NY Times narrows loss, sees progress in digital

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The New York Times Co. said Thursday it narrowed its losses from the same period a year ago, while touting progress in its transition to a digital news operation.

The prestigious daily reported a loss of $12.5 million in the third quarter,

compared with a deficit of $24.2 million a year earlier, while revenues edged up one percent to $206.7 million.

"Our third-quarter performance was better than we anticipated, reflecting broad digital strength that more than offset print revenue declines, leading to overall revenue growth of approximately one percent," said Mark Thompson, president and chief executive officer.

"Digital advertising revenue saw its third consecutive quarter of positive growth—up nearly 17 percent year-over-year—and print advertising revenue rallied in September as well."

The newspaper group said it added 44,000 net new digital subscribers, up 20 percent year-over-year.

Part of the loss came from higher expenses for severance as the newspaper cut back some 100 editorial jobs.

Chief financial officer Jim Follo said the group helped offset that with "strong digital growth on both the advertising and consumer sides of our business."

Media analyst Ken Doctor at the research firm Outsell said the Times results showed progress.

"Much more important to understand than these bottom line numbers are the ones that illustrate the quickening acceleration to digital," Doctor said in a blog post.

The New York Times logo is seen at the newspaper's headquarters on April 21, 2011 in New York

Doctor said the newspaper will soon reach 900,000 digital subscribers, adding "that's a big number. It's a percentage I've pointed to for several years as a major success point for paywalls."

He added that the digital model lets the Times get a substantial amount of revenue from outside the US, and said "that's a big field to mine in 2015 forward."

Like other media firms, the Times is shifting its focus from print to digital as it strives to adapt to a decline in readership and competition from other sources of news online.

But it still has considerable "legacy" costs from print operations and a large editorial network.

Shares in the Times fell 4.9 percent to $12.74, following the company's outlook indicating ad revenues would drop in the current quarter.

Kannan Venkateshwar, analyst at Barclays, said the outlook was a bit better than anticipated but noted that "the company tends to have limited visibility on advertising trends."

The analyst pointed out that the Times could see lower ad revenues from the entertainment sector, barring any new blockbuster movie releases or key product launches.

"Overall, given the new organization structure, a management team with more digital experience, new digital products and a strong balance sheet, we believe 2015 could be an important year for the company to create a pathway to growth," the analyst said in a note to clients.

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