

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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FILER

CHRIS CRAFT INDUSTRIES INC

CIK: **20067** | IRS No.: **941461226** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-02999** | Film No.: **94527870**
SIC: **4833** Television broadcasting stations

Mailing Address

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SUITE 2100
FT. LAUDERDALE FL 33309

Business Address

767 FIFTH AVENUE
NEW YORK NY 10153
2124074898

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

(MARK ONE)

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: 1-2999

CHRIS-CRAFT INDUSTRIES, INC.

(Exact name of Registrant as specified in its charter)

Delaware 94-1461226

- - -

(State or other jurisdiction of (I.R.S. Employer
Identification incorporation or organization) 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 20,945,481 shares of the issuer's Common Stock outstanding and 7,753,168 shares of the issuer's Class B Common Stock outstanding.

<TABLE>

PART I -- FINANCIAL INFORMATION
CHRIS-CRAFT INDUSTRIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands of dollars)

<CAPTION>

	March 31, 1994	December 31, 1993
	(UNAUDITED)	
<S>	<C>	<C>
ASSETS		

CURRENT ASSETS:		
Cash and cash equivalents	\$ 186,822	\$ 40,497
Marketable (substantially all U.S. Government) securities	1,306,193	1,495,610
Accounts receivable, net	74,121	89,869
Film contract and prepaid broadcast rights	92,035	98,882
Prepaid expenses and other current assets	69,182	65,913
	-----	-----
Total current assets	1,728,353	1,790,771
	-----	-----
FILM CONTRACT AND PREPAID BROADCAST RIGHTS, less current portion	82,611	87,197
	-----	-----
PROPERTY, PLANT AND EQUIPMENT, net	54,234	54,461
	-----	-----
INTANGIBLE ASSETS	335,208	333,925
	-----	-----
OTHER ASSETS	15,278	16,824
	-----	-----
	\$ 2,215,684	\$ 2,283,178
	=====	=====
LIABILITIES AND SHAREHOLDERS' INVESTMENT		

CURRENT LIABILITIES:		
Film contracts payable within one year	\$ 98,276	\$ 112,798
Accounts payable and other liabilities	86,636	107,338
Income taxes payable	80,229	74,764
	-----	-----
Total current liabilities	265,141	294,900
	-----	-----
FILM CONTRACTS PAYABLE AFTER ONE YEAR	85,727	95,699
	-----	-----
OTHER LIABILITIES	19,235	18,737
	-----	-----
MINORITY INTEREST	579,264	615,615
	-----	-----
SHAREHOLDERS' INVESTMENT:		
Prior preferred stock - \$1.00 dividend; currently authorized 73,399 shares; outstanding 73,399 shares	1,578	1,578
Convertible preferred stock - \$1.40 dividend; currently authorized 287,260 shares; outstanding 287,260 and 297,946 shares	5,027	5,214
Class B common stock - par value \$.50 per share; authorized 50,000,000 shares; outstanding 7,774,377 and 7,379,866 shares	3,887	3,690
Common stock - par value \$.50 per share; authorized 100,000,000 shares; outstanding 20,954,819 and 19,911,536 shares	11,268	10,747
Capital surplus	311,765	275,443
Retained earnings	943,020	961,555
Treasury stock, at cost	(2,532)	-
Reduction to reflect marketable securities at fair value	(7,696)	-

-----	-----
1,266,317	1,258,227
-----	-----
\$ 2,215,684	\$ 2,283,178
=====	=====

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

</TABLE>

<TABLE>

CHRIS-CRAFT INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands of dollars except per share data)
(UNAUDITED)

<CAPTION>

	Three Months Ended March 31,	
	----- 1994	----- 1993
	----- <C>	----- <C>
OPERATING REVENUES	\$ 101,775	\$ 96,285
OPERATING EXPENSES:		
Expenses directly associated with revenues	56,388	60,807
Selling, general and administrative	28,008	28,764
	-----	-----
	84,396	89,571
	-----	-----
Operating income	17,379	6,714
	-----	-----
OTHER INCOME:		
Interest and other income, net	13,899	5,969
Income associated with Time Warner Inc. securities	-	108,413
	-----	-----
	13,899	114,382
	-----	-----
Income before income taxes and minority interest	31,278	121,096
INCOME TAX PROVISION	13,300	42,300
	-----	-----
Income before minority interest	17,978	78,796
MINORITY INTEREST	(6,802)	(29,295)
	-----	-----
Net income	\$ 11,176	\$ 49,501
	=====	=====
Net income per share:		
Primary	\$.39	\$ 1.76
	=====	=====
Fully diluted	\$.30	\$ 1.33
	=====	=====
DIVIDENDS PER COMMON SHARE	3% STOCK DIVIDEND	3% STOCK DIVIDEND
	=====	=====

<FN>
The accompanying notes to condensed consolidated financial statements

are an integral part of these statements.

