

CreditRiskMonitor's warning of The McClatchy Company's ("McClatchy") bankruptcy risk was determined by a combination of factors:

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## MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's FRISK® score had been warning of financial stress at The McClatchy Company (OTC: MNIQQ) for more than a year.

We issued a special High Risk Report, dated April 26, 2017, as conditions continued to deteriorate and become more troubling. McClatchy was also spotlighted in a 6/28/2018 newspaper industry blog we published.

The company ultimately filed for bankruptcy on February 13, 2020.

Business Name	2019											2020	
	F	M	A	M	J	J	A	S	O	N	D	J	F
The McClatchy Company	1	1	1	1	1	1	1	1	1	1	1	1	1

**BANKRUPT!**

The FRISK® score is 96% accurate\* in predicting the risk of corporate failure/bankruptcy over a 12-month horizon. All FRISK® scores are recalculated every night for each subsequent 12-month period.

FRISK® Score	BANKRUPTCY RISK RELATIVE TO THE HISTORICAL AVERAGE	
	FROM	TO
10	0.00x	0.12x
9	0.12x	0.27x
8	0.27x	0.34x
7	0.34x	0.55x
6	0.55x	0.87x
5	0.87x	1.40x
4	1.40x	2.10x
3	2.10x	4.00x
2	4.00x	9.99x
1	9.99x	50.00x

While the risk of bankruptcy varies at each FRISK® score, 96% of public companies that eventually go bankrupt enter the FRISK® "red zone" prior to filing. A FRISK® score of 5 or less is an important warning sign.

\* FRISK® score accuracy of 96% is based on backtesting of U.S. public companies; results may vary by country.

## THE FRISK® SCORE COMPONENTS

At the core of the CreditRiskMonitor® process is our 96% accurate FRISK® score, which indicates a company's level of financial stress on a scale of 1 to 10, based on the probability of bankruptcy over a 12-month horizon. When available, the FRISK® score incorporates a number of powerful risk indicators including:

A “Merton” type model using stock market capitalization and volatility

Financial ratios, including those used in the Altman Z”-Score Model

Bond agency ratings from Moody’s, Fitch, & DBRS Morningstar

## Crowdsourced CreditRiskMonitor® Usage Data

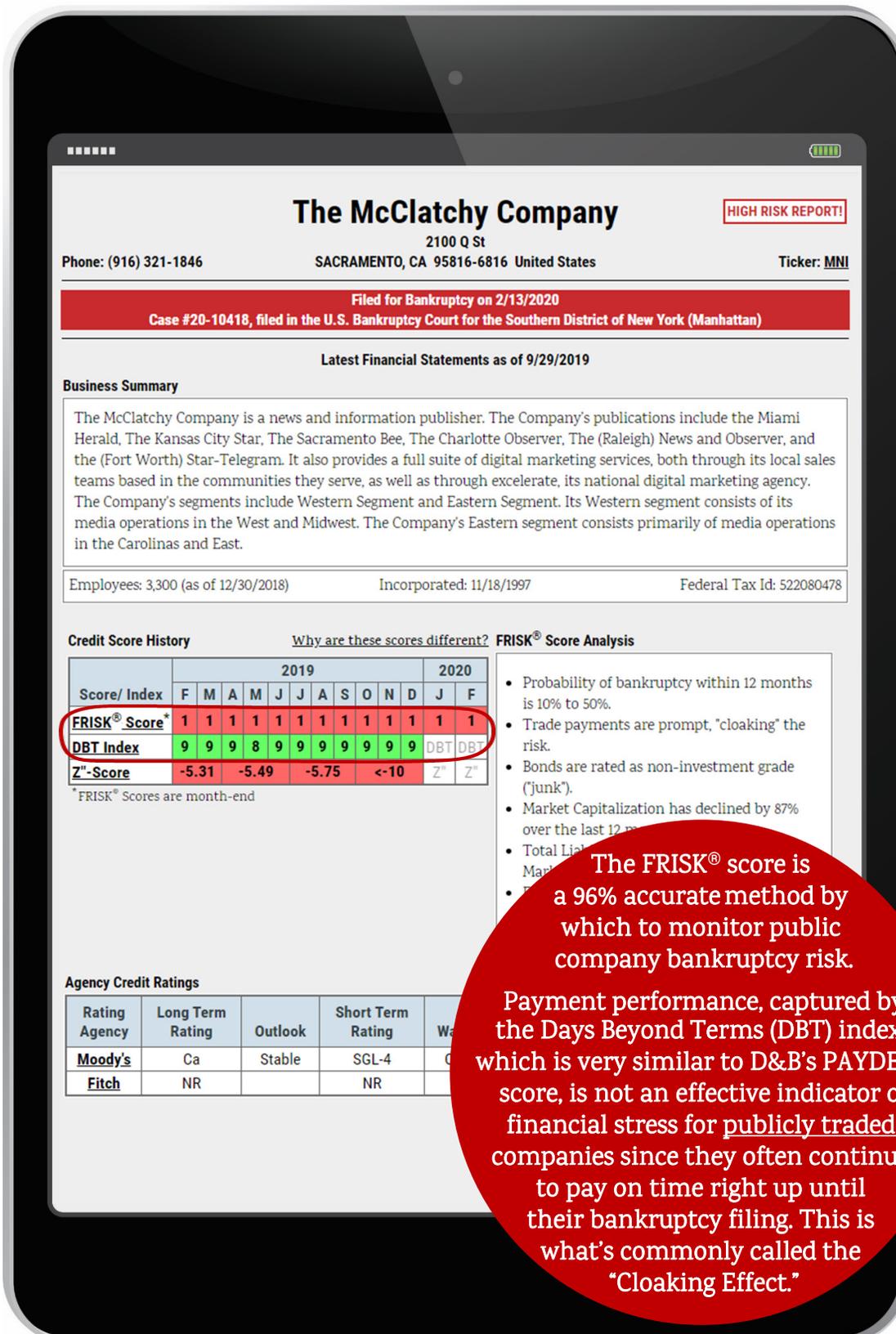
**Crowdsourcing** has enhanced the accuracy and timeliness of the FRISK® score. We collect and analyze data patterns from thousands of CreditRiskMonitor® subscribers, including professionals from more than 35% of the Fortune 1000 and other large corporations worldwide.

