

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-26**  
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### FILER

#### JOURNAL COMMUNICATIONS INC

CIK: **54056** | IRS No.: **390382060** | State of Incorporation: **WI** | Fiscal Year End: **1231**  
Type: **10-Q** | Act: **34** | File No.: **000-07831** | Film No.: **95536282**  
SIC: **2711** Newspapers: publishing or publishing & printing

Mailing Address  
*P O BOX 661  
MILWAUKEE WI 53201*

Business Address  
*333 W STATE STREET  
333 W STATE ST  
MILWAUKEE WI 53203  
4142242728*

FORM 10-Q  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

Quarterly Report Under Section 13 or 15 (d)  
of the Securities Exchange Act of 1934

For Quarter Ending March 26, 1995  
(3 Accounting Periods)

Commission file number 0-7831

JOURNAL COMMUNICATIONS, INC.  
(Exact name of registrant as specified in its charter)

WISCONSIN  
(State or other jurisdiction of  
incorporation or organization)

39-0382060  
(I.R.S. Employer  
Identification No.)

Journal Square,  
P.O. Box 661, 333 W. State St., Milwaukee, Wisconsin  
(Address of principal executive offices)

53201  
(Zip Code)

414-224-2728  
(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 X NO

Number of share of Common Stock Outstanding - May 2, 1995 14,028,126

FORM 10-Q

JOURNAL COMMUNICATIONS, INC.

Quarter Ended March 26, 1995  
(3 Accounting Periods)

Commission file number 0-7831

INDEX

Page No.

Part I. Financial Information

Consolidated Condensed Balance Sheets March 26, 1995 and December 31, 1994	2
Condensed Consolidated Statements of Income Three Periods Ended March 26, 1995 and March 27, 1994	3
Consolidated Condensed Statements of Cash Flows Three Periods Ended March 26, 1995 and March 27, 1994	4
Notes to Consolidated Condensed Financial Statements	5
Management's Discussion and Analysis of Financial Condition and Results of Operations	6

Part II. Other Information	7
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FORM 10-Q

JOURNAL COMMUNICATIONS, INC.

Consolidated Condensed Balance Sheets  
March 26, 1995 and March 27, 1994  
(Dollars in thousands)

ASSETS	03/26/95 (Unaudited)	12/31/94 (Note)
Current Assets:		
Cash	\$ 12,087	\$ 13,111
Short-term investments	25,304	38,964
Receivables	101,879	100,238
Inventories:		
Paper and supplies	22,465	20,784
Work in process	9,025	7,134
Finished goods	6,024	5,366
	-----	-----
	37,514	33,284
Prepaid expenses	10,088	12,149
	-----	-----
Total current assets	186,872	197,746
Property and equipment, less accumulated depreciation of \$266,374 and \$258,507		
	216,567	208,147
Deferred charges and other assets	50,927	41,661
Goodwill	30,310	28,864
	-----	-----
Total Assets	\$484,676	\$476,418
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 38,098	\$ 38,228
Taxes on income	4,210	133
Accrued liabilities	55,438	53,762
Current portion of long-term obligations	2,429	3,201
	-----	-----
Total current liabilities	100,175	95,324
Long-term obligations	2,680	3,040
Other liabilities and deferred credits	10,625	10,625
Stockholders' equity:		
Common stock - Authorized and issued 14,400,000 (\$0.25 par value)	3,600	3,600
Retained earnings	377,118	373,626
Treasury stock, at cost	(9,522)	(9,797)
	-----	-----
Total stockholders' equity	371,196	367,429

Total liabilities and stockholders' equity	\$484,676	\$476,418
	=====	=====

Note: The balance sheet at December 31, 1994 has been derived from the audited financial statements at that date but does not include all the information and foot notes required by generally accepted accounting principles for complete financial statements.

See accompanying notes to consolidated condensed financial statements.

FORM 10-Q

JOURNAL COMMUNICATIONS, INC.

