

The Washington Post Company Reports First Quarter Earnings

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WASHINGTON -- The Washington Post Company today reported net income of \$207.4 million (\$20.47 per share - diluted basis) for the first quarter of 1998, an increase of \$160.2 million from net income of \$47.2 million (\$4.35 per share - diluted basis) in the first quarter last year.

The company's 1998 net income included \$162.8 million (\$16.07 per share - diluted basis) from the disposition of its 28 percent interest in Cowles Media Company. As previously announced, the disposition resulted from the merger of Cowles and McClatchy Newspapers, Inc., which was completed in March of 1998. Excluding the effect of the disposition, net income decreased \$2.6 million, or 5 percent, in the first quarter of 1998; diluted earnings per share increased 1 percent to \$4.40, from \$4.35 in the first quarter of 1997, with fewer average shares outstanding.

Revenue for the first quarter of 1998 was \$484.0 million, up 7 percent from \$454.1 million in 1997. Operating income for the quarter declined 3 percent to \$75.3 million, from \$78.0 million in 1997. Excluding the effect of acquisitions completed in 1997 and 1998 and the sale of PASS Sports in September 1997, revenue increased 4 percent and operating income declined 1 percent. The 1 percent decline in operating income was attributable to increases in newsprint expense, new media spending, depreciation and expenses arising from the expansion of the printing facilities of The Washington Post, partially offset by an increase in the company's pension credit.

Newspaper division revenue in the first quarter of 1998 increased 5 percent over the comparable period last year. Advertising volume at The Post totaled 763,400 inches, substantially unchanged from 763,200 inches in the first quarter of 1997. Preprint advertising volume at The Post increased 13 percent to 363.4 million pieces, compared to 322.9 million pieces in 1997. Daily circulation at The Post for the first quarter of 1998 was flat compared to the first quarter of 1997; Sunday circulation declined 1 percent. Newsprint expense at The Post increased 10 percent in the first quarter of 1998 compared to the first quarter of last year.

Broadcast division revenue increased 8 percent in the first quarter of 1998, reflecting increased local and national advertising revenues.

Magazine division revenue increased 10 percent compared to the first quarter of 1997 due primarily to the trade periodicals acquired in the fourth quarter of 1997.

Revenue at the cable division increased 11 percent in the first quarter over the same period last year. Higher subscriber levels, resulting mainly from system acquisitions and exchanges, as well as slightly higher rates accounted for the increase. At the end of the first quarter there were approximately 646,700 basic subscribers.

Revenue from other businesses - principally Kaplan Educational Centers, Legi--Slate, Digital Ink, MLJ (Moffet, Larson & Johnson) and PASS Sports (for 1997 only) - for the first quarter of 1998 was substantially the same as the first quarter of last year. Excluding PASS Sports, which was sold in the third quarter of 1997, revenue from other businesses increased 17 percent. Growth at Kaplan Educational Centers produced most of the increase.

The company's equity in earnings of affiliates was \$1.0 million in the first quarter. This compares with earnings of \$0.1 million in the first quarter of 1997. The increase was due primarily to improved results at the company's affiliated newsprint mill.

The calculation of diluted earnings per share for the first quarter of 1998 was based on 10,131,500 weighted average shares outstanding, compared to 10,866,000 in 1997. In the first quarter of 1998, the company purchased 11,700 shares of its Class B common stock at a cost of \$5.6 million.

For the first quarter of 1998, the company incurred net interest expense of \$2.0 million, compared to \$0.9 million of net interest income in the first quarter of 1997. In March 1998, upon receipt of the cash proceeds from the disposition of Cowles Media Company, the company repaid its short-term borrowings then outstanding, which approximated \$290 million. At March 29, 1998, the company had no borrowings outstanding.

THE WASHINGTON POST COMPANY
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In thousands, except share and per share amounts)



	First Quarter		
	1998	1997	% Change
Operating revenues	\$ 483,955	\$ 454,101	+7
Costs and expenses	(408,638)	(376,133)	+9

Income from operations	75,317	77,968	-3
Interest income	207	1,112	
Interest expense	(2,244)	(165)	
Equity in earnings of affiliates	988	125	
Other income (expense), net	258,106 ¹	(846)	
	<u>332,374</u>	<u>78,194</u>	+325
Income before income taxes			
Provision for income taxes	(124,500)	(30,500)	
	<u>207,874</u>	<u>47,694</u>	+336
Net income			
Redeemable preferred stock dividends	(478)	(478)	
	<u>\$ 207,396</u>	<u>\$ 47,216</u>	+339
Net income available for common stock			
	<u>\$ 20.57</u>	<u>\$ 4.35</u>	+373
Basic earnings per share			
	<u>\$ 20.47</u>	<u>\$ 4.35</u>	+371
Diluted earnings per share			
Basic average shares outstanding	10,084,500	10,844,000	
Diluted average shares outstanding	10,131,500	10,866,000	

¹Includes \$258.4 million related to the disposition of Cowles Media Company in March of 1998

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