

New York Times profit, ad revenues drop

NEW YORK, US: The New York Times Company reported a sharp drop in first-quarter income on Thursday and unveiled details of its new growth strategy to boost digital revenues.

The company, owner of the venerable New York Times and other newspapers, posted net income of US\$3.1m for the first three months of the year, down almost 93% from US\$42.1m in the year-ago period.

The sharp year-on-year decline was partly due to the sale of investments in the 2012 first quarter that produced a nearly US\$18m gain.

Diluted earnings per share, excluding 2012 special items and severance costs, were four cents in the first quarter, down a penny from a year ago.

Revenues in the January-March period fell 2.0% to US\$465.9m.

Circulation revenues increased 6.5% but were dwarfed by an 11.2% dive in advertising revenues.

The company pointed to a hefty 81.2% jump in operating profit, to US\$22.8m, driven by growth in circulation revenues, led by digital subscriptions, and tightly managed costs.

The company, where annual circulation revenues surpassed advertising revenues in 2012 for the first time in its history, said paid subscriptions to the website, e-reader and other digital editions of its newspapers increased more than 45% from a year ago, to about 708,000 at the end of the quarter.

"Our first-quarter results reflect our continued strides in reshaping The New York Times Company," said Mark Thompson, the former BBC chief who became president and chief executive at the Times last November, in a statement.

Thompson warned that the "difficult advertising environment" has persisted, but pointed to "some signs of improvement in the second quarter."

The company, which has been shedding assets as it focuses on its flagship, The New York Times, reaffirmed its plan to sell the New England Media Group, which includes the Boston Globe newspaper, and rebrand the International Herald Tribune as the International New York Times.

"We will be rolling out other strategic initiatives designed to further leverage The Times brand and newsroom to create new products and services for a wider range of customers domestically and around the globe," Thompson said.

The company said it would introduce lower-cost subscription models, allowing access to certain content, and a premium subscription that would include services, like access to events at The Times, as it launches the strategy in the fourth quarter.

In addition, the company plans to develop brand extensions, such as games and e-commerce.

Shares jumped 2.7% to US\$9.24 in morning trade on the New York Stock Exchange.

Source: AFP, via I-Net Bridge

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