For Quarter Ended March 26, 1995 Commission file number 0-7831  
(3 Accounting Periods)

Consolidated Condensed Statement of Income  
(Dollars in thousands except share and per share amounts)

Three Periods Ended	03/26/95	03/27/94
	(Unaudited)	(Unaudited)
Net Sales	\$ 158,681	\$ 138,416
	-----	-----
Operating costs and expenses:		
Cost of sales	101,092	84,876
Selling and administrative expenses	41,837	37,749
	-----	-----
Operating Earnings	15,752	15,791
Dividend and interest income	505	386
Interest expense	(29)	(41)
	-----	-----
Earnings before income taxes	16,228	16,136
Provision for income taxes	6,510	6,474
	-----	-----
Net income	\$ 9,718	\$ 9,662
	=====	=====
Weighted average number of common shares outstanding	14,111,594	14,040,546
	=====	=====

Earnings per share	\$	0.69	\$	0.69
	=====		=====	
Cash dividend per share	\$	0.45	\$	0.45
	=====		=====	

See accompanying notes to consolidated condensed financial statements.

FORM 10-Q

JOURNAL COMMUNICATIONS, INC.

For Quarter Ended March 26, 1995  
(3 Accounting Periods)

Commission file number 0-7831

Condensed Consolidated Statement of Cash Flows  
(Dollars in thousands)

	Three Periods Ended	
	03/26/95	03/27/94
	(Unaudited)	(Unaudited)
Cash flow from operating activities:		
Net earnings	\$ 9,718	\$ 9,662
Adjustments to net earnings for Non-cash items:		
Depreciation and amortization	9,748	9,515
(Increase) decrease in accounts receivable	550	(466)
(Increase) decrease in inventories	(4,230)	(951)
Increase (decrease) in accounts payable	(130)	483
Other current assets and liabilities	5,282	10,267
	-----	-----
Net cash provided by operating activities	20,938	28,510
	-----	-----
Cash flow from investing activities:		
Property and equipment expenditures	(15,493)	(11,004)
Assets of business acquired	(12,780)	(6,903)
Net (increase) decrease in short-term investments	13,660	(3,010)
	-----	-----
Net cash used for investing activities	(14,613)	(20,917)
	-----	-----
Cash flow from financing activities:		
Purchase of treasury stock	---	---
Reduction in long-term obligations	(1,303)	(459)

Sale and distribution of treasury stock	306	382
Cash dividends	(6,352)	(6,320)
	-----	-----
Net cash used for financing activities	(7,349)	(6,397)
	-----	-----
Net increase (decrease) in cash	(1,024)	1,196
Cash:		
Beginning of year	13,111	12,794
	-----	-----
End of year	\$ 12,087	\$13,990
	=====	=====

See notes to condensed consolidated financial statements.

FORM 10-Q

JOURNAL COMMUNICATIONS, INC.

For Quarter Ended March 26, 1995  
(3 Accounting Periods)

Commission file number 0-7831

Notes to Condensed Consolidated Financial Statements  
(Unaudited)

1. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulations S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three periods ended March 26, 1995, are not necessarily indicative of the results that may be expected for the year ended December 31, 1995. For further information, refer to the consolidated financial statements and footnotes thereto included in the Journal Communications, Inc. annual report on Form 10-K for the year ended December 31, 1994.
2. The Registrant divides its calendar year into thirteen four-week accounting periods, except that the first and thirteenth periods

may be longer or shorter to the extent necessary to make each accounting year end on December 31. Registrant follows a practice of publishing its financial statement at the end of the third accounting period (its first quarter) and at the end of the sixth accounting period (its second quarter), and at the end of the tenth accounting period (its third quarter).

FORM 10-Q

JOURNAL COMMUNICATIONS, INC.

For Quarter Ended March 26, 1995  
(3 Accounting Periods)

Commission file number 0-7831

Management's Discussion and Analysis of Consolidated  
Financial Condition and Results of Operations

Revenue through three periods totaled \$158.7 million, up 14.6% over the same period last year. Net earnings were \$9.7 million, up slightly over the previous year.

