UK: +44 (0)207 989 0813
NA: +1 646 896 3065
AU +61 2 9280 0700
action@proactiveinvestors.com.au

Lee Enterprises

00:59 19 Jul 2018

NOTE FROM NEW YORK: Why Lee Enterprises caught the attention of Warren Buffett and the smart money

"He who is without a newspaper is cut off from his species." - PT Barnum Based in America's heartland, newspaper operator Lee Enterprises Inc (NYSE:LEE) has been providing local news, information, and advertising to small and midsized markets since 1890.

But let's face it: Selling newspapers and print advertising is a dying business.

It's so challenging that in December 2011, the Davenport, Iowa-based media company was forced to file for Chapter 11 bankruptcy protection to refinance nearly a billion dollars worth of debt. But it's important to note that the company wasn't trying to stiff its creditors, it merely needed to extend the maturity of the debt.

The following month, in January 2012, Lee quickly emerged from the bankruptcy courts. And despite the bearish trends in newspaper subscriptions and print advertising, the company's been getting stronger by the quarter by aggressively reducing its debt and growing its digital presence.

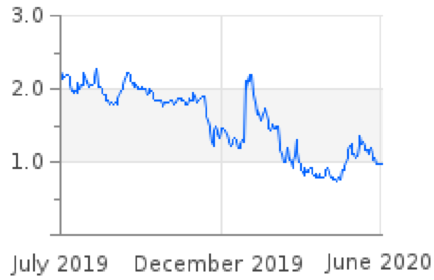
Lee's management has made debt reduction their primary objective. And, as you can see, they've done a phenomenal job of reducing the debt over the past four years. In fact, they're within a few quarters of being able to direct some of their free cash flow towards buying back shares, investing in new areas of the business, or paying a dividend.

Follow the smartest money

Price: 0.9862

Market Cap: $57.32 m

1 Year Share Price Graph



Share Information

Code:		LEE
Listing:		NYSE
52 week	**High**	**Low**
	3.09	**0.71**
Sector:		**Media**
Website:		**lee.net**

Company Synopsis:
Lee Enterprises is a leading provider of local news, information and advertising in primarily midsize markets, with 46 daily newspapers and a joint interest in two others, along with rapidly growing digital products and nearly 300 specialty publications in 21 states.

action@proactiveinvestors.com.au

But debt reduction alone won't grow the enterprise; only bringing in new business can do that. And who better to partner with than the master himself, the Oracle of Omaha, Warren Buffett and Berkshire Hathaway Inc (NYSE:BRK.A, NYSE:BRK.B).

On June 26, 2018, Buffett decided Berkshire needed help managing its newspaper and digital operations, and Lee Enterprises was hired to get the job done. At the time of the announcement, Warren Buffett had this to say:

Lee Enterprises' growth in digital market share and revenue has outpaced the industry. Lee also has led the industry in overall innovation and performance, all while faithfully fulfilling its public trust as an indispensable source for local news, information, and advertising. Our missions and goals match exactly, our markets are similar, and we both have excellent managers. Operating together will strengthen both of us, and lee is logical to lead the process.

If you're a microcap trying to grow your business, you need partners. And when it comes to forming alliances, there's no better group to team up with than the folks at Berkshire Hathaway.

J. Carlo Cannell is the founder and managing member of Cannell Capital LLC. And while you've probably never heard of this long/short activist hedge fund manager who invests the bulk of his fund's capital into companies with market capitalizations of less than US$500mln, Cannell has been delivering spectacular returns for years.

According to 13F-hedge-fund-tracking website WhaleWisdom.com, Cannell Capital's microcap investments have generated a nearly fourfold return for its investors over the past five years and more than sevenfold over the past 10 years.

In digging through my stack of first-quarter 2018 13F filings with the Securities and Exchange Commission, I noticed that Cannell reduced his ownership stake in Lee to a paltry 57,529 shares at the end of 2017, but then went on a massive buying spree in the first quarter this year, buying more than 1.6 million and boosting his fund's total stake to 1.7 million shares.

Now, given Cannell's record over the past five and 10 years, if he sees value in this US$185mln Midwest newspaper company, perhaps all microcap traders should give Lee Enterprises a second look.

The technical picture improves

After a difficult decade, we're finally beginning to see signs of improvement in LEE's stock chart.

Since rebounding from the financial collapse in the second quarter of 2009, LEE's chart has formed what's known as a symmetrical triangle, or a coil. And often, a valid breakout from a coil pattern marks a continuation in trend. In this case, we're looking for LEE to build on its rally from 2009.

Lee Enterprises Chart

If we take the widest part of the multiyear coil and add that to the breakout point, we arrive at a figure near $8.80. So, if you're bullish on LEE, that's your long-term objective.

The bottom line is Lee Enterprises is a microcap company that's earned the trust of Warren Buffett, has attracted the financial interest of an activist hedge fund manager with a stellar track record, and has an improving stock chart.

All these ingredients can underpin a new bull market in a stock.

proactive

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +61 (0)2 9280 0700 action@proactiveinvestors.com.au

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.