

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-31**
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FILER

MULTIMEDIA INC

CIK: **68813** | IRS No.: **570173540** | State of Incorporation: **SC** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-06265** | Film No.: **95536210**
SIC: **4833** Television broadcasting stations

Mailing Address
*PO BOX 1688
GREENVILLE SC 29602*

Business Address
*305 SOUTH MAIN ST
P O BOX 1688
GREENVILLE SC 29601
8032984373*

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

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

For the quarterly period ended
March 31, 1995

For the transition period from ___ to ___
Commission file number 0-6265

MULTIMEDIA, INC.

(Exact name of registrant as specified in its charter)

South Carolina

57-0173540

(State or other jurisdiction of
incorporation or organization)

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

305 South Main Street, Greenville, South Carolina

29601

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (803) 298-4373

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

--- ---

The number of shares outstanding of each of the issuer's classes of common
stock, as of March 31, 1995:

Common Stock, \$.10 par value

37,823,078 shares outstanding

PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements.

The following consolidated financial statements are incorporated by reference from the Report to Shareholders for the quarter ended March 31, 1995.

Consolidated Statements of Earnings, three months ended March 31, 1995 and 1994.

Consolidated Balance Sheets as of March 31, 1995 and December 31, 1994.

Consolidated Statements of Cash Flows, three months ended March 31, 1995 and 1994.

The information furnished reflects all adjustments consisting of normally recurring accruals which are, in the opinion of management, necessary to a fair statement of the results for the interim period.

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

Discussion regarding the Company's financial condition and results of operations for the quarter ended March 31, 1995 is included in the Report to Shareholders attached hereto as an exhibit and incorporated herein by reference.

Multimedia reported net earnings of \$14.8 million and earnings per share of \$.39 for the first quarter that ended March 31, 1995. Excluding the after-tax loss related to the Company's investment in its NEWSTALK TELEVISION cable network, earnings per share were \$.46 for the quarter, a 15% increase over the \$.40 earned from ongoing operations in the comparable quarter last year. Net earnings of \$17.3 million, or \$.45 per share, in 1994's first quarter included an after-tax gain of \$2.1 million, or \$.05 per share, from the sale of two radio stations.

Consolidated operating revenues totaled \$156.4 million for the quarter, a 7% increase over the \$146.4 million posted in the same period last year. Operating profit of \$40.8 million was flat with last year, but excluding costs associated with the launch of NEWSTALK TELEVISION, Multimedia's operating profit increased 11%.

The Multimedia newspapers' revenue increase was due to advertising revenue increases primarily due to volume growth in classified and local advertising.

The Broadcasting division's revenue increase of 14% primarily reflects local advertising growth as a result of continued strong ratings at the Company's television stations.

Multimedia cable revenues were flat with last year primarily due to the rate freeze mandated by the Federal Communications Commission (FCC) which has been in effect since July 1994.

The decline in operating profit for the Entertainment division reflects both the increased competition among new talk shows and the investment in NewsTalk Television. Excluding the investment in NewsTalk Television, Entertainment division operating profits would have declined 16%.

The Security revenue and operating profit increases are primarily due to increases in the number of customers to approximately 67,000 at the end of the first quarter of 1995 from approximately 57,000 customers at March 31, 1994.

There have been no material adverse changes in the Registrant's financial condition during the quarter ended March 31, 1995 and reference is made to management's discussion and analysis relating to liquidity and capital resources which appeared on page 21 of the Company's 1994 Annual Report.

PART II - OTHER INFORMATION

Item 4 - Submission of Matters to a Vote of Security Holders.

