

ALASKA COMMUNICATIONS SYSTEMS GROUP INC  
Form 10-Q  
August 08, 2018

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**UNITED STATES**

**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 June 30, 2018**

**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: 000-28167**

**ALASKA COMMUNICATIONS SYSTEMS GROUP, INC.**

**(Exact name of registrant as specified in its charter)**



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**

As of August 1, 2018, there were outstanding 53,184,078 shares of Common Stock, \$.01 par value, of the registrant.

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	<b>June 30, 2018</b>	<b>December 31, 2017</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$10,388	\$4,354
Restricted cash	1,769	11,814
Accounts receivable, net of allowance of \$3,041 and \$2,729	39,815	32,535
Materials and supplies	7,005	7,046
Prepayments and other current assets	5,443	6,115
Total current assets	64,420	61,864
Property, plant and equipment	1,373,336	1,357,929
Less: accumulated depreciation and amortization	(1,005,431)	(991,816 )
Property, plant and equipment, net	367,905	366,113
Deferred income taxes	1,311	3,394
Other assets	18,828	11,415
Total assets	\$452,464	\$442,786
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Current portion of long-term obligations	\$6,841	\$17,030
Accounts payable, accrued and other current liabilities	35,926	36,148
Advance billings and customer deposits	4,492	4,213
Total current liabilities	47,259	57,391
Long-term obligations, net of current portion	173,331	168,959
Deferred income taxes	1,972	596
Other long-term liabilities, net of current portion	64,256	61,330
Total liabilities	286,818	288,276
Commitments and contingencies		
Alaska Communications stockholders' equity:		

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Common stock, \$.01 par value; 145,000 authorized; 53,184 issued and outstanding at June 30, 2018; 52,526 issued and outstanding at December 31, 2017	532	525
Additional paid in capital	159,230	158,969
Retained earnings (accumulated deficit)	6,902	(3,579 )
Accumulated other comprehensive loss	(1,977 )	(2,396 )
Total Alaska Communications stockholders' equity	164,687	153,519
Noncontrolling interest	959	991
Total stockholders' equity	165,646	154,510
Total liabilities and stockholders' equity	\$452,464	\$442,786

*See Notes to Condensed Consolidated Financial Statements*

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	<b>Three Months Ended June 30, 2018</b>		<b>Six Months Ended June 30, 2018</b>	
	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>
Operating revenues	\$59,578	\$58,536	\$115,550	\$115,267
Operating expenses:				
Cost of services and sales (excluding depreciation and amortization)	26,542	26,454	52,375	51,596
Selling, general and administrative	16,507	17,284	32,519	35,223
Depreciation and amortization	8,197	9,028	16,984	17,931
Loss on disposal of assets, net	44	14	41	33
Total operating expenses	51,290	52,780	101,919	104,783
Operating income	8,288	5,756	13,631	10,484
Other income and (expense):				
Interest expense	(3,401 )	(3,913 )	(6,905 )	(7,758 )
Loss on extinguishment of debt	-	(5,158 )	-	(7,434 )
Interest income	24	7	38	14
Other (expense) income, net	(91 )	(154 )	13	(308 )
Total other income and (expense)	(3,468 )	(9,218 )	(6,854 )	(15,486 )
Income (loss) before income tax (expense) benefit	4,820	(3,462 )	6,777	(5,002 )
Income tax (expense) benefit	(1,418 )	632	(1,306 )	1,464
Net income (loss)	3,402	(2,830 )	5,471	(3,538 )
Less net loss attributable to noncontrolling interest	(40 )	(32 )	(72 )	(64 )
Net income (loss) attributable to Alaska Communications	3,442	(2,798 )	5,543	(3,474 )
Other comprehensive income (loss):				
Minimum pension liability adjustment	57	29	114	58
Income tax effect	(16 )	(12 )	(32 )	(24 )
Amortization of defined benefit plan loss	91	154	182	308
Income tax effect	(26 )	(63 )	(52 )	(126 )



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Interest rate swap marked to fair value	107	131	412	156
Income tax effect	(31 )	(54 )	(118 )	(65 )
Reclassification to interest expense	(97 )	24	(122 )	49
Income tax effect	28	(10 )	35	(20 )
Total other comprehensive income	113	199	419	336
Total comprehensive income (loss) attributable to Alaska Communications	3,555	(2,599 )	5,962	(3,138 )
Net loss attributable to noncontrolling interest	(40 )	(32 )	(72 )	(64 )
Total other comprehensive income attributable to noncontrolling interest	-	-	-	-
Total comprehensive loss attributable to noncontrolling interest	(40 )	(32 )	(72 )	(64 )
Total comprehensive income (loss)	\$3,515	\$(2,631 )	\$5,890	\$(3,202 )
Net income (loss) per share attributable to Alaska Communications:				
Basic	\$0.06	\$(0.05 )	\$0.10	\$(0.07 )
Diluted	\$0.06	\$(0.05 )	\$0.10	\$(0.07 )
Weighted average shares outstanding:				
Basic	53,111	52,341	52,897	52,177
Diluted	53,888	52,341	53,829	52,177

*See Notes to Condensed Consolidated Financial Statements*

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**ALASKA COMMUNICATIONS SYSTEMS GROUP, INC.**

**Condensed Consolidated Statement of Stockholders' Equity**

**Six Months Ended June 30, 2018**

**(Unaudited, In Thousands Except Per Share Amounts)**

<b>Alaska Communications Stockholders' Equity</b>		
	<b>(Accumulated</b>	<b>Accumulated</b>
<b>Additional</b>	<b>Deficit)</b>	<b>Other</b>