

# CENTURYTEL INC

## FORM 8-K

(Unscheduled Material Events)

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CIK	0000018926
Industry	Communications Services
Sector	Services
Fiscal Year	12/31

**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) October 27, 1998

**CENTURY TELEPHONE ENTERPRISES, INC.**

(Exact name of registrant as specified in its charter)

Louisiana	1-7784	72-0651161
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

100 Century Park Drive, Monroe, Louisiana 71203

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (318) 388-9000

**Item 5. Other Events**

The following press release was issued by Century Telephone Enterprises, Inc. on October 27, 1998:

FOR IMMEDIATE RELEASE  
October 27, 1998

FOR MORE INFORMATION CONTACT:  
Jeffrey S. Glover (318) 388-9648  
jeff.glover@centurytel.com

**Excellent Growth in CenturyTel's Core Businesses Drives  
32 Percent Increase in Third Quarter Net Income**

Monroe, LA. . . CenturyTel (Century Telephone Enterprises, Inc., NYSE Symbol:  
CTL) announces operating results for third quarter 1998.

Revenues jumped 84.1% to \$401.9 million.

Net income climbed 32.0% to \$54.7 million.

Diluted earnings per share rose 31.1% to \$.59.

Earnings before interest, taxes, depreciation and amortization advanced 88.9%  
to \$216.5 million.

Third Quarter Highlights  
(Dollars, except per share data, and shares in thousands)

Quarter Ended	Quarter Ended	
9/30/98	9/30/97	% Change

Revenues	\$ 401,949	\$ 218,351	84.1%
EBITDA (1)	\$ 216,496	\$ 114,617	88.9%
Net Income	\$ 54,678	\$ 41,433	32.0%
Diluted Earnings Per Share	\$ .59	\$ .45	31.1%
Average Diluted Shares Outstanding	93,548	91,710	2.0%
Telephone Revenues	\$ 275,397	\$ 121,934	125.9%
Wireless Revenues	\$ 106,662	\$ 80,163	33.1%
Other Operations Revenues	\$ 19,890	\$ 16,254	22.4%
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Telephone Access Lines	1,251,735	530,936	135.8%
Cellular Units in Majority-Owned Markets	591,598	429,599	37.7%
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(1) Earnings before interest, taxes, depreciation and amortization

"CenturyTel's third quarter results reflect excellent growth in revenues and increased operating margins in our core businesses," Glen F. Post, III, President and Chief Executive Officer, said. "CenturyTel's net income and earnings per share growth exceeded 30% during the quarter, while cash flow nearly doubled, rising 88.9%. We were able to bring a greater percentage of incremental revenues to bottom line earnings which enabled CenturyTel to achieve record results this quarter."

Net income for the quarter rose 32.0% to \$54.7 million from \$41.4 million. Diluted earnings per share increased 31.1% to \$.59 from \$.45, and consolidated revenues rose 84.1% to \$401.9 million from \$218.4 million. Earnings before interest, taxes, depreciation and amortization (EBITDA) grew to \$216.5 million from \$114.6 million, an 88.9% increase. Acquisitions completed during the past four quarters contributed \$162.9 million to revenues and were accretive to earnings during the third quarter.

"The December 1997 acquisition of Pacific Telecom continues to positively impact our operating results as it has strengthened our market position and accelerated our earnings growth," Post said.

Telephone revenues grew 125.9% to \$275.4 million during the quarter, compared with \$121.9 million in third quarter 1997. Telephone operating income increased 119.9% reaching \$88.2 million from \$40.1 million, and operating cash flow rose 131.3% to \$153.5 million from \$66.4 million a year ago. CenturyTel's third quarter telephone operating cash flow margin was 55.7% while the operating income margin was 32.0%. The PTI acquisition contributed \$139.8 million in revenues to the telephone segment during the quarter. "CenturyTel achieved excellent margins in our wireline operations during the quarter resulting from solid revenue growth combined with the realization of additional acquisition synergies," Post said.

CenturyTel's wireline operations experienced strong internal access line growth at an annualized rate of 4.6% during the quarter. Demand for second lines contributed 20.8% of CenturyTel's internal access line growth during the period.

Wireless revenues grew 33.1% to \$106.7 million in third quarter 1998, compared with \$80.2 million in third quarter 1997. Wireless service revenues rose 32.6% to \$104.5 million during the quarter. Wireless operating income surged 33.9%, reaching \$36.7 million from \$27.4 million, and operating cash flow climbed 38.9% to \$52.2 million from \$37.6 million a year ago. CenturyTel's third quarter wireless operating cash flow margin was 49.0% (50.0% based on service revenues), and operating income margin was 34.4% (35.1% based on service revenues). The former PTI wireless operations contributed \$21.2 million in revenues to the wireless segment during the quarter. "CenturyTel's wireless operations once again achieved excellent results. This is the second consecutive quarter wireless cash flow margins have reached 50%," Post said.

Average monthly cellular service revenue per user (ARPU) was \$59 during third quarter 1998, a 7.8% decrease from \$64 a year ago. Cellular net additions were more than 7,600 for the quarter, while the average monthly churn rate was 2.3%.