The following summarizes the votes at the Annual meeting of the Company's shareholders held on April 19, 1995:

Matter	For	Withheld		
Election of Directors:				
George H. V. Cecil	27,171,006	90,500		
Rhea T. Eskew	27,161,300	100,206		
David L. Freeman	27,167,443	94,063		
Douglas J. Greenlaw	27,171,268	90,238		
M. Dexter Hagy	27,169,881	91,625		
Robert E. Hamby, Jr.	27,165,288	96,218		
John T. LaMacchia	27,170,018	91,488		
Leslie G. McCraw	27,172,421	89,085		
Dorothy P. Ramsaur	27,170,472	91,034		
Donald D. Sbarra	27,171,807	89,699		
Elizabeth P. Stall	27,168,868	92,638		
William C. Stutt	27,169,583	91,923		
	For	Agains	Abstentions	
Ratification of appointment of KPMG Peat Marwick as independent auditors for 1995	27,224,934	13,492	23,080	

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

(a) Exhibits:

11. Computation of Primary and Fully Diluted Earnings per Share.

15. Independent accountants' report re unaudited interim financial information.

19. Report to Shareholders for the quarter ended March 31, 1995.

27. Financial Data Schedule.

(b) Reports on Form 8-K.

Items reported on Form 8-K dated February 23, 1995.

Item 5. Other Events.

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.

Multimedia, Inc.

(Registrant)

May 10, 1995

(Date)

[SIGNATURE APPEARS HERE]

Robert E. Hamby, Jr.
Senior Vice President
Finance & Administration
Chief Financial Officer

May 10, 1995

(Date)

[SIGNATURE APPEARS HERE]

Frederick G. Lohman
Vice President/Controller

MULTIMEDIA, INC.

Computation of Primary and Fully Diluted Earnings per Share

	Three Months Ended	
	3/31/95	3/31/94
Primary		
Net earnings applicable to common and common equivalent shares	\$ 14,846,000	17,334,000
Shares:		
Weighted average number of common and common equivalent shares outstanding	38,465,000	38,362,000
Net earnings per share	\$.39	.45
Fully Diluted		
Net earnings applicable to common and common equivalent shares	\$ 14,846,000	17,334,000
Shares:		
Weighted average number of common and common equivalent shares assuming ending market price	38,620,000	38,361,000
Net earnings per share	\$.38	.45

The Board of Directors
Multimedia, Inc.:

We have reviewed the condensed consolidated balance sheet of Multimedia, Inc. and subsidiaries as of March 31, 1995, and the related condensed consolidated statements of earnings and cash flows for the three-month periods ended March 31, 1995 and 1994. These condensed consolidated financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical review procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the condensed consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles.

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Multimedia, Inc. and subsidiaries as of December 31, 1994, and the related consolidated statements of earnings, stockholders' equity (deficit), and cash flows for the year then ended (not presented herein); and in our report dated February 10, 1995, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1994, is fairly presented, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

[Signature of KPMG Peat Marwick LLP appears here]

April 28, 1995

MULTIMEDIA, INC.
1995
FIRST QUARTER REPORT

A LETTER TO OUR
SHAREHOLDERS

Multimedia reported net earnings of \$14.8 million and earnings per share of \$.39 for the first quarter that ended March 31, 1995. Excluding the after-tax loss related to the Company's investment in NEWSTALK TELEVISION, its cable network, earnings per share were \$.46 for the quarter, a 15% increase over the \$.40 earned from ongoing operations in the comparable quarter last year. Net earnings of \$17.3 million, or \$.45 per share, in 1994's first quarter included an after-tax gain of \$2.1 million, or \$.05 per share, from the sale of two radio stations.

Consolidated operating revenues totaled \$156.4 million for the quarter, a 7% increase over the \$146.4 million posted in the same period last year. Operating profit of \$40.8 million was flat with last year, but excluding costs associated with the launch of NEWSTALK TELEVISION, Multimedia's operating profit increased 11%.

Newspaper revenues rose 10% to \$37.1 million for the first quarter compared with \$33.7 million last year on the basis of significant increases in advertising revenues. Local advertising revenues rose 11%, and classified advertising revenues increased 22%. Circulation declined slightly, but circulation revenue was up 7% as a result of selective pricing increases.