**The crowdsourcing advantage is even more powerful in our FRISK® score since many of the professionals who use our service are credit managers:**

- Credit managers control one of the largest sources of working capital going into a company
- They are not held to the same “Fair Disclosure” restrictions that prevent non-disclosed information sharing on public companies
- Credit managers use a variety of non-public information sources such as their own company’s management and sales representatives to be alerted to concerns in a public company’s performance
- It is commonly known credit managers confidentially share information with other credit managers, thus collectively, their behavior helps to provide advanced insight to financial problems in public companies

[Read more in Credit Research Foundation’s quarterly journal article, “Assessing Public Company Financial Risk by Crowdsourcing the Research of Credit Professionals”](#)

# COMPANY REPORT DETAIL



## The McClatchy Company

**HIGH RISK REPORT!**

Phone: (916) 321-1846

2100 Q St  
SACRAMENTO, CA 95816-6816 United States

Ticker: MNI

**Filed for Bankruptcy on 2/13/2020**  
Case #20-10418, filed in the U.S. Bankruptcy Court for the Southern District of New York (Manhattan)

Latest Financial Statements as of 9/29/2019

### Business Summary

The McClatchy Company is a news and information publisher. The Company's publications include the Miami Herald, The Kansas City Star, The Sacramento Bee, The Charlotte Observer, The (Raleigh) News and Observer, and the (Fort Worth) Star-Telegram. It also provides a full suite of digital marketing services, both through its local sales teams based in the communities they serve, as well as through excelerate, its national digital marketing agency. The Company's segments include Western Segment and Eastern Segment. Its Western segment consists of its media operations in the West and Midwest. The Company's Eastern segment consists primarily of media operations in the Carolinas and East.

Employees: 3,300 (as of 12/30/2018)

Incorporated: 11/18/1997

Federal Tax Id: 522080478

### Credit Score History

[Why are these scores different?](#)

### FRISK® Score Analysis

Score/ Index	2019												2020				
	F	M	A	M	J	J	A	S	O	N	D	J	F	DBT	DBT		
<b>FRISK® Score*</b>	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1		
<b>DBT Index</b>	9	9	9	8	9	9	9	9	9	9	9	9	9	9	9	DBT	DBT
<b>Z®-Score</b>	-5.31	-5.49	-5.75	-5.75	-5.75	-5.75	-5.75	-5.75	-5.75	-5.75	-5.75	-5.75	-5.75	-5.75	-5.75	Z®	Z®

