

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): **September 1, 2017**

SAGA COMMUNICATIONS, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other jurisdiction
of incorporation)

1-11588
(Commission File Number)

38-3042953
(IRS Employer
Identification No.)

73 Kercheval Avenue
Grosse Pointe Farms, MI
(Address of Principal Executive Offices)

48236
(Zip Code)

Registrant's telephone number, including area code: **(313) 886-7070**

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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.

Item 2.01 Completion of Acquisition or Disposition of Assets.

Effective September 1, 2017, Saga Broadcasting, LLC, a wholly-owned subsidiary of Saga Communications, Inc. and a Delaware limited liability company (“Saga Broadcasting”), Saga Quad States Communications, LLC, a wholly-owned subsidiary of Saga Communications, Inc. and a Delaware limited liability company (“Saga Quad States,” and together with Saga Broadcasting, “Seller”), completed the disposition of Seller’s television segment to QueenB Television of Texas, LLC, a Texas limited liability company (“QueenB Texas”), and QueenB Television of Kansas/Missouri, LLC, a Kansas limited liability company (“QueenB Kansas/Missouri, and together with QueenB Texas, “Seller”), as assignees of Evening Telegram Company d/b/a Morgan Murphy Media, a Wisconsin corporation, upon the satisfaction of certain closing conditions described in the Asset Purchase Agreement dated May 9, 2017 (the “QueenB Agreement”) by and among Seller, Buyer, and, solely in its role as guarantor under the QueenB Agreement, Saga Communications, Inc., a Delaware corporation (“Saga”), as further described in the Form 8-K filed by Saga on May 10, 2017. The purchase price under the QueenB Agreement was \$66,621,421.59, subject to certain purchase price adjustments, payable in cash.

Also effective September 1, 2017, Saga Quad States completed the acquisition from Apex Media Corporation, a South Carolina corporation (“AMC”), and Pearce Development, LLC f/k/a Apex Real Property, LLC, a South Carolina limited liability company (“ARP” and together with AMC, “Seller”), of substantially all of Seller’s assets related to the operation of certain radio and translator stations, upon the satisfaction of certain closing conditions described in the Asset Purchase Agreement dated May 9, 2017 (the “Apex Agreement”) by and among Seller, Saga Quad States, and, solely in his role as guarantor under the Apex Agreement, G. Dean Pearce, as further described in the Form 8-K filed by Saga on May 10, 2017. Mr. Pearce is President of AMC and ARP, and currently serves on the Board of Directors of Saga. The purchase price under the Apex Agreement was \$23,000,000.00, subject to certain purchase price adjustments, payable in cash. The purchase price was determined through arm’s-length negotiations, and was approved by the Saga Board, and Finance and Audit Committee, in accordance with the requirements of Saga’s Corporate Governance Guidelines for the review of related party transactions.

The foregoing does not constitute a complete summary of the QueenB Agreement or the Apex Agreement. Reference is made to the QueenB Agreement and the Apex Agreement, each of which were attached as exhibits to the Form 8-K filed by Saga on May 9, 2017 and incorporated by reference herein, and to the press release attached as Exhibit 99.2 to this report and incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

(b) Pro Forma Financial Statements

The unaudited pro forma consolidated balance sheet of Saga as of June 30, 2017, and the unaudited pro forma consolidated statements of income of Saga for the years ended December 31, 2016, 2015 and 2014 are included as Exhibit 99.1 to this report and are incorporated into this Item 9.01 by reference. As our Form 10-Q for the quarterly period ended June 30, 2017 reflected the television segment disposed of pursuant to the QueenB Agreement as discontinued operations in the consolidated statement of income, interim period pro forma consolidated statements of income are not included. The pro forma consolidated statement of income as of June 30, 2017 and December 31, 2016 included in the press release attached as Exhibit 99.2 is provided for informational purposes only and assumes the disposition of the television segment and the acquisition of the radio and translator stations pursuant to the Apex Agreement as of January 1, 2016.

