

News Corp. net profit dips on British charges

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News Corporation headquarters is seen in Manhattan in New York City. News Corp. said Wednesday that net profit declined five percent in the first quarter of its 2012 fiscal year to \$738 million while revenue was up seven percent to \$7.96 billion.

Rupert Murdoch's News Corp. posted a slight decline in quarterly net profit on Wednesday, partly due to one-time charges stemming from the phone-hacking scandal in Britain.

News Corp. said net profit slipped five percent in the first quarter of its 2012 fiscal year to \$738 million compared to the same quarter a year ago while revenue was up seven percent to \$7.96 billion.

Earnings per share of 32 cents were slightly better than the 29 cents per share expected by Wall Street analysts.

News Corp. said the quarterly results included a fee related to the

withdrawal of its bid for British broadcaster BSkyB and a \$91 million restructuring charge related to its British newspaper business.

News Corp. abandoned its bid for BSkyB following the phone-hacking scandal in Britain that also led to the closure of the tabloid weekly The News of the World and an appearance before British MPs by Rupert Murdoch and his son James.

In an earnings call with financial analysts and reporters, News Corp. chief operating officer Chase Carey defended the company's board of directors and James Murdoch, who has come under fire as the head of News Corp.'s embattled British newspaper arm News International.

"We have great confidence in James," Carey said. "James has done a good job and we are not contemplating any changes."

James Murdoch has been seen as the heir apparent to his 80-year-old father.

Rupert Murdoch, News Corp.'s chief executive, did not participate in the call but said in a statement that the company's "core operations are strong" and it is "on course to achieve our strategic and financial objectives."

"While we continue to remain mindful of the persistent economic uncertainty in many parts of the globe, I am proud of News Corporation's achievements over the past quarters," Murdoch said. "We have leveraged our strong assets and solid management team to successfully navigate these unpredictable times.

"Coupled with our long-term view, I have every confidence that we will build upon these results in the coming quarters and continue to provide consistent stockholder value," he said.

News Corp. said revenue growth during the quarter that ended on September 30 was driven by its cable, broadcast and satellite television networks and its movie releases including "Rise of the Planet of the Apes."

Cable networking programming revenue rose to \$2.12 billion in the quarter from \$1.87 billion a year ago, News Corp. said, while filmed entertainment segment revenue increased to \$1.78 billion from \$1.50 billion.

Broadcast television revenue was \$923 million, up from \$851 million a year ago, while satellite television revenue rose to \$922 million from \$856 million a year ago.

Publishing revenue was up slightly, to \$2.07 billion from \$2.05 billion a year ago, but operating income for the segment fell to \$110 million from \$178 million a year ago.

News Corp. said the decline in operating income reflected the impact of the closure of The News of the World and lower advertising revenue in Australia.

News Corp. shares were up 2.13 percent at \$17.26 in after-hours trading.

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