

LIONS GATE ENTERTAINMENT CORP /CN/  
Form 8-K  
May 30, 2013

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 30, 2013

Lions Gate Entertainment Corp.

(Exact name of registrant as specified in charter)

British Columbia, Canada

(State or Other Jurisdiction of Incorporation)

(Commission File Number) 1-14880

(IRS Employer Identification No.) N/A

(Address of principal executive offices)

1055 West Hastings Street, Suite 2200

Vancouver, British Columbia V6E 2E9

and

2700 Colorado Avenue, Suite 200

Santa Monica, California 90404

Registrant's telephone number, including area code: (877) 848-3866

No Change

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written Communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On May 30, 2013, Lions Gate Entertainment Corp. (the “Company,” “we,” “us” and “our”) issued a press release announcing our results of operations for the fiscal year ended March 31, 2013. The press release issued by us in connection with the announcement is furnished as Exhibit 99.1 and is incorporated herein by reference.

Free Cash Flow

In our press release, we disclosed free cash flow of \$280.5 million for the fiscal year ended March 31, 2013. Free cash flow is a non-GAAP financial measure, as defined in Regulation G promulgated by the Securities and Exchange Commission (the “SEC”). Net cash flows provided by operating activities was \$276.1 million for the fiscal year ended March 31, 2013. A reconciliation of free cash flow to net cash flows provided by (used in) operating activities is included in Exhibit 99.1.

The non-GAAP financial measure, free cash flow, is in addition to, not a substitute for, or superior to, measures of financial performance prepared in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”).

Free cash flow is defined as net cash flows provided by (used in) operating activities, less purchases of property and equipment, plus or minus the net increase or decrease in production loans including production loan activity under the Company’s film credit facility, plus the decrease in restricted cash held in a trust for certain obligations until December 31, 2011. The adjustment for the production loans is made because the GAAP based cash flows from operations reflects a non-cash reduction of cash flows for the cost of films associated with production loans prior to the time the Company actually pays for the film. The Company believes that it is more meaningful to reflect the impact of the payment for these films in its free cash flow when the payments are actually made.

We believe that this non-GAAP measure provides useful information to investors regarding cash that our operating businesses generate whether classified as operating or financing activity (related to the production of our films) within our GAAP based statement of cash flows, before taking into account cash movements that are non-operational. Free cash flow is a non-GAAP financial measure commonly used in the entertainment industry and by financial analysts and others who follow the industry. Not all companies calculate free cash flow in the same manner and the measure as presented may not be comparable to similarly titled measures presented by other companies.

EBITDA

In our press release, we disclosed EBITDA of \$254.2 million and EBITDA, as adjusted, of \$329.7 million for the fiscal year ended March 31, 2013. EBITDA and EBITDA, as adjusted, are non-GAAP financial measures, as defined in Regulation G promulgated by the SEC. A reconciliation of both EBITDA and EBITDA, as adjusted, as defined to net income (loss), is included in Exhibit 99.1.

The non-GAAP financial measures, EBITDA and EBITDA, as adjusted, are in addition to, not a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. EBITDA is defined as earnings before interest, income tax provision or benefit, and depreciation and amortization.

EBITDA, as adjusted represents EBITDA as defined above adjusted for gain on sale of asset disposal group, loss on extinguishment of debt, stock-based compensation, acquisition related charges, certain corporate defense and related charges, and non-risk prints and advertising expense. Stock-based compensation represents compensation expenses associated with stock options, restricted share units and cash settled stock appreciation rights (“SARs”) and equity settled SARs. Acquisition related charges represent severance and transaction costs associated with the acquisition of Summit Entertainment LLC. Corporate defense and related charges represent legal fees, other professional fees, and

certain other costs associated with a shareholder activist matter. Non-risk prints and advertising expense represents the amount of theatrical marketing expense for third party titles that the Company funded and expensed for which a third party provides a guarantee that such expense will be recouped from the performance of the film (i.e. there is no

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risk of loss to the company) net of an amount of the estimated amortization of participation expense that would have been recorded if such amount had not been expensed.

We believe EBITDA and EBITDA, as adjusted, to be meaningful indicators of our performance that provide useful information to investors regarding our financial condition and results of operations. EBITDA and EBITDA, as adjusted, are non-GAAP financial measures commonly used in the entertainment industry and by financial analysts and others who follow the industry to measure operating performance. While we consider EBITDA and EBITDA, as adjusted, to be important measures of comparative operating performance, they should be considered in addition to, but not as a substitute for, net income (loss) and other measures of financial performance reported in accordance with GAAP. EBITDA and EBITDA, as adjusted, do not reflect cash available to fund cash requirements. Not all companies calculate EBITDA or EBITDA, as adjusted, in the same manner and the measures, as presented, may not be comparable to similarly-titled measures presented by other companies.

#### Income Before Income Taxes, As Adjusted, Net Income, As Adjusted and Earnings Per Share, As Adjusted

In our press release, we disclosed income before income taxes, as adjusted of \$228.1 million, net income, as adjusted of \$190.1 million and basic and diluted earnings per share, as adjusted of \$1.41 and \$1.32, respectively, per share for the fiscal year ended March 31, 2013. Net income, as adjusted and earnings per share, as adjusted are non-GAAP financial measures, as defined in Regulation G promulgated by the SEC. A reconciliation of income before income taxes, as adjusted to income before income taxes, as reported, net income, as adjusted to net income, as reported and earnings per share, as reported to earnings per share, as adjusted are included in Exhibit 99.1.

The non-GAAP financial measures, income before income taxes, as adjusted, net income, as adjusted and earnings per share, as adjusted, is in addition to, not a substitute for, or superior to, measures of financial performance prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP").

Income before income taxes, as adjusted is defined as income before income taxes, as reported, adjusted for the loss on early extinguishment of debt and stock based compensation. Net income, as adjusted is defined as income before income taxes, as adjusted, adjusted for the tax valuation allowance. The adjustment for tax valuation allowance is to eliminate the discrete tax benefit recognized for financial reporting purposes upon the reduction of the Company's valuation allowance on its remaining net deferred tax assets (excluding certain deferred tax liabilities) as of March 31, 2013 that are expected to be realized in future tax returns. Stock-based compensation represents compensation expenses associated with stock options, restricted share units and cash settled SARs and equity settled SARs. Earnings per share, as adjusted is defined as net income, as adjusted per weighted average shares outstanding.

We believe that these non-GAAP measures provide useful information to investors regarding our results as compared to historical periods. We use these measures, among other measures, to evaluate the operating performance of the Company. We believe that the adjusted results provide relevant and useful information for investors because they clarify the Company's actual operating performance and allow investors to review our operating performance in the same way as our management. Since these measures are not calculated in accordance with generally accepted accounting principles, they should not be considered in isolation of, or as a substitute for income before income taxes, net income, basic and diluted EPS. Not all companies calculate income before income taxes, net income, basic and diluted EPS as adjusted in the same manner and the measures as presented may not be comparable to similarly titled measures presented by other companies.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
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99.1	Press Release dated May 30, 2013

SIGNATURES

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 hereunto duly authorized.

Date: May 30, 2013                      LIONS GATE ENTERTAINMENT CORP.

/s/ James Keegan  
James Keegan  
Chief Financial Officer