(d) Exhibits

The following exhibits are filed with this Form 8-K:

<u>Exhibit No.</u>	<u>Description</u>
<u>2.1</u>	<u>Asset Purchase Agreement by and among Saga Broadcasting, LLC, Saga Quad States Communications, LLC, Saga Communications, Inc., and Evening Telegram Company d/b/a Morgan Murphy Media, dated May 9, 2017 (exhibit filed with Saga's Form 8-K filed on May 9, 2017 and incorporated by reference herein).</u>
<u>2.2</u>	<u>Asset Purchase Agreement by and among Apex Media Corporation, Pearce Development, LLC f/k/a Apex Real Property, LLC, Saga Quad States Communications, LLC, and G. Dean Pearce, dated May 9, 2017 (exhibit filed with Saga's Form 8-K filed on May 9, 2017 and incorporated by reference herein).</u>
<u>99.1</u>	<u>Unaudited Pro Forma Consolidated Financial Statements of Saga Communications, Inc.</u>
<u>99.2</u>	<u>Press Release dated September 6, 2017.</u>

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.

SAGA COMMUNICATIONS, INC.

Dated: September 6, 2017

By: /s/ Samuel D. Bush
Samuel D. Bush
Senior Vice President and
Chief Financial Officer

INDEX OF EXHIBITS

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<u>99.1</u>	<u>Unaudited Pro Forma Consolidated Financial Statements of Saga Communications, Inc.</u>
<u>99.2</u>	<u>Press Release dated September 6, 2017.</u>

Saga Communications, Inc.**Unaudited Pro Forma Consolidated Financial Statements**

Effective September 1, 2017, Saga Broadcasting, LLC, a wholly-owned subsidiary of Saga Communications, Inc. and a Delaware limited liability company (“Saga Broadcasting”), Saga Quad States Communications, LLC, a wholly-owned subsidiary of Saga Communications, Inc. and a Delaware limited liability company (“Saga Quad States,” and together with Saga Broadcasting, “Seller”), completed the disposition of Seller’s television segment to QueenB Television of Texas, LLC, a Texas limited liability company (“QueenB Texas”), and QueenB Television of Kansas/Missouri, LLC, a Kansas limited liability company (“QueenB Kansas/Missouri, and together with QueenB Texas, “Seller”), as assignees of Evening Telegram Company d/b/a Morgan Murphy Media, a Wisconsin corporation, upon the satisfaction of certain closing conditions described in the Asset Purchase Agreement dated May 9, 2017 (the “QueenB Agreement”) by and among Seller, Buyer, and, solely in its role as guarantor under the QueenB Agreement, Saga Communications, Inc., a Delaware corporation (“Saga”), as further described in the Form 8-K filed by Saga on May 10, 2017. The purchase price under the QueenB Agreement was \$66,621,421.59, subject to certain purchase price adjustments, payable in cash.

Our Form 10-Q for the quarterly period ended June 30, 2017 reflected the television station operating results as discontinued operations for all periods presented in the consolidated statements of income and reflected the television stations’ assets and liabilities as discontinued operations in the June 30, 2017 consolidated balance sheet for all periods presented.

Our unaudited pro forma consolidated financial data was derived from our historical consolidated financial statements. The unaudited pro forma consolidated balance sheet assumes the disposition of the television stations occurred on June 30, 2017. The unaudited pro forma consolidated statements of income give effect to the disposition of the television stations as if the disposition occurred on January 1, 2014. The following unaudited pro forma consolidated financial information should be read in conjunction with our historical financial statements and notes, and related Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017, and our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

The pro forma adjustments are based on the best information available and assumptions that management believes are factually supportable and reasonable; however, such adjustments are subject to change. In addition, such adjustments are estimates. The unaudited pro forma consolidated information is for illustrative and informational purposes only and is not intended to reflect what our consolidated financial position and results of operations would have been had the disposition occurred on the dates indicated and is not necessarily indicative of our future consolidated financial position and results of operations.

The pro forma adjustments remove all of the television stations’ assets, liabilities and results of operations, and give effect to an adjustment to reflect the net cash proceeds and gain from the sale of the television stations.

Saga Communications, Inc.

