

CENTURYTEL INC

FORM 8-K

(Unscheduled Material Events)

Filed 7/29/1999 For Period Ending 6/30/1999

Address	P O BOX 4065 100 CENTURYTEL DR MONROE, Louisiana 71203
Telephone	318-388-9000
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) July 27, 1999

CenturyTel, Inc

(Exact name of registrant as specified in its charter)

Louisiana (State or other jurisdiction of incorporation)	1-7784 (Commission File Number)	72-0651161 (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) 388-9500

Item 5. Other Events

The following press release was issued by Century Telephone Enterprises, Inc. on July 27, 1999:

FOR IMMEDIATE RELEASE
July 27, 1999

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

CenturyTel Achieves 24% Increase in Second Quarter Core Earnings

Monroe, LA. . . CenturyTel, Inc.(NYSE Symbol: CTL) announces operating results
for second quarter 1999.

- o Revenues climbed 7.3% to \$416.8 million.
- o Net income, excluding the effect of asset sales, jumped 23.7% to \$61.2 million.
- o Diluted earnings per share, excluding the effect of asset sales, rose 22.9% to \$.43.
- o Earnings before interest, taxes, depreciation, amortization and the effect of asset sales advanced 8.0% to \$225.5 million.

Second Quarter Highlights
(In thousands, except per share amounts)

	Quarter Ended 6/30/99	Quarter Ended 6/30/98	% Change
Revenues	\$ 416,750	\$ 388,378	7.3%
EBITDA (1)	\$ 225,474	\$ 208,727	8.0%
Net Income (2)	\$ 61,215	\$ 49,486	23.7%
Diluted Earnings Per Share (2)(3)	\$.43	\$.35	22.9%

Average Diluted Shares Outstanding (3)	141,461	140,028	1.0%
Telephone Revenues	\$ 279,113	\$ 265,322	5.2%
Cellular Revenues	\$ 109,932	\$ 104,871	4.8%
Other Operations Revenues	\$ 27,705	\$ 18,185	52.4%
<hr/>			
Telephone Access Lines	1,246,593	1,237,469	0.7%
Cellular Units in Majority-Owned Markets	640,755	583,929	9.7%
<hr/>			

(1) Earnings before interest, taxes, depreciation, amortization and the effect of asset sales

(2) Excludes after-tax loss on asset sales of \$7.8 million, or \$.05 per share, in second quarter 1999 and after-tax gains of \$14.7 million, or \$.11 per share, in second quarter 1998

(3) Reflects a three-for-two stock split effected as a stock dividend distributed March 31, 1999

"CenturyTel achieved several milestones during the second quarter," Glen F. Post, III, President and Chief Executive Officer, said. "Our long distance customer base surpassed the quarter of a million mark while operating and cash flow margins in our cellular operations reached record levels. CenturyTel produced excellent financial results driven by strength in our core operations along with debt reductions resulting from the sale of nonstrategic assets and free cash flow generation."

Net income for the quarter climbed 23.7% to \$61.2 million from \$49.5 million in second quarter 1998 excluding the effect of asset sales.

Diluted earnings per share, excluding the effect of asset sales, increased 22.9% to \$.43 from \$.35. Consolidated revenues rose 7.3% to \$416.8 million from \$388.4 million. Earnings before interest, taxes, depreciation, amortization and the effect of asset sales (EBITDA) grew to \$225.5 million from \$208.7 million, an 8.0% increase. CenturyTel achieved a consolidated EBITDA margin of 54.1% during the quarter.

"During the second quarter, CenturyTel took a number of strategic steps to strengthen our core operations and better position the company for future growth. We completed the divestiture of substantially all of our Alaska operations as well as our South Texas cellular operations. In addition, we announced the acquisition of more than 230,000 access lines and the formation of a joint venture to purchase another 125,000 access lines from GTE," Post said.

Telephone revenues grew 5.2% to \$279.1 million during the quarter, compared with \$265.3 million in second quarter 1998. Telephone operating income increased 4.8%, reaching \$83.8 million from \$80.0 million, and operating cash flow rose 4.9% to \$152.7 million from \$145.5 million a year ago. The December 1998 Wisconsin access line purchase from Ameritech contributed \$10.9 million to telephone revenues during the quarter. In mid-quarter, CenturyTel divested 134,900 access lines in the state of Alaska. The sale resulted in a decrease in telephone revenues of \$14.4 million during the quarter compared with the prior year period. CenturyTel's second quarter telephone operating cash flow margin was 54.7% while the operating income margin was 30.0%. Excluding the sale of the Alaska properties, telephone revenues rose 11.9% during the quarter.