Revenues from other operations grew 22.4% to \$19.9 million during third quarter 1998, compared with \$16.3 million in third quarter 1997. CenturyTel now serves more than 214,500 long distance customers, adding more than 9,800 during the third quarter.

During the first nine months of 1998, net income, excluding gain on sale or exchange of assets, rose 30.2% to \$146.0 million from \$112.2 million. Diluted earnings per share, excluding gains, rose 27.6% to \$1.57 from \$1.23, and consolidated revenues increased 85.1% to \$1.2 billion from \$627.9 million. Earnings before interest, taxes, depreciation, amortization and gain on sale or exchange of assets (EBITDA) grew to \$619.4 million from \$320.2 million, a 93.5% increase. "CenturyTel's excellent cash flow generation combined with non-strategic asset dispositions has allowed us to reduce long-term debt by \$227 million since year end. Free-cash flow for the first nine months of 1998 increased 100% over 1997," Post said.

In addition to historical information, this release includes certain forward-looking statements that are subject to uncertainties that could cause the Company's actual results to differ materially from such statements. Such uncertainties include but are not limited to: the effects of ongoing

deregulation in the telecommunications industry; the effects of greater than anticipated competition in the Company's markets; possible changes in the demand for the Company's products and services; the Company's ability to successfully introduce new offerings on a timely and cost-effective basis; the risks inherent in rapid technological change; the Company's ability to effectively manage its growth, including integrating the operations of Pacific Telecom, Inc. into the Company's operations; the success and expense of the remediation efforts of the Company and/or its vendors in achieving year 2000 compliance; and the effects of more general factors such as changes in overall market or economic conditions or in legislation, regulation or public policy. These and other uncertainties related to the Company's business are described in greater detail in the Company's Annual Report on Form 10-K for the year ended December 31, 1997.

CenturyTel (Century Telephone Enterprises, Inc.) provides integrated communications services including local exchange, wireless, long distance, Internet access and security services to more than two million customers in 21 states. The company, headquartered in Monroe, Louisiana, is publicly traded on the New York Stock Exchange under the symbol CTL. CenturyTel is the 10th largest local exchange telephone company, based on access lines, and the 10th largest cellular company, based on population equivalents owned, in the United States. Visit CenturyTel's corporate website at ([www.centurytel.com](http://www.centurytel.com))

**CENTURY TELEPHONE ENTERPRISES, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**THREE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997**  
**(UNAUDITED)**

**INCREASE**

In thousands, except per share amounts	1998	1997	(DECREASE)
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TELEPHONE OPERATIONS			
Operating revenues			
Local service	\$ 84,082	33,443	151.4%
Network access	159,422	73,385	117.2%
Other	31,893	15,106	111.1%
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	275,397	121,934	125.9%
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Operating expenses			
Plant operations	62,402	24,971	149.9%
Customer operations	22,107	11,931	85.3%
Corporate and other	37,436	18,679	100.4%
Depreciation and amortization	65,242	26,239	148.6%
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	187,187	81,820	128.8%
	<hr/>	<hr/>	
Telephone operating income	88,210	40,114	119.9%
	<hr/>	<hr/>	
WIRELESS OPERATIONS			
Operating revenues			
Cellular revenues	104,527	78,839	32.6%
Equipment sales	2,135	1,324	61.3%
	<hr/>	<hr/>	
	106,662	80,163	33.1%
	<hr/>	<hr/>	
Operating expenses			
Cost of equipment sold	3,784	2,987	26.7%
System operations	15,326	12,549	22.1%
General, administrative and customer service	21,991	15,090	45.7%
Sales and marketing	13,312	11,918	11.7%
Depreciation and amortization	15,556	10,216	52.3%
	<hr/>	<hr/>	
	69,969	52,760	32.6%
	<hr/>	<hr/>	
Wireless operating income	36,693	27,403	33.9%
	<hr/>	<hr/>	
OTHER OPERATIONS			
Operating revenues	19,890	16,254	22.4%
	<hr/>	<hr/>	
Operating expenses			
Cost of sales and other	15,797	13,337	18.4%

Depreciation and amortization	812	619	31.2%
	16,609	13,956	19.0%
Other operating income	3,281	2,298	42.8%
TOTAL OPERATING INCOME	128,184	69,815	83.6%
OTHER INCOME (EXPENSE)			
Interest expense	(41,904)	(11,175)	275.0%
Income from unconsolidated cellular entities	9,162	8,371	9.4%
Minority interest	(3,619)	(1,817)	99.2%
Other income and expense	1,159	1,174	(1.3%)
Income tax expense	(38,304)	(24,935)	53.6%
NET INCOME	\$ 54,678	41,433	32.0%
EARNINGS PER SHARE			
Basic	\$ 0.60	0.46	30.4%
Diluted	\$ 0.59	0.45	31.1%
SHARES OUTSTANDING			
Basic	91,471	90,134	1.5%
Diluted	93,548	91,710	2.0%
DIVIDENDS PER COMMON SHARE	\$ 0.065	0.0617	5.3%