\*FRISK® Scores are month-end

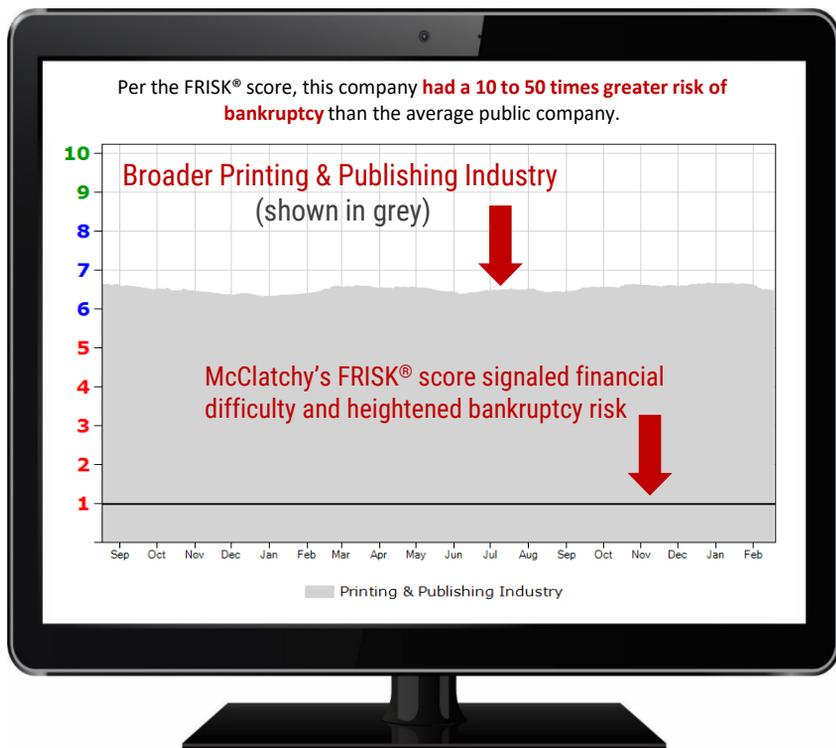
- Probability of bankruptcy within 12 months is 10% to 50%.
- Trade payments are prompt, "cloaking" the risk.
- Bonds are rated as non-investment grade ("junk").
- Market Capitalization has declined by 87% over the last 12 months.
- Total Liabilities to Market Capitalization ratio is 1.5x.
- Days Beyond Terms (DBT) index is 9.

The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk. Payment performance, captured by the Days Beyond Terms (DBT) index, which is very similar to D&B's PAYDEX® score, is not an effective indicator of financial stress for publicly traded companies since they often continue to pay on time right up until their bankruptcy filing. This is what's commonly called the "Cloaking Effect."

### Agency Credit Ratings

Rating Agency	Long Term Rating	Outlook	Short Term Rating	Wa
<b>Moody's</b>	Ca	Stable	SGL-4	C
<b>Fitch</b>	NR		NR	

## FRISK® DEEP DIVE



The FRISK® score relative to the broader Printing & Publishing industry raised an additional red flag signaling heightened risk relative to peers, as well...

**MAKING IMMEDIATE ATTENTION REQUIRED.**

## ADJUSTED MARKET CAP VOLATILITY



One of the inputs of the FRISK® score is a company's market cap volatility, adjusted for dividends, over the course of a year. Incorporating this information allows us to capture the "wisdom of markets" on a daily basis. This ensures our subscribers are getting the most up to date view of the risks they face since stocks tend to be more liquid and faster moving than bond prices and ratings.

# FRISK® STRESS INDEX

#	Business Name	Country	FRISK® score
1	McClatchy Co <span style="border: 1px solid red; padding: 2px;">HIGH RISK REPORT!</span>	United States	1
2	Siam Sport Syndicate Public Company	Thailand	1
3	Bangkok Post PCL	Thailand	2
4	Berjaya Media Berhad	Malaysia	2
5	Chiikishinbunsha Co Ltd	Japan	2
6	Hanryu Times Co Ltd	South Korea	2
7	HT Media Ltd	India	2
8	Lee Enterprises, Incorporated	United States	2
9	Media Times Ltd	Pakistan	2
10	Politika a.d. Beograd	Serbia	2