Pro Forma Consolidated Statement of Income (Unaudited)

Year Ended December 31, 2016
(In thousands, except per share data)

	Historical	Disposition ^(a)	Pro Forma
Operating Results			
Net operating revenue	\$ 142,591	\$ (23,636)	\$ 118,955
Operating expenses (income):			
Station operating expense	101,542	(14,743)	86,799
Corporate general and administrative	10,980	—	10,980
Other operating expense (income), net	(1,393)	42	(1,351)
	<u>111,129</u>	<u>(14,701)</u>	<u>96,428</u>
Operating income	31,462	(8,935)	22,527
Other (income) expenses:			
Interest expense	776	(32)	744
Income from continuing operations before income tax	30,686	(8,903)	21,783
Income tax provision	12,500	(3,627)	8,873
Income from continuing operations	<u>\$ 18,186</u>	<u>\$ (5,276)</u>	<u>\$ 12,910</u>
Basic earnings per share from continuing operations	<u>\$ 3.10</u>		<u>\$ 2.20</u>
Weighted average common shares	<u>5,761</u>		<u>5,761</u>
Diluted earnings per share from continuing operations	<u>\$ 3.09</u>		<u>\$ 2.19</u>
Weighted average common and common equivalent shares	<u>5,771</u>		<u>5,771</u>

See accompanying notes to the unaudited pro forma consolidated financial statements.

Saga Communications, Inc.

Pro Forma Consolidated Statement of Income (Unaudited)

Year Ended December 31, 2015
(In thousands, except per share data)

	Historical	Disposition ^(a)	Pro Forma
Operating Results			
Net operating revenue	\$ 132,856	\$ (21,064)	\$ 111,792
Operating expenses (income):			
Station operating expense	97,268	(14,080)	83,188
Corporate general and administrative	10,091	—	10,091
Other operating expense (income), net	541	(32)	509
Impairment of intangible assets	874	—	874
	<u>108,774</u>	<u>(14,112)</u>	<u>94,662</u>
Operating income	24,082	(6,952)	17,130
Other (income) expenses:			
Interest expense	888	(33)	855
Write-off of debt issuance costs	557	—	557
Other income	(417)	417	—
Income from continuing operations before income tax	23,054	(7,336)	15,718
Income tax provision	9,640	(3,068)	6,572
Income from continuing operations	<u>\$ 13,414</u>	<u>\$ (4,268)</u>	<u>\$ 9,146</u>
Basic earnings per share from continuing operations	<u>\$ 2.31</u>		<u>\$ 1.58</u>
Weighted average common shares	<u>5,706</u>		<u>5,706</u>
Diluted earnings per share from continuing operations	<u>\$ 2.29</u>		<u>\$ 1.56</u>
Weighted average common and common equivalent shares	<u>5,740</u>		<u>5,740</u>

See accompanying notes to the unaudited pro forma consolidated financial statements.

Saga Communications, Inc.

Pro Forma Consolidated Statement of Income (Unaudited)

Year Ended December 31, 2014
(In thousands, except per share data)

	Historical	Disposition ^(a)	Pro Forma
Operating Results			
Net operating revenue	\$ 133,998	\$ (20,371)	\$ 113,627
Operating expenses (income):			
Station operating expense	98,424	(13,257)	85,167
Corporate general and administrative	8,901	—	8,901
Other operating expense (income), net	(1,210)	—	(1,210)
Impairment of intangible assets	1,936	—	1,936
	<u>108,051</u>	<u>(13,257)</u>	<u>94,794</u>
Operating income	25,947	(7,114)	18,833
Other (income) expenses:			
Interest expense	1,064	(33)	1,031
Other (income) expense, net	(71)	(3)	(74)
Income from continuing operations before income tax	24,954	(7,078)	17,876
Income tax provision	10,050	(2,850)	7,200
Income from continuing operations	<u>\$ 14,904</u>	<u>\$ (4,228)</u>	<u>\$ 10,676</u>
Basic earnings per share from continuing operations	<u>\$ 2.57</u>		<u>\$ 1.84</u>
Weighted average common shares	<u>5,700</u>		<u>5,700</u>
Diluted earnings per share from continuing operations	<u>\$ 2.55</u>		<u>\$ 1.83</u>
Weighted average common and common equivalent shares	<u>5,753</u>		<u>5,753</u>

See accompanying notes to the unaudited pro forma consolidated financial statements.

Saga Communications, Inc.

