

MCCLATCHY CO
 Form 8-K
 July 17, 2003

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)	July 17, 2003	
The McClatchy Company		
(Exact name of registrant as specified in its charter)		
Delaware	1-9824	52-2080478
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)
2100 Q Street, Sacramento, CA 95816		
(Address of principal executive offices, including zip code)		
Registrant's telephone number, including area code	(916) 321-1846	

Item 7. Financial Statements and Exhibits

Exhibits
 (c)

The following exhibit is filed herewith:

Exhibit

Number Description

99.1 Text of press release issued by The McClatchy Company, dated July 17, 2003, titled "McCLATCHY REPORTS SECOND QUARTER 2003 EARNINGS AND PROVIDES THIRD QUARTER OUTLOOK"

Item 9. Regulation FD Disclosure (Information Furnished in this Item 9 is Furnished under Item 12)

In accordance with Securities and Exchange Commission Release No. 33-8216, the following information, which is intended to be furnished under Item 12, "Results of Operations and Financial Condition," is instead being furnished under Item 9, "Regulation FD Disclosure." This information shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

The McClatchy Company's press release dated July 17, 2003 is incorporated herein by reference and is attached hereto as Exhibit 99.1.

SIGNATURE

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 daily authorized.

Date: July 17, 2003		The McClatchy Company
	By	/s/ Patrick J. Talamantes
		Patrick J. Talamantes Vice President and Chief Financial Officer

Exhibit
Index

Exhibit

Number Description

99.1 Text of press release issued by The McClatchy Company, dated July 17, 2003, titled "McCLATCHY REPORTS SECOND QUARTER 2003

EARNINGS AND PROVIDES THIRD QUARTER OUTLOOK"

EXHIBIT 99.1

Contact:	Elaine Lintecum Treasurer (916) 321-1846 elintecum@mcclatchy.com
----------	---

McCLATCHY REPORTS SECOND QUARTER 2003 EARNINGS AND
PROVIDES OUTLOOK FOR THIRD QUARTER

SACRAMENTO, CA, July 17, 2003 - The McClatchy Company (NYSE-MNI)

- today reported second quarter earnings from continuing operations of \$37.5 million, or 81 cents per share, compared to earnings of \$36.2 million, or 78 cents per share, in the second quarter of 2002. Total earnings in the 2003 quarter include income from the operating results and sale of The Newspaper Network (TNN), a discontinued operation, of \$6.0 million or 13 cents per share. Including the discontinued operation, total earnings were \$43.4 million or 94 cents per share.

On June 10, 2003 McClatchy sold the assets of TNN, its national sales and marketing subsidiary. The Associated Press purchased TNN's ad processing operations and, separately, Vertis, Inc. purchased the sales and marketing assets of TNN. Total consideration from the sales was \$14.2 million including the assumption of liabilities. The revenues and operating results of TNN are included in discontinued operations in 2002 and 2003 as is the gain on its sale in 2003.

Revenues from continuing operations in the 2003 quarter were \$276.4 million, up 1.8% from 2002 revenues of \$271.5 million, with advertising revenues of \$229.5 million, up 2.9%, and circulation revenues of \$41.3 million, down 1.9%.

The Company noted that a lower effective tax rate contributed to earnings growth in the second quarter of 2003. The lower rate of 38.0% in the quarter reduced the Company's year-to-date effective tax rate to 38.6% from its previously estimated annual rate of 39.5% and contributed approximately two cents per share to second quarter 2003 earnings.

Earnings from continuing operations in the first half of 2003 were \$68.8 million, or \$1.35 per share, compared to earnings of \$59.5 million, or \$1.29 per share, in the first half of 2002. Total earnings in the first half of 2003, including the operating results of TNN and the gain on its sale, were \$1.48 per share.

Revenues from continuing operations in the first half were \$534.3 million, up 2.5% from 2002 revenues of \$521.1 million. Advertising revenues were \$440.0 million, up 3.5%, and circulation revenues were \$82.9 million, down 0.3%.

Edgar Filing: MCCLATCHY CO - Form 8-K

Commenting on the results, Gary Pruitt, McClatchy's chairman and chief executive officer said, "Given the uneven economy, we are pleased to report earnings growth in the second quarter.