Journal Sentinel had revenue of \$49.1 million, up slightly from a year ago. With the merger of The Milwaukee Journal and Milwaukee Sentinel taking place in the fourth period, we anticipated a drop in operating earnings in the first quarter as advertisers held off until the new product was in the marketplace. Operating earnings came in at \$8.6 million, down 22.3% which still was not as big a drop as we had expected. Despite that, we are projecting a slight increase in Journal Sentinel's operating earnings for 1995. The merger of the newspapers will result in a one-time before tax charge to earnings of about \$17 million.

WTMJ, Inc. had a year-to-date revenue of \$14.7 million, up 17.1%. Operating earnings are up more than 80% to \$3.1 million. In part that is due to the addition of the Omaha radio stations, KKCD-FM and KEZO-AM and-FM. But it's also due to healthy increases at all three television stations and a substantial increase in earnings at KQRC-FM in Kansas City.

At the two web plants of Perry Printing Corp., revenue increased almost 25% to \$32.5 million. Operating earnings were nearly \$2.8 million, up substantially over the previous year. We announced in January that the Milhous Group of Glendora, California, had signed an agreement to purchase the business and assets of Perry Printing. That sale will be completed later this month. We expect to have a pretax gain of about \$30 million.

NorthStar Print Group had year-to-date operating earnings of \$171,000 on sales of \$12.8 million. Compared to last year, sales are flat and earnings are down. The outdoor, high graphics packaging and point-of-purchase markets served by the Milwaukee plant have been soft in the first



quarter, but we are now beginning to see some increased activity. The Norway/Watertown operation, although behind last year, continues to show improvement. Label Products & Design in Green Bay had a strong first quarter, with operating earnings nearly triple their budget.

MRC Telecommunications Inc. continues to grow. Year-to-date, sales are \$9.4 million, up 18.2%, and operating earnings are \$2.6 million, up slightly.

ADD, Inc. continues its record-setting pace. In the first quarter, sales were \$14.2 million, up 14.2%. Operating earnings were \$2 million, up nearly 40%, and we will be looking at additional opportunities for growth during 1995. Trumbull Printing also improved revenue, up 24.1% to \$2.8 million, but operating earnings slipped 8.8% to \$281,000.

IPC Software/Publishing Services had consolidated revenue of \$21.9 million, up 52.6%, but earnings declined 17.3% to \$796,000. Domestic operations had revenue of \$19.6 million, up 52% over last year, and operating earnings of \$1.3 million, up about \$350,000. European operations have gotten off to a slow start, and, year-to-date, have incurred a net loss. Significant improvement is anticipated in the second quarter.

PrimeNet DataSystems, which contributed \$1.7 million in revenue year-to-date, continues to operate at a substantial loss. New revenue opportunities are being explored, and operating costs are being reduced. The company's new database marketing software, PrimeLink, is now being demonstrated to customers.

Working capital remains strong at \$86.7 million, while total assets now are \$484 million. Stockholders equity is \$371.2 million. During the quarter, dividends paid per share were \$0.45.

## Part II. Other Information

### Item 6 - Exhibits and Reports on Form 8-K

- (a) Exhibit 27 - Financial Data Schedule.
- (b) Reports on Form 8-K. There were no reports on Form 8-K filed for the three accounting periods ended March 26, 1995.

## 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 thereunto duly authorized.

JOURNAL COMMUNICATIONS, INC.  
Registrant

Date May 8, 1995

/s/Robert A. Kahlor  
Robert A. Kahlor, Chairman of the  
Board

Date May 8, 1995

/s/Peter J. Jarzembinski  
Peter P. Jarzembinski, Senior Vice  
President of Finance

#### EXHIBIT INDEX

Exhibit No.	Description
27	Financial Data Schedule

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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED CONDENSED FINANCIAL STATEMENTS OF JOURNAL COMMUNICATIONS, INC. AS OF AND FOR THE THREE MONTHS ENDED MARCH 26, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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