Pro Forma Consolidated Balance Sheet (Unaudited)

As of June 30, 2017
(In thousands)

	Historical	Disposition	Pro Forma
Assets			
Current assets:			
Cash and cash equivalents	\$ 30,228	\$ 66,153(b)	\$ 96,381
Accounts receivable, net	17,186	4,000(c)	21,186
Prepaid expenses and other current assets	2,181	—	2,181
Barter transactions	1,935	—	1,935
Current assets of discontinued operations	22,825	(22,825) ^(d)	—
Total current assets	74,355	47,328	121,683
Property and equipment	134,405	—	134,405
Less accumulated depreciation	84,540	—	84,540
Net property and equipment	49,865	—	49,865
Other assets:			
Broadcast licenses, net	87,388	—	87,388
Goodwill	8,219	—	8,219
Other intangibles, deferred costs and investments, net	7,051	—	7,051
	\$ 226,878	\$ 47,328	\$ 274,206
Liabilities and stockholders' equity			
Current liabilities:			
Accounts payable	\$ 2,287	\$ —	\$ 2,287
Payroll and payroll taxes	6,223	—	6,223
Other accrued expenses	3,311	25,855(e)	29,166
Barter transactions	1,621	—	1,621
Current liabilities of discontinued operations	4,339	(4,339) ^(d)	—
Total current liabilities	17,781	21,516	39,297
Deferred income taxes	31,422	(4,964) ^(e)	26,458
Long-term debt	35,287	—	35,287
Other liabilities	3,069	—	3,069
Total liabilities	87,559	16,552	104,111
Commitments and contingencies			
	—	—	—
Stockholders' equity:			
Common stock	75	—	75
Additional paid-in-capital	61,528	—	61,528
Retained earnings	111,664	30,776(f)	142,440
Treasury stock	(33,948)	—	(33,948)
Total Stockholders' equity	139,319	30,776	170,095
	\$ 226,878	\$ 47,328	\$ 274,206

See accompanying notes to the unaudited pro forma consolidated financial statements.

Saga Communications, Inc.

Notes to Unaudited Pro Forma Consolidated Financial Statements

- (a) Amounts reflect the pro forma effect of eliminating the results of operations of our television stations for the years ended December 31, 2016, 2015 and 2014 from the presentation of continuing operations in the unaudited pro forma consolidated statements of income.
 - (b) Represents cash proceeds received at closing from the sale of our television stations, reduced for \$468,000 related to purchase price adjustments
 - (c) Represents the estimated fair value of the remaining net cash proceeds from the sale of our television stations to be received in the 3rd quarter of 2017.
 - (d) Represents the removal of the assets and liabilities of the discontinued operations from the balance sheet.
 - (e) Represents current and deferred tax liability adjustments resulting from gain on sale of television stations.
 - (f) Represents the non-recurring estimated gain on sale that would have been recorded if we had completed the television station sale on June 30, 2017, net of related income tax expense.
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Saga Communications, Inc. Announces the Sale of its Television Stations and the Purchase of 5 Radio Stations Serving the Charleston, SC Radio Market and 3 Radio Stations Serving the Hilton Head, Bluffton and Beaufort, SC Radio Market

GROSSE POINTE FARMS, Mich., Sept. 6, 2017 /PRNewswire/ -- Saga Communications, Inc. (NYSE American: SGA) announced today that on September 1, 2017 it closed on the previously announced sale of its television stations to the Evening Telegram Company d/b/a Morgan Murphy Media for an aggregate purchase price of approximately \$66.6 million.

Edward K. Christian, President and Chief Executive Officer of the Company said, "It's a bittersweet time as we complete the sale of our Joplin, MO and Victoria, TX television stations. We've enjoyed owning the stations and they have been great contributors to our overall performance over the years. With all the changes taking place in the television industry it became time to turn them over to a fine company that plans to continue to grow in the television segment. It has been a great experience for us to serve both communities with terrific television stations that focused heavily on the local markets. Ultimately, we made a very difficult decision that it was time for us to return to our roots in radio."

The Company also announced that effective September 1, 2017, it completed the previously reported purchase of the assets of WCKN(FM), WMXZ(FM), WXST(FM), WAVF(FM), WSPO(AM), W261DG and W257BQ, serving the Charleston, SC radio market, and WVSC(FM), WLHH(FM), WOEZ(FM), W256CB and W293BZ, serving the Hilton Head, Bluffton and Beaufort, SC radio market, from Apex Media Corporation for approximately \$23.0 million.