"In June we continued to see lower employment advertising, although a boost in national advertising at our California newspapers helped our results. At this point economic trends vary from region to region. For instance, in June our California newspapers posted a 10.8% gain in advertising revenues, while the *Star Tribune* had an advertising revenue decline of 5.0%.

"Looking at the third quarter, we expect sluggishness in retail and employment advertising, so we will remain focused on costs company-wide. As a result we expect earnings to range between 69 and 72 cents per share in the third quarter. For full-year 2003, we remain comfortable with the range of \$2.85 to \$2.95 per share from continuing operations that we provided on June 25 at the Mid-Year Media Review in New York."

Mr. Pruitt also announced that the company did not submit a bid to purchase Freedom Communications. "In light of the number of reports speculating about whether McClatchy is a bidder for all or part of Freedom, we believe it is important for our shareholders and employees to know that we are not involved in the bidding process," Mr. Pruitt said. "As we have said in the past, we look at many potential acquisitions but, because of our exacting criteria, pursue very few," he added.

Pat Talamantes, McClatchy's chief financial officer, said, "Our debt at June 29 was \$429 million, down \$67 million from the end of 2002. We remain committed to repaying debt with our free cash flow and expect debt at year-end 2003 to be between \$380 and \$390 million."

The company's statistical report, which summarizes its revenue performance for June and the first half of 2003, follows.

At 11:30 am Eastern time today, McClatchy will review its results in a conference call (888-695-0614, using pass code 425232) and webcast (www.mcclatchy.com). A replay of the call can be accessed for up to 48 hours by dialing 888-203-1112 and using the same pass code, 425232. The webcast will be archived at McClatchy's website.

The McClatchy Company, headquartered in Sacramento, California, is a leading newspaper and Internet publisher. It publishes 11 daily and 11 non-daily newspapers located in western coastal states, North and South Carolina and the Twin Cities of Minneapolis/St. Paul. McClatchy has daily circulation of 1.39 million and Sunday circulation of 1.85 million. McClatchy's newspapers include, among others, the *Star Tribune* in Minneapolis, *The Sacramento Bee*, *The Fresno Bee* and *The Modesto Bee* in California, *The News & Observer* (Raleigh, NC), *The News Tribune* (Tacoma, WA) and the *Anchorage Daily News*.

McClatchy also publishes leading local websites in each of its 11 daily newspaper markets, offering readers information, comprehensive news, advertising, e-commerce and other services and owns and operates Nando Media, a national on-line publishing operation. McClatchy is listed on the New York Stock Exchange under the symbol MNI.

Additional Information

This release contains forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ. These risks and uncertainties include national and local economic conditions that could affect advertising and circulation rates and volumes, changes in interest rates and/or newsprint prices, increased competition in our markets, as well as the other risks detailed from time to time in the Company's publicly filed documents,

Edgar Filing: MCCLATCHY CO - Form 8-K

including the Company's December 29, 2002 report on form 10-K and March 30, 2003 report on form 10-Q, filed with the U.S. Securities and Exchange Commission. The Company assumes no obligation to update the forward-looking information contained in this release.

THE McCLATCHY COMPANY						
SUMMARY OF UNAUDITED RESULTS						
(IN THOUSANDS, EXCEPT PER-SHARE AMOUNTS)						
	Three months ended			Six months ended		
	June 29, 2003		June 30, 2002 ⁽¹⁾	June 29, 2003		June 30, 2002 ⁽¹⁾
Revenues - net	\$ 276,370		\$ 271,462	\$ 534,251		\$ 521,112
Operating expenses:						
Compensation	110,799		108,162	222,622		214,651
Newsprint and supplements	34,239		32,110	65,805		64,611
Depreciation and amortization	17,142		18,236	35,353		36,878
Other operating expenses	48,095		45,615	97,115		90,201
Total operating expenses	210,275		204,123	420,895		406,341
Operating income	66,095		67,339	113,356		114,771
Interest expense	(5,459)		(7,275)	(10,661)		(15,052)
Partnership income (loss)	161		(460)	(190)		(900)
Other non-operating income - net	(390)		133	(284)		(728)
Income from continuing operations before taxes	60,407		59,737	102,221		98,091
Income tax provision	22,941		23,586	39,457		38,727
Income from continuing operations	37,466		36,151	62,764		59,364
Income from discontinued operation	5,982		74	5,994		157
Net income	\$ 43,448		\$ 36,225	\$ 68,758		\$ 59,521
Net income per common share:						
Basic:						
Income from continuing operations	\$ 0.81		\$ 0.79	\$ 1.36		\$ 1.30
Income from discontinued operation	\$ 0.13		-	\$ 0.13		-
Net income per share	\$ 0.94		\$ 0.79	\$ 1.49		\$ 1.30
Diluted:						
Income from continuing operations	\$ 0.81		\$ 0.78	\$ 1.35		\$ 1.29

