

HICKORY TECH CORP  
Form 10-Q  
November 04, 2004

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, DC 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 September 30, 2004**

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 0-13721**

**HICKORY TECH CORPORATION**

(Exact name of registrant as specified in its charter)

**Minnesota**  
(State or other jurisdiction of)

**41-1524393**  
(I.R.S. Employer)

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incorporation or organization)

Identification No.)

**221 East Hickory Street  
Mankato, Minnesota 56002-3248**

(Address of principal executive offices and zip code)

**(800) 326-5789**

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The total number of shares of the registrant's common stock outstanding as of September 30, 2004: 13,012,133.

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## HICKORY TECH CORPORATION

September 30, 2004

## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS.

## CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

(In Thousands Except Per Share Amounts)	For Three Months Ended		For Nine Months Ended	
	9/30/2004	9/30/2003	9/30/2004	9/30/2003
<b>OPERATING REVENUES:</b>				
Telecom Sector	\$ 18,918	\$ 18,810	\$ 57,191	\$ 56,058
Information Solutions Sector	574	702	2,219	2,609
Enterprise Solutions Sector	2,685	3,565	8,318	10,859
<b>TOTAL OPERATING REVENUES</b>	<b>22,177</b>	<b>23,077</b>	<b>67,728</b>	<b>69,526</b>
<b>COSTS AND EXPENSES:</b>				
Cost of Products Sold, Enterprise Solutions	1,855	2,606	5,660	7,675
Cost of Services, excluding Depreciation and Amortization	8,378	8,708	24,857	24,977
Selling, General and Administrative Expenses, excluding Depreciation and Amortization	3,490	2,767	10,772	10,263
Depreciation	3,912	3,780	11,669	11,013
Amortization of Intangibles	237	236	710	761
<b>TOTAL COSTS AND EXPENSES</b>	<b>17,872</b>	<b>18,097</b>	<b>53,668</b>	<b>54,689</b>
<b>OPERATING INCOME</b>	<b>4,305</b>	<b>4,980</b>	<b>14,060</b>	<b>14,837</b>
<b>OTHER INCOME/(EXPENSE):</b>				
Equity in Net Income/(Loss) of Investees		1		(4)
Interest and Other Income	10	10	44	33
Interest Expense	(1,121)	(1,579)	(3,448)	(4,624)
<b>TOTAL OTHER INCOME/(EXPENSE)</b>	<b>(1,111)</b>	<b>(1,568)</b>	<b>(3,404)</b>	<b>(4,595)</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>3,194</b>	<b>3,412</b>	<b>10,656</b>	<b>10,242</b>
<b>INCOME TAX PROVISION</b>	<b>1,292</b>	<b>1,395</b>	<b>4,310</b>	<b>4,186</b>
<b>INCOME FROM CONTINUING OPERATIONS</b>	<b>1,902</b>	<b>2,017</b>	<b>6,346</b>	<b>6,056</b>
<b>DISCONTINUED OPERATIONS (Note 4)</b>				
Loss from Operations of Discontinued Component	(26)	(24,873)	(125)	(23,487)
Income Tax Benefit	(11)	(2,783)	(51)	(2,215)
<b>LOSS FROM DISCONTINUED OPERATIONS</b>	<b>(15)</b>	<b>(22,090)</b>	<b>(74)</b>	<b>(21,272)</b>
<b>NET INCOME/(LOSS)</b>	<b>\$ 1,887</b>	<b>\$ (20,073)</b>	<b>\$ 6,272</b>	<b>\$ (15,216)</b>
<b>Basic Earnings Per Share - Continuing Operations:</b>				
Basic Earnings Per Share - Continuing Operations:	\$ 0.15	\$ 0.14	\$ 0.49	\$ 0.43
<b>Basic Earnings Per Share - Discontinued Operations:</b>				
Basic Earnings Per Share - Discontinued Operations:	\$ 0.15	\$ (1.44)	\$ 0.48	\$ (1.09)
Dividends Per Share	\$ 0.11	\$ 0.11	\$ 0.33	\$ 0.33
Basic Weighted Average Common Shares Outstanding	12,991	13,974	12,978	13,973
<b>Diluted Earnings Per Share - Continuing Operations:</b>				
Diluted Earnings Per Share - Continuing Operations:	\$ 0.15	\$ 0.14	\$ 0.49	\$ 0.43
<b>Diluted Earnings Per Share - Discontinued Operations:</b>				
Diluted Earnings Per Share - Discontinued Operations:	\$ 0.15	\$ (1.44)	\$ 0.48	\$ (1.09)
Diluted Weighted Average Common and Equivalent Shares Outstanding	13,016	14,024	13,008	14,031

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The accompanying notes are an integral part of the consolidated financial statements.

**HICKORY TECH CORPORATION**

September 30, 2004

**CONSOLIDATED BALANCE SHEETS**

(UNAUDITED)

(In Thousands Except Share and Per Share Amounts)

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9/30/2004

12/31/2003