Cellular revenues grew 4.8% to \$109.9 million in second quarter 1999, compared with \$104.9 million in second quarter 1998. Cellular operating income advanced 14.0%, reaching \$42.8 million from \$37.5 million, and operating cash flow climbed 11.7% to \$58.8 million from \$52.7 million a year ago. CenturyTel's second quarter cellular operating cash flow margin was 53.5% (54.8% based on service revenues), and operating income margin was 38.9% (39.8% based on service revenues). Average monthly cellular service revenue per user (ARPU) was \$56 during second quarter 1999, a 5.1% decrease from \$59 a year ago. During the quarter, CenturyTel divested its South Texas cellular operations and one of its Alaska cellular RSAs. As a result, CenturyTel divested 10,500 cellular subscribers in these markets which led to a \$511,000 revenue reduction compared with the prior year period. Excluding these dispositions, cellular net additions were more than 12,300 for the quarter, while the average monthly churn rate was 1.7%.

"During the second quarter, CenturyTel achieved record levels of profitability in our cellular operations. Subscriber growth accelerated over prior year levels, and average monthly churn fell to a company record low 1.7%," Post said.

Revenues from other operations grew 52.4% to \$27.7 million during second quarter 1999, compared with \$18.2 million in second quarter 1998. CenturyTel now serves more than 259,000 long distance customers, adding more than 17,000 during the quarter.

During the first six months of 1999, net income excluding the effect of asset sales climbed 26.5% to \$115.6 million from \$91.4 million in 1998. Diluted earnings per share, excluding the effect of asset sales, increased 24.2% to \$.82 from \$.66, and consolidated revenues rose 9.3% to \$831.0 million from \$760.1 million. Earnings before interest, taxes, depreciation, amortization and the effect of asset sales (EBITDA) grew to \$451.8 million from \$402.9 million, a 12.1% increase.

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 newly-acquired properties into the Company's operations; the success and expense of the remediation efforts of the Company and 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, 1998.

CenturyTel, Inc. provides integrated communications services including local exchange, wireless, long distance, Internet access and security monitoring 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 9th 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)

CenturyTel, Inc.
CONSOLIDATED STATEMENTS OF INCOME
THREE MONTHS ENDED JUNE 30, 1999 AND 1998
(UNAUDITED)

In thousands, except per share amounts	1999	1998	INCREASE (DECREASE)
TELEPHONE OPERATIONS			
Operating revenues			
Local service	\$ 89,452	81,456	9.8%
Network access	155,789	151,976	2.5%
Other	33,872	31,890	6.2%
	279,113	265,322	5.2%
Operating expenses			
Plant operations	63,492	57,548	10.3%
Customer operations	24,001	23,033	4.2%
Corporate and other	38,916	39,225	(0.8%)
Depreciation and amortization	68,938	65,562	5.1%
	195,347	185,368	5.4%
Telephone operating income	83,766	79,954	4.8%
CELLULAR OPERATIONS			
Operating revenues			
Service revenues	107,405	102,766	4.5%
Equipment sales	2,527	2,105	20.0%
	109,932	104,871	4.8%
Operating expenses			
Cost of equipment sold	5,254	3,702	41.9%
System operations	14,438	14,633	(1.3%)
General, administrative and customer service	18,470	20,063	(7.9%)
Sales and marketing	12,922	13,791	(6.3%)
Depreciation and amortization	16,095	15,171	6.1%
	67,179	67,360	(0.3%)
Cellular operating income	42,753	37,511	14.0%
OTHER OPERATIONS			
Operating revenues	27,705	18,185	52.4%
Operating expenses			
Cost of sales and other	22,620	13,411	68.7%
Depreciation and amortization	979	751	30.4%
	23,599	14,162	66.6%
Other operating income	4,106	4,023	2.1%
TOTAL OPERATING INCOME	130,625	121,488	7.5%
OTHER INCOME (EXPENSE)			
Gain on sales of assets	39,601	25,516	55.2%
Interest expense	(37,487)	(42,072)	(10.9%)

Income from unconsolidated cellular entities	9,267	9,066	2.2%
Minority interest	(18,790)	(4,002)	369.5%
Other income and expense	3,434	691	397.0%
Income tax expense	(73,188)	(46,496)	57.4%

NET INCOME	\$ 53,462	64,191	(16.7%)
=====			
EARNINGS PER SHARE (1)			
Basic (2)	\$ 0.38	0.47	(19.1%)
Diluted (3)	\$ 0.38	0.46	(17.4%)
SHARES OUTSTANDING (1)			
Basic	138,852	136,922	1.4%
Diluted	141,461	140,028	1.0%
DIVIDENDS PER COMMON SHARE (1)	\$ 0.0450	0.0433	3.9%

- (1) Reflects a three-for-two stock split effected as a stock dividend distributed March 31, 1999
- (2) Excluding the effect of asset sales, basic earnings per share were \$.44 and \$.36 for 1999 and 1998, respectively
- (3) Excluding the effect of asset sales, diluted earnings per share were \$.43 and \$.35 for 1999 and 1998, respectively

CenturyTel, Inc.
CONSOLIDATED STATEMENTS OF INCOME
SIX MONTHS ENDED JUNE 30, 1999 AND 1998
(UNAUDITED)

In thousands, except per share amounts	1999	1998	INCREASE (DECREASE)

