NY Times sees digital gains, but profit evaporates

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The New York Times Co. saw profits evaporate in the third quarter due to one-time costs and a steep drop in print advertising revenues, results showed Wednesday.

The prestigious US daily publisher reported a profit of $406,000—down

96 percent from the $9.4 million profit in the same period a year ago.

Overall revenues fell one percent in the quarter to $363.5 million.

The company, struggling to transition to digital, said online ad revenues grew 21.5 percent and now account for more than 35 percent of its advertising receipts.

But that increase failed to offset an 18.5 percent drop in print ad revenues—a situation faced by most traditional newspaper publishers.

Taken together, advertising revenues were down 7.7 percent.

The Times added 129,000 paid digital-only subscribers in the quarter. That helped boost digital subscription revenue by 16 percent from a year ago and overall circulation revenue three percent.

"This quarter proved yet again that the New York Times has a very compelling digital revenue story to tell," said Mark Thompson, president and chief executive officer, in a statement.

"We saw exceptional gains in our digital consumer business... more than twice as many as the same quarter last year and far more than any quarter since the pay model launched in 2011."

Thompson added that the company also faced "real pressure on print advertising both for us and for the rest of the industry."

"We expect print advertising to remain challenged in the fourth quarter and while we will continue innovating and investing where we think it makes sense, we will remain focused on our cost structure and on rapidly growing our digital business," he said.

The results were hit by one-time costs that included a $2.9 million charge for the closing of its Paris editing and prepress operations and $13 million in severance costs.

The Times this year began a review of its newsroom of 1,300 to realign for the digital era, with a plan expected in the coming weeks.