Multimedia Broadcasting recorded its strongest first quarter ever in 1995. The strength of the division's television news operations and the resurgence of the NBC primetime programming (four of the five stations are NBC affiliates) combined with robust advertising business in each of the division's five markets to produce revenues of \$33.5 million, an increase of 14% over the first quarter of 1994. All five television stations showed ratings gains in the February sweeps.

Multimedia Cablevision had a 2% revenue increase for the quarter. At the end of March 1995, the division had more than 447,000 basic subscribers, which is 6% more than the same quarter in 1994. In January, Multimedia completed the trade of certain of its cable systems in Illinois and Oklahoma with 40,500 subscribers for TeleCommunications, Inc.'s cable systems in Wichita, Kansas, with 50,400 subscribers. The Company paid \$12.4 million in cash as part of this transaction. Multimedia now serves 95% of the cable households in the Wichita market. Approximately 40% of the division's cable customers are presently served by systems upgraded with fiber optic technology with at least 80 channel capacity.

Multimedia Entertainment posted revenues of \$37.5 million, a 2% increase

over last year's first quarter revenues of \$36.7 million. The increase in the number of programs competing for daytime audience shares continues to decrease ratings for the long-running shows. DONAHUE'S ratings declined 13% in the February sweeps compared with last season, but, in his 27th year, he remains a strong competitor. SALLY JESSY RAPHAEL was the second highest-rated daytime talk show in the February sweeps, despite a 4% ratings decline compared with last year. JERRY SPRINGER was the fastest-growing talk show, with ratings up 45% over the 1994 February sweeps, and RUSH LIMBAUGH, THE TELEVISION SHOW remained the top-rated late night syndicated show. Excluding the costs associated with the launch of NEWSTALK TELEVISION, operating profit for the Entertainment division was down 16%, principally reflective of increased competition.

Multimedia Security Service had first quarter revenues of \$6.6 million, an increase of 18% over the first quarter of 1994. The division now serves more than 67,000 customers, placing it among the 20 largest home security providers in the country.

On February 22, Multimedia announced that its board of directors had authorized management, together with Goldman, Sachs & Co., to explore strategic alter-

natives to enhance shareholder value, including the sale of Multimedia, Inc., the spin-off of one or more of its businesses, a business combination or any similar transaction. The decision to initiate this process was reached after a thorough review of the Company's assets, the technological and competitive environment in today's media world and the capital requirements for the future.

Multimedia has received a number of inquiries about its businesses and has begun providing detailed information to potentially interested parties who have signed a confidentiality agreement. This process will take several months to complete. No decision has been made to pursue any particular course of action, and as stated in the February 22 announcement, there can be no assurance that any transaction will result from this process. We ask for your patience and understanding at this critical juncture in our Company's history.

Sincerely,

(Signature of Donald D. Sbarra appears here)

Donald D. Sbarra

CHAIRMAN OF THE BOARD AND CHIEF EXECUTIVE OFFICER

MAY 8, 1995

MULTIMEDIA'S BOARD
OF DIRECTORS AND
MANAGEMENT TEAM
WILL MAKE THEIR
BEST EFFORTS TO
THOROUGHLY
INVESTIGATE THE

VARIOUS ALTERNATIVES THAT MAY BE AVAILABLE TO ENHANCE SHAREHOLDER VALUE.

THREE MONTHS HIGHLIGHTS

(Unaudited) (In thousands)	1995	1994
REVENUES:		
Newspapers	\$ 37,051	33,654
Broadcasting	33,450	29,320
Cable	41,900	41,223
Entertainment	37,474	36,667
Security	6,572	5,555
	\$ 156,447	146,419
OPERATING PROFITS:		
Newspapers	\$ 10,258	8,903
Broadcasting	13,195	8,600
Cable	12,648	12,448
Entertainment	6,996	14,126
Security	506	456
Corporate	(2,849)	(3,615)
	\$ 40,754	40,918