</TABLE>

<TABLE>

CHRIS-CRAFT INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of dollars)
(UNAUDITED)

<CAPTION>

	Three Months Ended March 31,	
	1994	1993
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 11,176	\$ 49,501
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	5,233	5,264
Loss (gain) on disposition of marketable securities	602	(93,741)
Minority interest	6,802	29,295
Other	(704)	2,424
Changes in assets and liabilities:		
Accounts receivable	15,748	11,349
Other assets	3,439	(2,409)
Accounts payable and other liabilities	(7,502)	1,545
Income taxes	8,415	37,429
Net cash provided from operating activities	31,423	28,410
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dispositions (purchases) of marketable securities, net	163,600	(64,574)
Capital expenditures, net	(3,240)	(949)
Other	42	(1,578)
Net cash provided from (used in) investing activities	160,402	(67,101)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital transactions of subsidiaries	(49,834)	(14,502)
Purchase of treasury stock	(2,930)	(7,323)
Proceeds from option exercises	7,483	-
Repayment of long term debt	-	(15,625)
BHC dividend to public shareholders	-	(15,893)
Other	(219)	(193)
Net cash used in financing activities	(45,500)	(53,536)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	146,325	(92,227)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	40,497	177,013
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 186,822	\$ 84,786

<FN>

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

</TABLE>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. PRINCIPLES OF CONSOLIDATION:

The accompanying condensed consolidated financial statements include the accounts of Chris-Craft Industries, Inc. and its subsidiaries, including Chris-Craft's majority owned (72% at March 31, 1994) television broadcasting subsidiary, BHC Communications, Inc., and BHC's majority owned (54% at March 31, 1994) subsidiary, United Television, Inc. (UTV). The pro rata interests of BHC and UTV minority shareholders in the net income of the respective companies are reflected in minority interest in the accompanying condensed consolidated statements of income. The minority shareholders' interests in the net assets of BHC and UTV are reflected as minority interest in the accompanying condensed consolidated balance sheets. Intercompany accounts and transactions have been eliminated.

The financial information included herein has been prepared by Chris-Craft, 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, Chris-Craft 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 Chris-Craft'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, Chris-Craft 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, Chris-Craft classified its marketable securities as available-for-sale.

At March 31, 1994, Chris-Craft's marketable securities, which consisted substantially of U.S. Government securities, had a carrying value of \$1,325,165,000 and a fair value of \$1,306,193,000. The difference of \$18,972,000 (\$7,696,000 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:

Chris-Craft paid 3% stock dividends on its common and Class B common stock in the respective shares of such classes on April 4, 1994. During the three months ended March 31, 1994, 27,304 shares of Class B common stock were converted into 27,304 shares of common stock, and 10,686 shares of \$1.40 convertible preferred stock were converted into 116,929 shares of common stock and 195,244 shares of Class B common stock. In addition, 376,188 shares of common stock, including 85,556 shares held in treasury, were issued upon exercise of stock options, and 85,556 shares of common stock were received in partial payment of option exercises. During the three month period, 71,200 shares of common stock were purchased by Chris-Craft, all of which were held in treasury at March 31, 1994. As of March 31, 1994, 697,302 shares of common stock and 12,899 shares of \$1.00 prior preferred stock remained authorized for purchase.

As of March 31, 1994, shares of Chris-Craft's authorized but unissued common stock were reserved for issuance as follows:

	Shares
Conversion of Class B common stock	7,774,377
Conversion of \$1.40 convertible preferred stock	8,643,717*
Stock options (including options outstanding for 1,145,851 shares)	1,277,069
Stock purchase plan	20,000

	17,715,163
	=====

*Including Class B common shares.

The foregoing numbers exclude options to purchase 2,500,000 common shares under the 1994 Management Incentive Plan and 300,000 common shares under the 1994 Directors Stock Option Plan, both adopted by stockholders on April 28, 1994.

4. COMMITMENTS AND CONTINGENCIES:

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.

As set forth in Note 10 of Notes to Consolidated Financial Statements in Chris-Craft's 1993 Annual Report, Chris-Craft has been named as a defendant in certain actions seeking recovery for environmental damage allegedly related to the activities (discontinued since 1983) of 50% owned Montrose Chemical Corporation of California. Chris-Craft is unable to determine the amount of its liability, if any, relating to Montrose matters or whether any such liability would have a material effect on Chris-Craft's future financial position or results of operations.

