

NY Times Co. posts 2Q loss weighed by writedown

July 21 2011, By BARBARA ORTUTAY , AP Technology Writer

(AP) -- The New York Times Co. reported a second-quarter net loss Thursday because of an accounting adjustment it made for the declining value of its smaller newspapers. But early results from its flagship paper's paid digital subscription service showed promise.

The Times Co., which owns 17 daily newspapers in addition to the [New York Times](#), said that 224,000 people signed up for full access to its flagship newspaper's website as of June 26. That's more than the 200,000 that some analysts expected. It's not clear how many of these people signed up through promotions.

The online subscriptions and an increase in [digital](#) revenue were not enough to offset declines in print [advertising](#), the company's largest source of revenue. But the results are an early sign that the Times' pay system is working, said newspaper analyst Ken Doctor.

"(Besides ads), the Times needs another major pipeline in digital revenue as it makes the transition from print to digital," he said, adding that, so far, newspaper companies have relied only on ads. If the Times' model works - and Doctor says so far, so good - it could be a model for others.

Newspapers have resisted charging readers for online content, fearing that they will turn people away and generate fewer clicks on advertisements.

The Times Co., lost \$120 million, or 81 cents per share, compared with [earnings](#) of \$32 million, or 21 cents per share, a year earlier.

The company earned 14 cents per share after excluding the non-cash accounting charge of 93 cents per share and a charge related to its pension obligations at The [Boston Globe](#). That's better than the 10 cents that analysts who were polled by FactSet expected.

Revenue fell 2 percent to \$577 million, close to [analyst expectations](#) of \$581 million.

Like other newspaper [publishers](#), the Times Co. faces declines in [print advertising](#) revenue because of a weak economy and a migration of advertisers to free or cheaper alternatives online.

Growth in digital revenue has yet to make up for those declines in print, though the company is trying to balance that by requiring a paid subscription to read more than 20 stories per month at the Times' website. The new fees range from \$15 to \$35 every four weeks for readers who don't already subscribe to the Times', the third-largest U.S. newspaper.

After a trial-run in Canada, the subscription policy took effect at the start of the quarter. As of June 26, the day the quarter ended, the Times had 224,000 digital subscribers. The company had previously said that more 100,000 had been sold, some at discounts, in the first three weeks that the fees took effect.

Janet L. Robinson, the company's president and CEO, said the consumer response has been positive.

"This is a long-term effort, and the full potential of our new digital model will become more evident as the year progresses, providing us

with a significant new revenue stream in the second half of the year." she said in a conference call with analysts.

The decline of home delivery subscriptions slowed, likely because people who get the newspaper delivered also get free access to digital content.

Revenue from digital advertising across the company's online properties, including the Times website and About.com, rose nearly 3 percent to \$84.6 million. But including print, advertising overall fell 4 percent to \$302 million.

Overall, Doctor said it's been a good month for the Times Co. Last week, the company said it will repay -ahead of schedule- a \$250 million, high-interest loan from Carlos Slim, the world's wealthiest person.

Thursday's results lifted the company's shares 25 cents, or 2.8 percent, to \$9.22 in afternoon trading.

©2011 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed.

Citation: NY Times Co. posts 2Q loss weighed by writedown (2011, July 21) retrieved 23 June 2024 from <https://phys.org/news/2011-07-ny-2q-loss-writedown.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.