CONSOLIDATED STATEMENTS OF EARNINGS

THREE MONTHS ENDED MARCH 31, 1995 AND 1994

<TABLE>

<CAPTION>

(Unaudited) (In thousands except per-share data)	1995	1994
<S>		
Operating revenues:	<C>	<C>
Newspapers	\$ 37,051	33,654
Broadcasting	33,450	29,320
Cable	41,900	41,223
Entertainment	37,474	36,667
Security	6,572	5,555
Total operating revenues	156,447	146,419
Operating costs and expenses:		
Production	61,675	53,179
Selling, general and administrative	39,891	37,643
Depreciation	10,550	10,820
Amortization	3,577	3,859

Total operating costs and expenses	115,693	105,501
Operating profit	40,754	40,918
Interest expense	14,463	14,873
Other income (expense), net	(43)	3,277
Earnings before income taxes and minority interest	26,248	29,322
Income taxes	10,893	12,169
Minority interest in subsidiaries' losses (income), net	(509)	181
Net earnings	\$ 14,846	17,334
Per share of common stock:		
Net earnings	.39	.45
Cash dividends	-	-
Weighted average shares	38,465	38,362

</TABLE>

MULTIMEDIA, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MARCH 31, 1995 AND DECEMBER 31, 1994

	March 31,	December 31,
(Unaudited) (In thousands)	1995	1994
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,951	6,202
Net trade accounts receivable	86,416	93,426
Inventories	6,545	4,643
Deferred income tax benefits	9,761	9,581
Program rights	5,682	7,570
Deferred program costs	8,556	10,923
Prepaid expenses and other	7,680	6,795
Total current assets	134,591	139,140
Property, plant and equipment, at cost	583,758	558,749
Less accumulated depreciation	292,874	283,522
Net property, plant and equipment	290,884	275,227
Intangible assets, net	251,736	242,078
Other assets	27,467	27,533
	\$ 704,678	683,978
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Current installments of long-term debt	\$ 30,254	30,254
Accounts payable	25,501	24,512
Accrued interest	12,045	2,671

Accrued payroll	5,868	8,386
Accrued expenses	38,067	38,148
Income taxes payable	17,713	10,202
Program rights payable	6,046	7,793
Unearned income	22,303	20,556
Total current liabilities	157,797	142,522
Long-term debt	529,969	542,303
Deferred income taxes	53,832	54,090
Other liabilities	3,424	3,294
Minority interest	19,193	18,684
Stockholders'equity (Deficit):		
Common stock	3,782	3,762
Additional paid-in capital	190,736	188,224
Retained earnings (deficit)	(254,055)	(268,901)
Total stockholders'equity (deficit)	(59,537)	(76,915)
	\$ 704,678	683,978

MULTIMEDIA, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

THREE MONTHS ENDED MARCH 31, 1995 AND 1994

<TABLE>

<CAPTION>

(Unaudited) (In thousands)

<S>

	1995	1994
	<C>	<C>
Net cash provided by operating activities	\$ 55,499	60,950
Additions to property, plant and equipment	(25,753)	(14,767)
Acquisitions of properties	(14,205)	(2,243)
Other	1,045	3,663
Net cash used for investing activities	(38,913)	(13,347)
Reduction in revolving credit, net	(6,340)	(44,992)
Long-term debt retired	(5,994)	(6,055)
Other	(503)	(2,027)
Net cash used for financing activities	(12,837)	(53,074)
Increase (decrease) in cash and cash equivalents	3,749	(5,471)
Cash and cash equivalents, beginning of year	6,202	11,034
Cash and cash equivalents, end of period	\$ 9,951	5,563

NOTE: NET CASH PROVIDED BY OPERATING ACTIVITIES IS FURTHER ANALYZED AS FOLLOWS:

Operating profit plus depreciation and amortization and amortization of stock options:		
Newspapers	\$ 11,938	10,455
Broadcasting	15,382	10,826
Cable	20,829	21,289

