and equivalent shares outstanding (millions)	496.6	496.1
Earnings per share	\$ 1.04	\$.76
Dividend per share	\$.69	\$.69
Property Additions (millions)	\$ 873.5	\$ 907.0
	At June 30,	
	1994	1993
Common shares outstanding (millions)	496.2	495.8
Debt ratio	39.9%	39.4%
Total Employees	94,140	97,823

PRELIMINARY (UNAUDITED)

July 21, 1994

BELLSOUTH FINANCIAL HIGHLIGHTS
SELECTED DATA

	Six Months Ended June 30, 1994	Six Months Ended June 30, 1993
Return to equity	15.9%	10.2%
Return to average total capital	11.7%	8.6%
Weighted average common shares and equivalent shares outstanding (millions)	496.6	495.8
Earnings per share	\$ 2.22	\$ 1.45
Dividend per share	\$ 1.38	\$ 1.38
Property Additions (millions)	\$ 1,612.9	\$ 1,702.2

BELLSOUTH TELECOMMUNICATIONS, INC.
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
(Unaudited)
(In Millions)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	1994	1993	1994	1993
Operating Revenues:				
Local service	\$1,709.7	\$1,624.6	\$3,389.4	\$3,243.0
Interstate access	765.0	718.5	1,567.4	1,467.9
Intrastate access	230.4	217.7	460.5	433.2
Toll	300.4	300.0	600.6	605.1
Other	436.4	460.2	949.8	908.8
Total Operating Revenues	3,441.9	3,321.0	6,967.7	6,658.0
Operating Expenses:				
Cost of services and products	1,293.9	1,283.6	2,609.6	2,623.0
Depreciation and amortization	728.5	709.1	1,457.4	1,415.6
Selling, general and administrative	539.2	559.3	1,101.1	1,109.9
Total Operating Expenses	2,561.6	2,552.0	5,168.1	5,148.5
Operating Income	880.3	769.0	1,799.6	1,509.5

Interest Expense	126.3	149.4	261.8	296.9
Other Income (Expense), net	5.3	6.4	9.3	3.6
Income Before Income Taxes, Extraordinary Loss and Cumulative Effect of Change in Accounting Principle	759.3	626.0	1,547.1	1,216.2
Provision for Income Taxes	284.5	215.7	576.2	418.0
Income Before Extraordinary Loss and Cumulative Effect of Change in Accounting Principle	474.8	410.3	970.9	798.2
Extraordinary Loss on Early Extinguishment of Debt, net of tax	-	(55.4)	-	(55.4)
Cumulative Effect of Change in Accounting Principle, net of tax	-	-	-	(64.8)
Net Income	\$ 474.8	\$ 354.9	\$ 970.9	\$ 678.0
Retained Earnings:				
At beginning of period	\$3,289.0	\$3,905.8	\$3,180.0	\$3,967.0
Add: Net Income	474.8	354.9	970.9	678.0
Deduct: Dividends declared	437.7	407.0	824.8	791.3
At end of period	\$3,326.1	\$3,853.7	\$3,326.1	\$3,853.7

PRELIMINARY (UNAUDITED)

July 21, 1994

BELLSOUTH TELECOMMUNICATIONS FINANCIAL HIGHLIGHTS
SELECTED DATA

	Three Months Ended June 30, 1994	Three Months Ended June 30, 1993
Property Additions (millions)	\$ 808.0	\$ 807.1
Interest Charged Construction (millions)	\$ 4.8	\$ 6.8

Access Minutes of Use (millions):		
Interstate	14,422.3	13,404.5
Intrastate	4,175.0	3,798.8
IntraLATA toll messages (millions)	397.2	388.9

		At June 30,
	1994	1993
Debt ratio	41.4%	40.0%
Telephone Employees	80,111	83,155
Network access lines in service (thousands)	19,746	18,957

PRELIMINARY (UNAUDITED)

July 21, 1994

BELLSOUTH TELECOMMUNICATIONS FINANCIAL HIGHLIGHTS
SELECTED DATA

	Six Months Ended June 30, 1994	Six Months Ended June 30, 1993
Property Additions (millions)	\$ 1,477.6	\$ 1,489.5
Interest Charged Construction (millions)	\$ 8.8	\$ 12.2
Access Minutes of Use (millions):		
Interstate	28,473.1	26,421.4
Intrastate	8,180.6	7,394.8
IntraLATA toll messages (millions)	783.8	756.2

SIGNATURE

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.

BELLSOUTH CORPORATION

By: /s/Ronald M. Dykes
Ronald M. Dykes
Vice President and Comptroller
August 1, 1994