## FRISK® Stress Index - SIC classification: Newspapers: publishing, or publishing and printing

Primary industry codes only     Primary and secondary industry codes

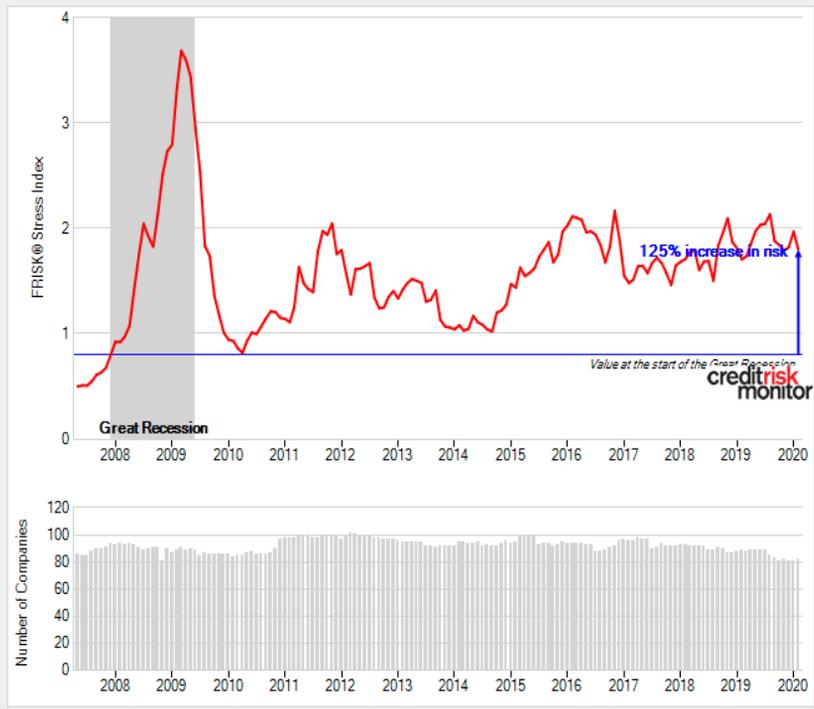
Businesses From: All Businesses CLEAR

In Industry: SIC 2711: Newspapers: publishing, or publishing and printing

Country: All Countries

UPDATE RESULTS

Scale: Auto Total Companies in all months 157



The FRISK® Stress Index shows the collective probability of failure in a group of companies (such as an industry, country or portfolio) over the next 12 months. It is designed to show trends in risk level across groups of companies and is shown on a zero to 50 scale, with 50 being the most risky.

**The average probability of failure for SIC code 2711 (Newspapers: publishing, or publishing and printing) has increased 125% since 2007. McClatchy was among the weakest names in the industry as evidenced by its FRISK® score of 1.**

# PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

The Peer Analysis expands to provide a ranking of a company's competitors, which can help provide options for alternate suppliers or new customers

SIC classification: Newspapers: publishing, or publishing and printing\*

Calendar Year/Quarter: 2019.3

Businesses in Peer Group: 559	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range		
				Low	Median	High
<b>Credit Ratings</b>						
Z-Score	118	125	-11.62	-393.67	3.35	56.48
<b>Performance ratios:</b>						
Net Sales (Thousands of U.S. Dollars)	12	16	167,438	0	402,575	2,340,000
Gross Margin % Of Sales	6	113	93.34	113.88	44.76	102.21
Gross Margin % Of Sales -- TTM	6	121				
SGA % Of Sales	68	123				
SGA % Of Sales -- TTM	69	125				
Operating Margin % Of Sales	129	131				
Operating Margin % Of Sales -- TTM	122	133				
EBITDA Margin Of Sales	60	61				
EBITDA Margin Of Sales -- TTM	66	71				
Net Profit Margin % Of Sales	128	131				
Net Profit Margin % Of Sales -- TTM	122	133				
Pre-tax Income % Of Sales	128	131				
Effective Tax Rate	43	180	1.46	-463.10	9.45	486.33
Depreciation % Of Prop/Plant/Equipment	24	12	8.18	0.68	14.66	163.88
Capital Expense % Of Prop/Plant/Equipment	5	99	1.03	0.01	9.42	188.43
Interest Coverage	52	56	-14.36	-73.00	2.87	407.66
Interest Coverage -- TTM	62	68	-3.08	-182.85	3.60	158.48
<b>Liquidity ratios:</b>						
Cash Ratio	113	132	0.04	0.00	0.43	12.87
Quick Ratio	118	124	0.23	0.07	1.20	22.29
Current Ratio	123	132	0.42	0.02	1.70	48.44
<b>Efficiency ratios:</b>						
Accounts Receivable Turnover	8	127				
Days Sales Outstanding	14	131				
% of Inventory Financed by Vendors	29	92				
% of Inventory Financed by Vendors -- TTM	32	95				
Inventory Turnover	64	118				
Inventory Turnover -- TTM	73	121				
Days Sales in Inventory	65	103				
Inventory to Working Capital	114	118				
Accounts Payable Turnover	74	105				
Accounts Payable Turnover -- TTM	84	109				
<b>Leverage &amp; debt coverage:</b>						
Total Debt to Equity Ratio	113			0.00	0.23	23.71
Debt to Tangible Equity Ratio	95			0.00	0.23	26.26
Total Debt to Assets Ratio	120	124	0.79	0.00	0.15	1.12
Short-Term Debt % of Total Debt	11	115	1.92	0.00	32.84	100.00
Short-Term Debt % of Working Capital	118	119	-9.49	-3,942.52	3.86	9,347.37
Liabilities to Net Worth Ratio	104			0.02	0.67	50.40
Total Liabilities to Equity Ratio	122			0.02	0.71	32.29
TTM EBITDA to Total Debt	55	64	-0.34	-8.39	0.24	21.54
Net Debt to TTM EBITDA		49		-5.56	1.01	15.20

Rank	Company Name	Country
1	Graham Holdings Co	United States
2	Tribune Publishing Co	United States
3	Gannett Media Corp.	United States
4	ACCO Brands Corporation	United States
5	New York Times Co	United States

Rank	Company Name	Country
1	Tribune Publishing Co	United States
2	News Corp	United States
3	Graham Holdings Co	United States
4	New York Times Co	United States
5	Gannett Media Corp.	United States

Green - Ranked in Upper Quartile of Peer Group  
White - Ranked in the Middle Two Quartiles of Peer Group  
Red - Ranked in Lower Quartile of Peer Group  
Orange - Confidential  
Grey - Data is Not Available

TTM = trailing 12 months  
N/A = Not Available

The McClatchy Company demonstrated bottom quartile ranking in key financial ratios (shown in red) versus its industry peers.

