

Is a Major Conservative Voice in America About to Be Silenced?

What would the world be like for American conservatives if Rush Limbaugh, Sean Hannity, Mark Levin and Dave Ramsey were suddenly no longer on the airwaves?

Sadly, we just might be about to find out following the First Quarter 2017 report announced Thursday by iHeartMedia, formerly known as Clear Channel Communications. After warning investors it would include the dreaded “going concern language”—a sign that company questions whether or not it will be able to continue in the immediate future—the troubled media giant offered a very bleak outlook, indeed.

“Our consolidated revenues, operating income and OIBDAN declined in the first quarter,” iHeartMedia President, COO, and CFO Rich Bressler said. “Adjusting for sales and foreign exchange, however, our revenues increased. At the iHeartMedia segment, this quarter marked the 16th consecutive quarter of year-over-year increases in revenue. We remain focused on balancing financial discipline with investments to grow our businesses while continuing to work on our capital structure.”

The might sound like good news, but iHeartMedia faces a \$20 billion debt load that it’s still been unable to shake off, and much of that debt is about to come due. With only \$365 million cash on hand, it has a structured \$350 million debt payment due later this year, and another \$8.3 billion that will come due in 2019.

The U.K. band The Buggles might’ve proclaimed “Video Killed the Radio Star” in 1979, but the internet, government over-regulation, and an overly consolidated industry might actually be what does them in. The quarterly report states:

- Consolidated revenue decreased 2.4 percent. Consolidated revenue increased 1.6 percent, after adjusting for a \$12.8 million impact from movements in foreign exchange rates and the \$40.6 million impact of the outdoor markets and businesses sold.
 - iHM revenues increased \$18.3 million, or 2.5 percent. Revenues increased \$27.3 million, or 3.8 percent, excluding political revenue.
 - Americas outdoor revenues decreased \$3.1 million, or 1.1 percent. Revenues increased \$0.7 million, or 0.2 percent, after adjusting for a \$1.4 million impact from movements in foreign exchange rates and a \$5.2 million impact from the sale of nonstrategic markets.
 - International outdoor revenues decreased \$41.2 million, or 13.4 percent. Revenues increased \$8.3 million, or 3.1 percent, after adjusting for a \$14.2 million impact from movements in foreign exchange rates and a \$35.4 million impact from the sale of our businesses in Australia and Turkey.
- Operating income decreased \$306.7 million, or 72.9 percent, primarily due to the net gain of \$278.3 million on the sale of nonstrategic Americas outdoor markets in the first quarter of 2016 compared to the net gain of \$28.6 million on the sale of our Americas outdoor Indianapolis market in the first quarter of 2017.
- OIBDAN decreased 21.3 percent and decreased 19.0 percent, excluding the impact from movements in foreign exchange rates and the impact of the outdoor markets and businesses sold.

“OIBDAN” means a business’ operating income calculated using only income gained from regular operations while adding in depreciation and amortization “write-downs” to project a slightly better optics for investors. But use of OIBDAN in lieu of the more traditional EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is usually a red flag

for Wall Street.

This report would be like waving a Perkins Restaurant & Bakery-sized red flag, though. Unless it can once again restructure its debts, iHeartMedia won't be able to continue operating. It would either be forced to sell itself to another company—and, as the largest media company in the country, that would be very difficult—or, more likely, it would have to be sold off in bits and pieces.

So what does this mean about the biggest names in conservative talk radio?

Well, although they broadcast—and are syndicated—under different production names, Limbaugh and Hannity are considered iHeartMedia on-air talent, while Levin and Ramsey get the vast majority of their nationwide reach through America's largest network of talk radio stations. iHeartMedia is also the primary partner broadcast partner of FOX News Radio, which produces Todd Starnes' radio broadcasts.

While their respective audiences are large enough to ensure they wouldn't go away, the loss of iHeartMedia, or its being broken up, could make it difficult for them to reach their audiences the same way they have in the past. At least immediately, for a period of a few months as new broadcast deals are worked out, large portions of the country would no longer hear their programming over the airwaves.

But rather than a doomsday scenario, perhaps this could be creating an opening for a new kingdom-building opportunity on terrestrial radio. Time will only tell.