TELEPHONE OPERATIONS			
Operating revenues			
Local service	\$ 180,109	159,582	12.9%
Network access	322,944	303,154	6.5%
Other	69,021	62,399	10.6%

	572,074	525,135	8.9%

Operating expenses			
Plant operations	130,514	114,207	14.3%
Customer operations	45,895	45,849	0.1%
Corporate and other	75,835	79,008	(4.0%)
Depreciation and amortization	140,766	129,274	8.9%

	393,010	368,338	6.7%

Telephone operating income	179,064	156,797	14.2%

CELLULAR OPERATIONS			
Operating revenues			
Service revenues	203,381	194,864	4.4%
Equipment sales	5,022	4,173	20.3%

	208,403	199,037	4.7%

Operating expenses			
Cost of equipment sold	9,635	7,398	30.2%
System operations	27,741	28,885	(4.0%)
General, administrative and customer service	37,630	38,444	(2.1%)
Sales and marketing	26,935	27,433	(1.8%)
Depreciation and amortization	33,326	29,711	12.2%

	135,267	131,871	2.6%

Cellular operating income	73,136	67,166	8.9%

OTHER OPERATIONS			

Operating revenues	50,529	35,926	40.6%

Operating expenses			
Cost of sales and other	39,580	26,576	48.9%
Depreciation and amortization	1,901	1,693	12.3%
	41,481	28,269	46.7%

Other operating income	9,048	7,657	18.2%

TOTAL OPERATING INCOME	261,248	231,620	12.8%

OTHER INCOME (EXPENSE)			
Gain on sales of assets	49,959	49,859	0.2%
Interest expense	(79,728)	(84,881)	(6.1%)
Income from unconsolidated cellular entities	16,112	15,943	1.1%
Minority interest	(22,100)	(6,645)	232.6%
Other income and expense	5,614	1,295	333.5%
Income tax expense	(116,538)	(85,306)	36.6%

NET INCOME	\$ 114,567	121,885	(6.0%)
=====			
EARNINGS PER SHARE (1)			
Basic (2)	\$ 0.83	0.89	(6.7%)
Diluted (3)	\$ 0.81	0.87	(6.9%)

SHARES OUTSTANDING (1)			
Basic	138,455	136,686	1.3%
Diluted	141,245	139,701	1.1%

DIVIDENDS PER COMMON SHARE (1)	\$ 0.0900	0.0866	3.9%

- (1) Reflects a three-for-two stock split effected as a stock dividend distributed March 31, 1999
- (2) Excluding the effect of asset sales, basic earnings per share were \$.83 and \$.67 for 1999 and 1998, respectively
- (3) Excluding the effect of asset sales, diluted earnings per share were \$.82 and \$.66 for 1999 and 1998, respectively

CenturyTel, Inc.
CONSOLIDATED BALANCE SHEETS
JUNE 30, 1999 AND DECEMBER 31, 1998
(UNAUDITED)

	June 30, 1999	December 31, 1998

	(in thousands)	

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 93,893	5,742
Other current assets	222,141	220,496

Total current assets	316,034	226,238

PROPERTY, PLANT AND EQUIPMENT		
Telephone	3,311,544	3,660,252
Cellular	434,285	428,984
Other	233,451	200,422
Accumulated depreciation	(1,797,761)	(1,938,205)

Net property, plant and equipment	2,181,519	2,351,453

INVESTMENTS AND OTHER ASSETS		
Excess cost of net assets acquired	1,625,044	1,956,701
Other	436,116	401,063

Total investments and other assets	2,061,160	2,357,764

TOTAL ASSETS	\$ 4,558,713	4,935,455
=====		

LIABILITIES AND EQUITY

CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 53,360	53,010
Other current liabilities	376,800	251,834

Total current liabilities	430,160	304,844
LONG-TERM DEBT	2,017,472	2,558,000
DEFERRED CREDITS AND OTHER LIABILITIES	461,930	541,129
STOCKHOLDERS' EQUITY	1,649,151	1,531,482

TOTAL LIABILITIES AND EQUITY	\$ 4,558,713	4,935,455
=====		

CAPITAL EXPENDITURES SIX MONTHS ENDED JUNE 30, 1999 AND 1998

	1999	1998	INC (DEC)

Telephone	\$ 86,624	78,055	11.0%
Cellular	29,042	34,300	(15.3%)
Corporate and other	33,462	14,065	137.9%

Total capital expenditures	\$ 149,128	126,420	18.0%
=====			

CAPITAL EXPENDITURES THREE MONTHS ENDED JUNE 30, 1999 AND 1998

	1999	1998	INC (DEC)

Telephone	\$ 48,320	42,768	13.0%
Cellular	21,879	16,168	35.3%
Corporate and other	15,928	4,880	226.4%

Total capital expenditures	\$ 86,127	63,816	35.0%
=====			

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/ Neil A. Sweasy

Neil A. Sweasy
Vice President and Controller

End of Filing

Powered By **EDGAR**
Online

© 2005 | EDGAR Online, Inc.