# QUARTERLY PERFORMANCE RATIOS

Net losses in all but one of the last five fiscal quarters

Insufficient interest coverage ratio & negative free cash flow

## Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 9/29/2019	3 mos 6/30/2019	3 mos 3/31/2019	3 mos 12/30/2018	3 mos 9/30/2018
<b>Net Sales \$</b>	<b>\$167,438</b>	<b>\$178,662</b>	<b>\$180,324</b>	<b>\$212,955</b>	<b>\$191,065</b>
% change	-6.28%	-0.92%	-15.32%	11.46%	-6.50%
<b>Gross Margin \$</b>	<b>\$156,291</b>	<b>\$167,433</b>	<b>\$168,628</b>	<b>\$198,696</b>	<b>\$178,152</b>
% change	-6.65%	-0.71%	-15.13%	11.53%	-6.52%
% of sales	93.34%	93.71%	93.51%	93.30%	93.24%
change as % of incremental sales	n/m	n/m	n/m	93.85%	n/m
<b>SG&amp;A \$</b>	<b>\$57,828</b>	<b>\$61,456</b>	<b>\$69,435</b>	<b>\$67,383</b>	<b>\$73,501</b>
% change	-5.90%	-11.49%	3.05%	-8.32%	-5.69%
% of sales	34.54%	34.40%	38.51%	31.64%	38.47%
change as % of incremental sales	n/m	n/m	n/m	-27.95%	n/m
<b>Operating margin \$</b>	<b>(\$285,287)</b>	<b>\$3,493</b>	<b>(\$468)</b>	<b>(\$2,886)</b>	<b>\$17,221</b>
% change	-8,267.39%	846.37%	83.78%	-116.76%	981.72%
% of sales	-170.38%	1.96%	-0.26%	-1.36%	9.01%
change as % of incremental sales	n/m	n/m	n/m	-91.85%	n/m
<b>EBITDA \$</b>	<b>(\$283,869)</b>	<b>\$16,793</b>	<b>(\$327)</b>	<b>\$13,017</b>	<b>\$33,620</b>
% change	-1,790.40%	5,235.47%	-102.51%	-61.28%	87.50%
% of sales	-169.54%	9.40%	-0.18%	6.11%	17.60%
change as % of incremental sales	n/m	n/m	n/m	-94.12%	n/m
<b>EBIT \$</b>	<b>(\$289,444)</b>	<b>(\$618)</b>	<b>(\$17,845)</b>	<b>(\$5,729)</b>	<b>\$14,579</b>
% change	-46,735.60%	96.54%	-211.49%	-139.30%	1,229.28%
% of sales	-172.87%	-0.35%	-9.90%	-2.69%	7.63%
change as % of incremental sales	n/m	n/m	n/m	-92.77%	n/m
<b>Pre-tax income \$</b>	<b>(\$309,216)</b>	<b>(\$21,438)</b>	<b>(\$38,518)</b>	<b>(\$26,727)</b>	<b>(\$7,384)</b>
% change	-1,342.37%	44.34%	-44.12%	-261.96%	55.91%
% of sales	-184.67%	-12.00%	-21.36%	-12.55%	-3.86%
change as % of incremental sales	n/m	n/m	n/m	-88.36%	n/m
<b>Net income (loss) \$</b>	<b>(\$304,703)</b>	<b>(\$17,531)</b>	<b>(\$41,956)</b>	<b>(\$27,489)</b>	<b>\$7,038</b>
% change	-1,638.08%	58.22%	-52.63%	-490.58%	134.56%
% of sales	-181.98%	-9.81%	-23.27%	-12.91%	3.68%
change as % of incremental sales	n/m	n/m	n/m	-157.73%	n/m
<b>Tax expense \$</b>	<b>(\$4,513)</b>	<b>(\$3,907)</b>	<b>\$3,438</b>	<b>\$762</b>	<b>(\$14,422)</b>
Effective tax rate	1.46%	18.22%	-8.93%	-2.85%	195.31%
<b>Depreciation expense \$</b>	<b>\$5,299</b>	<b>\$5,610</b>	<b>\$5,717</b>	<b>\$6,962</b>	<b>\$7,146</b>
% of sales	3.16%	3.14%	3.17%	3.27%	3.74%
% of capital expenses	793.26%	575.98%	2,207.34%	374.70%	210.80%
% of PP&E, net (annualized)	8.18%	8.40%	9.07%	11.70%	11.69%
<b>Capital expenditures \$</b>	<b>\$668</b>	<b>\$974</b>	<b>\$259</b>	<b>\$1,858</b>	<b>\$3,390</b>
% change	-31.42%	276.06%	-86.06%	-45.19%	-10.41%
% of PP&E, net (annualized)	1.03%	1.46%	0.41%	3.12%	5.55%
% of working capital (annualized)	-2.50%	-7.59%	-2.90%	-23.11%	-43.91%
<b>Interest coverage ratio</b>	<b>(14.36)</b>	<b>0.81</b>	<b>(0.02)</b>	<b>0.61</b>	<b>1.44</b>
% change	-1,879.95%	5,205.06%	-102.58%	-57.40%	44.07%
<b>Free cash flow \$</b>	<b>(\$9,186)</b>	<b>\$6,709</b>	<b>(\$5,971)</b>	<b>\$16,183</b>	<b>(\$4,804)</b>
% change	-236.92%	212.36%	-136.90%	436.87%	62.19%
Source:	10-Q 11/13/2019	10-Q 8/8/2019	10-Q 5/10/2019	10-K 3/8/2019	10-Q 11/9/2018