Edward K. Christian, President and Chief Executive Officer of the Company, said, "We are pleased to be acquiring radio stations in the Charleston market and the Hilton Head, Bluffton and Beaufort market. Both of these markets have recently been recognized as two of the South's best communities by Southern Living Magazine. There are both heritage and developmental radio stations included in this acquisition. We look forward to working with the existing staff to continue to serve these growing communities with great radio stations. Saga intends to continue building its business in radio by continuing to identify and acquire radio stations in communities that we believe in."

The attached Selected Supplemental Financial Data tables disclose "actual" and "proforma" information. The "actual" amounts reflect our historical financial results and include the results of operations for stations that we owned. The "proforma" amounts assume all acquisitions and dispositions in 2016 and 2017 occurred as of January 1, 2016.

Saga is a broadcasting company whose business is devoted to acquiring, developing and operating broadcast properties. Saga owns or operates broadcast properties in 26 markets, including 75 FM, 33 AM radio stations and 64 metro signals. For additional information, contact us at (313) 886-7070 or visit our website at www.sagacom.com.

This press release contains certain forward-looking statements that are based upon current expectations and involve certain risks and uncertainties within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Words such as "believes," "expects," "anticipates," "guidance" and similar expressions are intended to identify forward-looking statements. Key risks, including risks associated with Saga's ability to effectively integrate the stations it acquires and the impact of federal regulation on Saga's business, are described in the reports Saga periodically files with the U.S. Securities and Exchange Commission, including Item 1A of our Annual Report on Form 10-K. Readers should note that these statements may be impacted by several factors, including national and local economic changes and changes in the radio and television broadcast industry in general, as well as Saga's actual performance. Results may vary from those stated herein and Saga undertakes no obligation to update the information contained here.

**Saga Communications, Inc.
Selected Supplemental Financial Data
For the Six Months Ended
June 30, 2017
(amounts in 000's except per share data)
(Unaudited)**

	Actual ⁽¹⁾ Six Months Ended June 30, 2017	Pro Forma ⁽²⁾ Six Months Ended June 30, 2017
Consolidated		
Net operating revenue	\$ 56,416	\$ 60,641
Station operating expense	42,766	46,311
Corporate general and administrative	5,743	5,743
Other operating expense	58	58
Operating income	7,849	8,529
Interest expense	437	437
Income from continuing operations, before tax	7,412	8,092
Income tax expense	2,990	3,268
Income from continuing operations, net of tax	<u>\$ 4,422</u>	<u>\$ 4,824</u>
Earnings per share from continuing operations		
Basic	<u>\$ 0.75</u>	<u>\$ 0.82</u>
Diluted	<u>\$ 0.75</u>	<u>\$ 0.81</u>

- (1) The disposal of the television stations was reported as discontinued operations at June 30, 2017, however for the purposes of this press release we are only reporting through Income from continuing operations.
- (2) The Pro Forma results reflect the disposal of the television stations that was previously reported in discontinued operations and assume the acquisition of the Apex radio stations occurred as of January 1, 2016.

Saga Communications, Inc.
Selected Supplemental Financial Data
For the Twelve Months Ended
December 31, 2016
(amounts in 000's except per share data)
(Unaudited)

	Actual ⁽¹⁾	Pro Forma ⁽²⁾
	Twelve Months Ended	Twelve Months Ended
	December 31, 2016	December 31, 2016
Consolidated		
Net operating revenue	\$ 142,591	\$ 126,789
Station operating expense	101,542	93,805
Corporate general and administrative	10,980	10,980
Other operating (income) expense, net	<u>(1,393)</u>	<u>(1,351)</u>
Operating income	31,462	23,355
Interest expense	<u>776</u>	<u>744</u>
Income from continuing operations, before tax	30,686	22,611
Income tax expense	<u>12,500</u>	<u>9,212</u>
Income from continuing operations, net of tax	<u>\$ 18,186</u>	<u>\$ 13,399</u>
Earnings per share from continuing operations		
Basic	<u>\$ 3.10</u>	<u>\$ 2.28</u>
Diluted	<u>\$ 3.09</u>	<u>\$ 2.28</u>

(1) The disposal of the television stations was reported in continuing operations at December 31, 2016.

(2) The Pro Forma results assume that the disposal of the television stations, the acquisition of the Apex radio stations and WLVQ (FM) as previously reported occurred as of January 1, 2016.



CONTACT: Samuel D. Bush, 313/886-7070