

GLOBAL SIGNAL INC
Form 10-Q
May 13, 2005

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, 2005

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 001-32168

GLOBAL SIGNAL INC.

Delaware
(State or other jurisdiction of incorporation
or organization)

65-0652634
(I.R.S. Employer
Identification No.)

301 North Cattlemen Road, Suite 300, Sarasota, Florida 34232-6427

(Address of principal executive offices)

Telephone: (941) 364-8886

(Registrant's telephone number, including area code)

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 _____

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).
Yes _____ No X

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed

by a court. Yes X No _____

At May 11, 2005, Registrant had outstanding 58,572,715 shares of \$0.01 par value common stock.

PART I. FINANCIAL INFORMATION

	Page
Item 1. Financial Statements	
Condensed Consolidated Balance Sheets as of March 31, 2005 (unaudited) and December 31, 2004	2
Condensed Consolidated Statements of Operations (unaudited) for the Three Months Ended March 31, 2005 and 2004	3
Condensed Consolidated Statements of Cash Flows (unaudited) for the Three Months Ended March 31, 2005 and 2004	4
Notes to Unaudited Condensed Consolidated Financial Statements	5
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	23
Item 3. Quantitative and Qualitative Disclosures About Market Risk	43
Item 4. Controls and Procedures	45

PART II. OTHER INFORMATION

Item 1. Legal Proceedings	45
Item 2. Changes in Securities and Use of Proceeds	45
Item 3. Defaults Upon Senior Securities	46
Item 4. Submission of Matters to a Vote of Security Holders	46
Item 5. Other Information	46
Item 6. Exhibits	46
SIGNATURES	48

1

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements:

GLOBAL SIGNAL INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	March 31, 2005 (unaudited)	December 31, 2004
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,080	\$ 5,991
Accounts receivable, net	628	533
Prepaid expenses and other current assets	9,930	9,772
Interest rate swap assets, at fair value	11,742	—
	29,380	16,296
Restricted cash	78,183	72,854
Fixed assets, net	665,765	636,200
Intangible assets:		
Lease absorption value, net	150,381	149,625
Leasehold interests, net	6,756	7,791
Goodwill	9,770	9,770
Deferred debt issuance costs, net	18,387	18,911
Other	4,611	4,461
Other assets	8,408	7,461
	\$ 971,641	\$ 923,369
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 15,746	\$ 16,397
Dividends payable	20,858	20,491
Deferred revenue	15,373	13,410
Interest rate swap liabilities, at fair value	39	—
Notes payable and current portion of long-term debt	60,388	8,268
	112,404	58,566
Long-term debt	696,670	698,652
Other long-term liabilities	13,766	12,954
Total liabilities	822,840	770,172
Stockholders' equity:		
Preferred stock, \$0.01 par value, 20,000,000 shares authorized, no shares issued or outstanding at March 31, 2005 and December 31, 2004	—	—
Common stock, \$0.01 par value, 150,000,000 shares authorized, 52,143,987 shares issued and outstanding at March 31, 2005, and 51,304,769 shares issued and outstanding at December 31, 2004	521	513
Additional paid-in capital	116,255	157,004
Deferred stock-based compensation	(2,783)	(3,101)
Accumulated other comprehensive income (loss)	10,494	(1,219)
Equity derivatives	24,314	—
Retained earnings	—	—
	148,801	153,197
	\$ 971,641	\$ 923,369

The accompanying Notes to Unaudited Condensed Consolidated Financial Statements are an integral part of these condensed financial statements.

2

GLOBAL SIGNAL INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

(in thousands, except per share data)

	Three Months Ended March 31,	
	2005	2004 (restated)
Revenues	\$ 54,422	\$ 43,091
Direct site operating expenses (excluding depreciation, amortization and accretion)	16,362	13,646
Gross margin	38,060	29,445
Other expenses:		
Selling, general and administrative (excluding \$318 and \$2,604 of non-cash stock-based compensation expense, respectively)	6,348	6,558
State franchise, excise and minimum taxes	174	172
Depreciation, amortization and accretion		