## QUARTERLY LEVERAGE RATIOS

Negative tangible net worth; increase in total debt to assets ratio signaled heightened risk

### Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	9/29/2019	6/30/2019	3/31/2019	12/30/2018	9/30/2018
<b>Total debt \$</b>	\$755,852	\$754,829	\$757,763	\$756,364	\$744,843
% change	0.14%	-0.39%	0.19%	1.55%	-6.16%
<b>Stockholders' equity \$</b>	(\$671,536)	(\$372,523)	(\$360,651)	(\$341,665)	(\$241,224)
% change	-80.27%	-3.29%	-5.56%	-41.64%	5.22%
<b>Tangible net worth \$</b>	(\$1,200,909)	(\$1,197,442)	(\$1,197,371)	(\$1,190,186)	(\$1,124,614)
% change	-0.29%	-0.01%	-0.60%	-5.83%	3.38%
<b>Total assets \$</b>	\$953,757	\$1,276,411	\$1,300,736	\$1,295,301	\$1,306,513
% change	-25.28%	-1.87%	0.42%	-0.86%	-4.29%
<b>Total debt to assets ratio</b>	<b>0.79</b>	<b>0.59</b>	<b>0.58</b>	<b>0.58</b>	<b>0.57</b>
% change	34.00%	1.51%	-0.22%	2.42%	-1.96%
<b>Tangible assets \$</b>	\$424,384	\$451,492	\$464,016	\$446,780	\$423,123
% change	-6.00%	-2.70%	3.86%	5.59%	-7.12%
<b>Short-term debt \$</b>	\$14,495	\$13,268	\$14,805	\$14,729	\$0
% change	9.25%	-10.38%	0.52%	n/m	n/m
<b>Short-term debt % of total debt</b>	<b>1.92%</b>	<b>1.76%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>0.00%</b>
% change	9.10%	-10.04%	0.33%	n/m	n/m
<b>Short-term debt % of working capital</b>	<b>-9.49%</b>	<b>-21.62%</b>	<b>-35.89%</b>	<b>-48.80%</b>	<b>0.00%</b>
% change	56.11%	39.77%	26.44%	n/m	n/m
<b>Total liabilities \$</b>	\$1,625,293	\$1,648,934	\$1,661,387	\$1,636,966	\$1,547,737
% change	-1.43%	-0.75%	1.49%	5.77%	-4.43%
<b>Total debt to EBITDA ratio (annualized)</b>	<b>n/a</b>	<b>11.24</b>	<b>n/a</b>	<b>14.53</b>	<b>5.54</b>
% change	n/a	n/a	n/a	162.27%	-49.95%
Source:	10-Q	10-Q	10-Q	10-K	10-Q
	11/13/2019	8/8/2019	5/10/2019	3/8/2019	11/9/2018

# QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Negative working capital drastically decreases

Meager cash, quick, & current ratios

## Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	9/29/2019	6/30/2019	3/31/2019	12/30/2018	9/30/2018
<b>Current assets \$</b>	<b>\$109,010</b>	<b>\$127,609</b>	<b>\$132,549</b>	<b>\$150,353</b>	<b>\$115,624</b>
% change	-14.58%	-3.73%	-11.84%	30.04%	-15.68%
% of short-term debt	752.05%	961.78%	895.30%	1,020.80%	n/a
<b>Current liabilities \$</b>	<b>\$261,786</b>	<b>\$188,980</b>	<b>\$173,796</b>	<b>\$180,538</b>	<b>\$149,767</b>
% change	38.53%	8.74%	-3.73%	20.55%	-9.09%
<b>Working capital \$</b>	<b>(\$152,776)</b>	<b>(\$61,371)</b>	<b>(\$41,247)</b>	<b>(\$30,185)</b>	<b>(\$34,143)</b>
% change	-148.94%	-48.79%	-36.65%	11.59%	-23.65%
% of sales (annualized)	-22.81%	-8.59%	-5.72%	-3.54%	-4.47%
<b>Cash \$</b>	<b>\$11,419</b>	<b>\$19,600</b>	<b>\$17,378</b>	<b>\$21,906</b>	<b>\$4,492</b>
% change	-41.74%	12.79%	-20.67%	387.67%	-77.68%
% of short-term debt	78.78%	147.72%	117.38%	148.73%	n/a
<b>Cash ratio</b>	<b>0.04</b>	<b>0.10</b>	<b>0.10</b>	<b>0.12</b>	<b>0.03</b>
% change	-57.96%	3.70%	-17.56%	304.33%	-75.45%
<b>Quick assets \$</b>	<b>\$60,709</b>	<b>\$76,245</b>	<b>\$75,125</b>	<b>\$103,615</b>	<b>\$70,283</b>
% change	-20.38%	1.49%	-27.50%	47.43%	-23.66%
% of short-term debt	418.83%	574.65%	507.43%	703.48%	n/a
<b>Quick ratio</b>	<b>0.23</b>	<b>0.40</b>	<b>0.43</b>	<b>0.57</b>	<b>0.47</b>
% change	-42.53%	-6.66%	-24.67%	22.29%	-16.02%
<b>Current ratio</b>	<b>0.42</b>	<b>0.68</b>	<b>0.76</b>	<b>0.83</b>	<b>0.77</b>
% change	-38.34%	-11.46%	-8.42%	7.88%	-7.26%
Source:	10-Q 11/13/2019	10-Q 8/8/2019	10-Q 5/10/2019	10-K 3/8/2019	10-Q 11/9/2018

Lack of positive returns in the last 4 fiscal periods

## Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 9/29/2019	3 mos 6/30/2019	3 mos 3/31/2019	3 mos 12/30/2018	3 mos 9/30/2018
<b>Return on total assets</b>	<b>-27.33%</b>	<b>-1.36%</b>	<b>-3.23%</b>	<b>-2.11%</b>	<b>0.53%</b>
% change	-1,908.50%	57.91%	-52.96%	-501.04%	135.58%
<b>Return on tangible assets</b>	<b>-69.58%</b>	<b>-3.83%</b>	<b>-9.21%</b>	<b>-6.32%</b>	<b>1.60%</b>
% change	-1,716.72%	58.43%	-45.78%	-494.53%	136.16%
Source:	10-Q 11/13/2019	10-Q 8/8/2019	10-Q 5/10/2019	10-K 3/8/2019	10-Q 11/9/2018

# YEAR-OVER-YEAR STATEMENT OF CASH FLOWS

Negative cash from operating activities

## Statement of Cash Flows - Year-over-Year - Standardized - Year to Date

(Thousands of U.S. Dollars)

Period Ended	9 mos 9/29/2019	9 mos 9/30/2018	9 mos 9/24/2017	9 mos 9/25/2016	9 mos 9/27/2015
			Restated 9/30/2018	Reclassified 9/24/2017	
<b>Cash Flows from Operating Activities:</b>					
Net income	(\$364,190)	(\$52,268)	(\$393,497)	(\$37,279)	(\$308,992)
Depreciation/depletion	40,504	57,496	59,016	69,551	75,892
Deferred taxes	(5,597)	(2,170)	153,725	0	n/a
Non-cash Items	318,490	(12,790)	181,758	(3,170)	283,642
Changes in working capital	4,246	17,610	19,457	32,151	(179,425)
<b>Total cash from operating activities</b>	<b>(6,547)</b>	<b>7,878</b>	<b>20,459</b>	<b>61,253</b>	<b>(128,883)</b>
<b>Cash Flows from Investing Activities:</b>					
Capital expenditures	(1,901)	(9,262)	(7,378)	(10,541)	(10,766)
Other investing cash flow items, total	4,235	7,052	93,928	150	7,067
<b>Total cash from investing activities</b>	<b>2,334</b>	<b>(2,210)</b>	<b>86,550</b>	<b>(10,391)</b>	<b>(3,699)</b>
<b>Cash Flows from Financing Activities:</b>					
Financing cash flow items	(1,057)	(17,828)	861	(136)	(4,388)
Issuance/retirement of stock, net	(358)	(424)	(457)	(8,075)	n/a
Issuance/retirement of debt, net	(6,859)	(82,341)	(26,644)	(28,804)	(64,281)
<b>Total cash from financing activities</b>	<b>(8,274)</b>	<b>(100,593)</b>	<b>(26,240)</b>	<b>(37,015)</b>	<b>(68,669)</b>
<b>Net change in cash</b>	<b>(12,487)</b>	<b>(94,925)</b>	<b>80,769</b>	<b>13,847</b>	<b>(201,251)</b>
<b>Net cash-beginning balance</b>	<b>50,555</b>	<b>131,354</b>	<b>36,248</b>	<b>9,332</b>	<b>220,861</b>
<b>Net cash-ending balance</b>	<b>\$38,068</b>	<b>\$36,429</b>	<b>\$117,017</b>	<b>\$23,179</b>	<b>\$19,610</b>
<b>Supplemental Disclosures:</b>					
Cash interest paid	\$57,488	\$42,910	\$45,889	\$47,349	\$53,241
Cash taxes paid, supplemental	\$7,335	\$12,865	\$9,988	n/a	\$197,718
Source:	10-Q 11/13/2019	10-Q 11/9/2018	10-Q 11/9/2018	10-Q 11/2/2017	10-Q 11/5/2015