Edgar Filing: MCCLATCHY CO - Form 8-K

Income from discontinued operation	\$ 0.13	-	\$ 0.13	-
Net income per share	\$ 0.94	\$ 0.78	\$ 1.48	\$ 1.29
Weighted average common shares:				
Basic	46,082	45,759	46,057	45,704
Diluted	46,404	46,186	46,357	46,096
(1)				
Restated to reflect discontinued operation.				

The McClatchy Company								
Consolidated Statistical Report								
(In thousands, except for preprints and page views)								
	Period 6				Period 6 Year-to-Date			
	2003	2002	% Change		2003	2002	% Change	
Revenues - Net: *								
Advertising								
Daily Newspapers:								
Minneapolis	\$21,428	\$22,545	-5.0%		\$141,998	\$139,599	1.7%	
California	26,957	24,331	10.8%		162,702	152,024	7.0%	
Carolinas	11,054	11,182	-1.1%		71,449	71,946	-0.7%	
Northwest	10,121	9,844	2.8%		63,812	61,705	3.4%	
Total Advertising	\$69,560	\$67,902	2.4%		\$439,961	\$425,274	3.5%	
Circulation	12,524	12,981	-3.5%		82,936	83,213	-0.3%	
Other	1,594	1,792	-11.0%		10,778	11,940	-9.7%	
Total Newspapers	\$83,678	\$82,675	1.2%		\$533,675	\$520,427	2.5%	
Non-Newspapers	89	136	-34.6%		576	685	-15.9%	
Total Revenue	\$83,767	\$82,811	1.2%		\$534,251	\$521,112	2.5%	
* Revenues reported are from continuing operations only.								
Average Paid Circulation: (Period)								
Daily	1,360.2	1,342.5	1.3%		1,387.1	1,383.3	0.3%	
Sunday	1,843.4	1,822.7	1.1%		1,847.9	1,844.8	0.2%	
Community Newspapers	60.2	61.0	-1.3%		61.1	62.9	-2.9%	

Edgar Filing: MCCLATCHY CO - Form 8-K

Online: (Monthly)									
Millions of Page Views		91.9		87.9		4.6%	682.8	588.3	16.1%
Advertising Linage for Dailies:									
Full Run ROP									
Retail		430.9		447.3		-3.7%	2,688.0	2,716.5	-1.0%
National		106.7		87.9		21.4%	583.2	519.9	12.2%
Classified		599.1		604.5		-0.9%	3,656.5	3,683.9	-0.7%
Total		1,136.7		1,139.7		-0.3%	6,927.7	6,920.3	0.1%
Millions of Preprints Distributed		228.3		212.6		7.4%	1,514.8	1,392.4	8.8%
Full Run ROP Linage by Market for Dailies:									
California:									
The Sacramento Bee		209.1		200.7		4.2%	1,243.4	1,201.0	3.5%
The Fresno Bee		105.8		99.4		6.4%	634.5	603.1	5.2%
The Modesto Bee		113.5		106.0		7.1%	636.8	635.8	0.2%
Star Tribune , Minneapolis		151.2		161.0		-6.1%	924.0	907.5	1.8%
Northwest:									
The News Tribune , Tacoma		104.9		112.3		-6.6%	636.7	688.9	-7.6%
Anchorage Daily News		70.6		76.2		-7.3%	453.6	475.3	-4.6%
Tri-City Herald		62.0		60.7		2.1%	376.5	373.7	0.7%
Carolinas:									
The News & Observer , Raleigh		148.6		162.6		-8.6%	970.1	1,029.7	-5.8%
South Carolina Dailies		171.0		160.8		6.3%	1,052.1	1,005.3	4.7%
Total		1,136.7		1,139.7		-0.3%	6,927.7	6,920.3	0.1%