

FRONTIER COMMUNICATIONS CORP

Form 10-Q

May 02, 2019

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 March 31, 2019

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: 001-11001

FRONTIER COMMUNICATIONS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of

06-0619596  
(I.R.S. Employer Identification No.)

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incorporation or organization)

401 Merritt 7

Norwalk, Connecticut

(Address of principal executive offices)

06851

(Zip Code)

(203) 614-5600

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered	Ticker Symbol
Common Stock, par value \$0.25 per share	The NASDAQ Stock Market LLC	FTR

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 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 such files).

Yes      No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "accelerated filer," "large accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth 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

The number of shares outstanding of the registrant's Common Stock as of April 26, 2019 was 105,291,000.

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FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

## FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(\$ in millions and shares in thousands, except for per-share amounts)

	(Unaudited)	
	March 31, 2019	December 31, 2018
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 119	\$ 354
Accounts receivable, less allowances of \$91 and \$105, respectively	715	723
Contract acquisition costs	111	107
Prepaid expenses	104	86
Income taxes and other current assets	61	60
Total current assets	1,110	1,330
Property, plant and equipment, net	14,034	14,187
Goodwill	6,383	6,383
Other intangibles, net	1,364	1,494
Other assets	471	265
Total assets	\$ 23,362	\$ 23,659
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Long-term debt due within one year	\$ 393	\$ 814
Accounts payable	473	495
Advanced billings	260	256

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Accrued other taxes	198	182
Accrued interest	226	381
Pension and other postretirement benefits	39	39
Other current liabilities	421	394
Total current liabilities	2,010	2,561
Deferred income taxes	1,132	1,109
Pension and other postretirement benefits	1,733	1,750
Other liabilities	426	281
Long-term debt	16,526	16,358
Equity:		
Common stock, \$0.25 par value (175,000 authorized shares, 106,025 issued and 105,307 and 105,536 outstanding, at March 31, 2019 and December 31, 2018, respectively)	27	27
Additional paid-in capital	4,805	4,802
Accumulated deficit	(2,749)	(2,752)
Accumulated other comprehensive loss, net of tax	(534)	(463)
Treasury common stock	(14)	(14)
Total equity	1,535	1,600
Total liabilities and equity	\$ 23,362	\$ 23,659

The accompanying Notes are an integral part of these unaudited Consolidated Financial Statements.

PART I. FINANCIAL INFORMATION (Continued)

FRONTIER COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

(\$ in millions and shares in thousands, except for per-share amounts)

(Unaudited)

	For the three months ended March 31,	
	2019	2018
Revenue	\$ 2,101	\$ 2,199
Operating expenses:		
Network access expenses	338	372
Network related expenses	456	483
Selling, general and administrative expenses	456	469
Depreciation and amortization	484	505
Restructuring costs and other charges	28	4
Total operating expenses	1,762	1,833
Operating income	339	366
Investment and other income (loss), net	(9)	8
Gain (loss) on extinguishment of debt	(20)	33
Interest expense	379	374



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Income (loss) before income taxes	(69)	33
Income tax expense	18	13
Net income (loss)	(87)	20
Less: Dividends on preferred stock	-	53
Net loss attributable to Frontier common shareholders	\$ (87)	\$ (33)
Basic and diluted net loss per share attributable to Frontier common shareholders	\$ (0.84)	\$ (0.44)
Total weighted average shares outstanding - basic and diluted	103,885	77,416