## NEWS ALERTS: A TIMELINE OF CONCERNING NEWS ITEMS

**For the period ended 6/30/19, The McClatchy Company reported its fourth straight fiscal quarter net loss. Net loss for the year-to-date period increased to \$59.5 million.**

8/22/2019	CRMZ News Service	McClatchy Co -- updated financials available
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**McClatchy was threatened with being delisted from the NYSE because its finances had fallen below minimum standards. It had 45 days to regain compliance. Delisting consequences can be significant as it's harder for a company to issue new shares to the market to establish new financial initiatives.**

9/13/2019	CRMZ News Service	MCCLATCHY CO FILES (8-K) Disclosing Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing, Other Events, Financial Statements and Exhibits
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**McClatchy's CFO, as well as its VP of Operations, informed that they were leaving the Company. Such management changes are oftentimes a red flag warning sign of financial distress and bankruptcy potential.**

10/18/2019	CRMZ News Service	MCCLATCHY CO FILES (8-K) Disclosing Change in Directors or Principal Officers
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**The Moody rating downgrades were due to the company's liquidity position in light of pending pension plan payments of ~\$120 million in 2020. These concerns were exacerbated by continued sustained deterioration in the company's operating performance in a declining industry.**

10/31/2019	CRMZ News Service	McClatchy Co -- updated Moody's rating available
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**McClatchy began talks with its creditors and federal authorities about a possible government takeover of its pension fund to relieve considerable liquidity pressure.**

11/13/2019	CRMZ News Service	McClatchy Seeks To Have U.S. Take Over Pension Fund
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**For the period ended 9/30/19, McClatchy reported significant sales, operating, net income, and working capital declines compared to last year's comparable period amounts.**

11/19/2019	CRMZ News Service	McClatchy Co -- updated financials available
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**The McClatchy Company filed for voluntary bankruptcy**

2/13/2020	CRMZ News Service	McClatchy Co: Chapter 11 Petition filed on 2/13/2020
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# MANAGEMENT DISCUSSION AND ANALYSIS

One key feature of the CreditRiskMonitor® service is the ability to quickly access a Company's Management Discussion and Analysis (MD&A) history.

The MD&A represents the thoughts and opinions of management, and provides a forecast of future operations, and therefore these statements can't typically be falsified. According to the Financial Accounting Standards Board (FASB), "MD&A should provide a balanced presentation that includes both positive and negative information about the topics discussed."

Sarbanes-Oxley subjects CEOs and CFOs to jail and monetary penalties for certifying misleading or fraudulent reports

**Report**

**McClatchy Co**  
2100 Q St  
SACRAMENTO, CA 95816-6816 United States  
Phone: (916) 321-1846  
Ticker: MNIQ

Filed for Bankruptcy on 2/13/2020  
Case #20-10418, filed in the U.S. Bankruptcy Court for the Southern District of New York (Manhattan)

**Management Discussion and Analysis**  
For the period ended 9/29/2019

**We face significant liquidity constraints.** We are, with the assistance of our Advisors, exploring various alternatives described herein. We believe we have taken and are continuing to take prudent actions to address the **substantial doubt regarding our ability to continue as a going concern, however, there is no assurance that such alternatives will be available on terms acceptable to us, or at all, or that our plans will fully mitigate the liquidity challenges we face because some matters are not within our control. If we are unable to obtain pension relief and/or a restructuring of our outstanding debt obligations, we may need to seek protection under Chapter 11 of the U.S. Bankruptcy Code to protect stakeholder value.**

Navigation menu items: Overview, Company News, Risk Ratings, Important Information, Annual Financials, Year/Year Interim, Sequential Quarters, **Liquidity (MD&A)**, SEC Filings, Peer Analysis, Payments, Public Filings, General Info, Access History, Update Portfolio, Print/Save Report, Currency Converter, Send This to a Colleague

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