Entertainment	7,177	14,600
Security	2,361	2,006
Corporate	(2,732)	(2,689)
	54,955	56,487
Interest expense less amoritzation of debt issue costs	(14,191)	(14,594)
Change in current assets and liabilities	23,432	24,015
Other	(8,697)	(4,958)
Net cash provided by operating activities	\$ 55,499	60,950

MULTIMEDIA, INC. AND SUBSIDIARIES

MULTIMEDIA, INC. AND SUBSIDIARIES

MULTIMEDIA
NEWSPAPER COMPANY
305 S. MAIN ST.
P.O.BOX 1688
GREENVILLE, S.C. 29602

ALABAMA
Daily and Sunday:
The Montgomery
Advertiser

ARKANSAS
Daily:
The Baxter Bulletin
(Mountain Home)

GEORGIA
Daily:
The Observer (Moultrie)

NORTH CAROLINA
Daily and Sunday:
Asheville Citizen-Times

OHIO
Dailies:
Gallipolis Daily Tribune
The Daily Sentinel
(Pomeroy)
Sunday:

Sunday Times-Sentinel
(Gallipolis)

SOUTH CAROLINA

Dailies:

The Greenville News

Greenville Piedmont

Sunday:

The Greenville News

TENNESSEE

Daily:

The Leaf-Chronicle

(Clarksville)

Monthly:

Music City News

The Gospel Voice

(Nashville)

Television Production

TNN Music City News

Country Awards

VIRGINIA

Daily and Sunday:

The Daily News-Leader

(Staunton)

WEST VIRGINIA

Daily:

Point Pleasant Register

Multimedia also publishes

49 non-daily products.

MULTIMEDIA

BROADCASTING COMPANY

RIVERVIEW TOWER,

SUITE 1401

900 S. GAY ST.

KNOXVILLE, TENN. 37902

TELEVISION

GEORGIA

Macon:WMAZ-TV (CBS)

MISSOURI

St.Louis: KSDK (NBC)

OHIO

Cincinnati: WLWT (NBC)

Cleveland:WKYC (NBC)

TENNESSEE

Knoxville:WBIR-TV (NBC)

RADIO
GEORGIA
Macon:WAYS (FM)
WMAZ-AM

MULTIMEDIA
CABLEVISION COMPANY
701 E. DOUGLAS AVE.
P.O.BOX 3027
WICHITA, KS. 67202

Multimedia operates more than 125 cable television franchises in Kansas, Illinois, Indiana, North Carolina and Oklahoma and serves approximately 447,000 basic subscribers.

MULTIMEDIA
ENTERTAINMENT COMPANY
45 ROCKEFELLER PLAZA
35TH FLOOR
NEW YORK, N.Y.10111

Donahue / Sally Jessy
Raphael / Pozner &
Donahue / Jerry Springer /
Rush Limbaugh, The
Television Show/ Susan
Powter / Dennis Prager

NewsTalk Television

MULTIMEDIA SECURITY
SERVICE
800 E.WATERMAN
WICHITA, KS. 67202

Multimedia serves more than 67,000 security alarm customers.

IMPORTANT NOTICE TO SHAREHOLDERS

Wachovia Bank of North Carolina, N.A. is the transfer agent and registrar for Multimedia, Inc. All communications regarding shareholdings or transfer of your shares should be directed to: Wachovia Bank of North Carolina, N.A., Corporate Trust Department, P.O.Box 3001, Winston-Salem, North Carolina 27102.1-800-633-4236 Toll-Free Telephone Number for Shareholder Services.

MULTIMEDIA, INC.
P.O. Box 1688
Greenville, South Carolina 29602
(803) 298-4373

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM SEC FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<MULTIPLIER> 1000

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<FN>

<F1>Bonds - Represents total long term debt.

<F2>Other SE - Represents total paid-in-capital and retained earnings.
<F3>Other Expenses - Represents other (income)/expense, net.
</FN>

</TABLE>