5. INCOME PER SHARE:

Computations of income per share, all of which give retroactive effect to the April 1994 3% stock dividend, are as follows (in thousands of dollars except per share amounts):

<TABLE>
<CAPTION>

Three Months
Ended March 31,

	1994	1993
<S>	<C>	<C>
PRIMARY:		

Average outstanding common and Class B common shares	28,315,983	27,681,319
Assumed exercise of stock options	216,184	423,945
	-----	-----
Total shares used in computation	28,532,167	28,105,264
	=====	=====
Net income	\$ 11,176	\$ 49,501
Preferred stock dividend requirements	(119)	(124)
	-----	-----
	\$ 11,057	\$ 49,377
	=====	=====
Primary income per share	\$.39	\$ 1.76
	=====	=====
FULLY DILUTED:		

Average outstanding common and Class B common shares	28,315,983	27,681,319
Assumed conversion of \$1.40 preferred stock	8,849,384	9,137,649
Assumed exercise of stock options	216,184	423,945
	-----	-----
Total shares used in computation	37,381,551	37,242,913
	=====	=====
Net income	\$ 11,176	\$ 49,501
Preferred stock dividend requirements	(18)	(18)
	-----	-----
	\$ 11,158	\$ 49,483
	=====	=====
Fully diluted income per share	\$.30	\$ 1.33
	=====	=====

</TABLE>

CHRIS-CRAFT INDUSTRIES, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

Chris-Craft's core operating cash flow is generated primarily by the Television Division's broadcasting business. Television broadcasting cash flow generally parallels the earnings of Chris-Craft'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%.

Chris-Craft's cash flow additionally reflects earnings associated with its cash and marketable securities, most of which are held by majority owned broadcasting subsidiary, BHC Communications, Inc. 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 \$1.49 billion at March 31, 1994 from \$1.54 billion at December 31, 1993, despite first quarter operating cash flow of \$31.4 million. Such decline primarily reflects BHC treasury stock purchases totalling \$49.5 million, and a \$19 million reduction in the carrying value of marketable securities to reflect their fair value.

BHC generates most of Chris-Craft's consolidated cash flow. Parent company obligations consist solely of corporate office expenditures, current and accrued. Parent company cash balances were augmented in January 1993 upon the receipt of \$36 million in dividends from BHC, which paid a one-time special cash dividend of \$2.00 per share. 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. Chris-Craft parent company cash balances are substantially in excess of normal operating requirements, and Chris-Craft expects that the present BHC dividend policy will not affect Chris-Craft's ability to meet parent company current obligations.

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.

Chris-Craft intends to expand its operations in the media, entertainment and communications industries and to explore business opportunities in other industries. Chris-Craft 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.

Chris-Craft'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. Chris-Craft capital expenditures generally have not been material in relation to its financial position, and the related commitments at March 31, 1994 were not material. Chris-Craft 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.

As set forth in Note 4, Chris-Craft has been named as a defendant

in certain actions seeking recovery for environmental damage allegedly related to the activities (discontinued since 1983) of 50% owned Montrose Chemical Corporation of California. Chris-Craft is unable to determine the amount of its liability, if any, relating to Montrose matters or whether any such liability would have a material effect on Chris-Craft's future financial condition or results of operations.

Results of Operations

Chris-Craft 1994 first quarter net income totalled \$11,176,000, or \$.39 per share, compared to \$49,501,000, or \$1.76 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 \$2,900,000, or \$.10 per share. The 285% increase in income excluding Time Warner amounts primarily reflects substantial increases in Television Division operating income and interest income.

Operating revenues and operating income for the 1994 and 1993 first quarters are as follows (in thousands):

	Operating Revenues		Operating Income (Loss)	
	1994	1993	1994	1993
Television Division	\$ 95,968	\$ 89,581	\$ 20,276	\$ 10,186
Industrial Division	5,807	6,704	452	327
Corporate and other	-	-	(3,349)	(3,799)
	\$101,775	\$ 96,285	\$ 17,379	\$ 6,714

The Television Division achieved record first quarter operating revenues and operating income. Relatively strong demand for television advertising produced a 7% increase in the Division's 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 goodwill amortization, program development expense, and corporate office expenses of BHC and UTV, Television Division operating income nearly doubled, to \$20,276,000 from \$10,186,000 in 1993.

Consolidated operating income, which additionally reflects Industrial Division operating income and Chris-Craft corporate office expense, increased 159%, to \$17,379,000 from \$6,714,000. Industrial Division operating income increased 38%, to \$452,000 from \$327,000, primarily reflecting the elimination of losses from a nonwoven fiber facility which has been sold. Industrial Division operating revenues declined 13% as a result of that sale.

First quarter interest and other income increased to \$13,899,000 from \$5,969,000 in 1993, primarily due to the placement of Time Warner proceeds in money market instruments and 1993 Montrose related expenses of \$2.2 million.

Chris-Craft's effective income tax rate rose to 43% from 35% in the 1993 first quarter, as 1993's pretax income included significant dividend income which is not subject to full federal

income tax.

CHRIS-CRAFT INDUSTRIES, INC.

PART II. OTHER INFORMATION AND SIGNATURE

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

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.

CHRIS-CRAFT INDUSTRIES, INC.

(Registrant)

By: /s/ JOELEN K. MERKEL

Joelen K. Merkel
Vice President and

Controller
Officer)

(Principal Accounting

Date: May 13, 1994