**CENTURY TELEPHONE ENTERPRISES, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**NINE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997**  
**(UNAUDITED)**

**INCREASE**

In thousands, except per share amounts	1998	1997	(DECREASE)
TELEPHONE OPERATIONS			
Operating revenues			
Local service	\$ 243,664	98,749	146.8%
Network access	462,576	217,407	112.8%
Other	94,292	43,298	117.8%
	800,532	359,454	122.7%
Operating expenses			
Plant operations	176,609	73,013	141.9%
Customer operations	67,956	34,674	96.0%
Corporate and other	116,444	54,916	112.0%
Depreciation and amortization	194,516	77,241	151.8%
	555,525	239,844	131.6%
Telephone operating income	245,007	119,610	104.8%
WIRELESS OPERATIONS			
Operating revenues			
Cellular revenues	299,391	216,476	38.3%
Equipment sales	6,308	3,996	57.9%
	305,699	220,472	38.7%
Operating expenses			
Cost of equipment sold	11,182	10,373	7.8%
System operations	44,211	33,946	30.2%
General, administrative and customer service	60,435	43,568	38.7%
Sales and marketing	40,745	37,345	9.1%
Depreciation and amortization	45,267	29,488	53.5%

	201,840	154,720	30.5%
Wireless operating income	103,859	65,752	58.0%
OTHER OPERATIONS			
Operating revenues	55,816	47,986	16.3%
Operating expenses			
Cost of sales and other	42,373	41,419	2.3%
Depreciation and amortization	2,505	2,011	24.6%
	44,878	43,430	3.3%
Other operating income	10,938	4,556	140.1%
TOTAL OPERATING INCOME	359,804	189,918	89.5%
OTHER INCOME (EXPENSE)			
Gain on sale or exchange of assets	49,859	70,121	(28.9%)
Interest expense	(126,785)	(33,539)	278.0%
Income from unconsolidated cellular entities	25,105	21,750	15.4%
Minority interest	(10,264)	(3,722)	175.8%
Other income and expense	2,454	3,467	(29.2%)
Income tax expense	(123,610)	(90,251)	37.0%
NET INCOME	\$ 176,563	157,744	11.9%
EARNINGS PER SHARE			
Basic	\$ 1.93(1)	1.75(1)	10.3%
Diluted	\$ 1.90(2)	1.73(2)	9.8%
SHARES OUTSTANDING			
Basic	91,238	89,802	1.6%
Diluted	93,272	91,325	2.1%
DIVIDENDS PER COMMON SHARE	\$ 0.195	0.1851	5.3%

(1) Includes \$.33 and \$.51 in 1998 and 1997, respectively, resulting from gain on sale or exchange of assets.

(2) Includes \$.33 and \$.50 in 1998 and 1997, respectively, resulting from gain on sale or exchange of assets.

**CENTURY TELEPHONE ENTERPRISES, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 1998 AND DECEMBER 31, 1997**  
**(UNAUDITED)**

	SEPT. 30, 1998	DEC. 31, 1997
(in thousands)		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,940	26,017
Other current assets	214,400	257,463
Total current assets	218,340	283,480
PROPERTY, PLANT AND EQUIPMENT		
Telephone	3,414,234	3,295,860
Wireless	421,412	380,218
Other	191,138	169,420
Accumulated depreciation	(1,781,339)	(1,586,935)
Net property, plant and equipment	2,245,445	2,258,563
INVESTMENTS AND OTHER ASSETS		
Excess cost of net assets acquired	1,741,491	1,767,352
Other	430,894	400,006
Total investments and other assets	2,172,385	2,167,358

TOTAL ASSETS	\$ 4,636,170	4,709,401
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## LIABILITIES AND EQUITY

### CURRENT LIABILITIES

Current maturities of long-term debt	\$ 45,015	55,244
Other current liabilities	219,884	266,764
Total current liabilities	264,899	322,008
LONG-TERM DEBT	2,392,685	2,609,541
DEFERRED CREDITS AND OTHER LIABILITIES	509,951	477,580
STOCKHOLDERS' EQUITY	1,468,635	1,300,272
TOTAL LIABILITIES AND EQUITY	\$ 4,636,170	4,709,401

### CAPITAL EXPENDITURES NINE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997 INC

	1998	1997	(DEC)
Telephone	\$ 141,963	77,333	83.6%
Wireless	42,836	30,451	40.7%
Corporate and other	24,230	15,560	55.7%
Total capital expenditures	\$ 209,029	123,344	69.5%

### CAPITAL EXPENDITURES THREE MONTHS ENDED SEPTEMBER 30, 1998 AND 1997 INC

	1998	1997	(DEC)
Telephone	\$ 63,908	28,106	127.4%
Wireless	8,536	5,639	51.4%
Corporate and other	10,165	2,180	366.3%
Total capital expenditures	\$ 82,609	35,925	129.9%

### 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 thereunto duly authorized.

**CENTURY TELEPHONE ENTERPRISES, INC.**

By: /s/ R. Stewart Ewing

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R. Stewart Ewing  
Senior Vice President and  
Chief Financial Officer

**End of Filing**

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