The New York Times

A Financial Analysis
Performed by
G5 Financial Services

Hannah DeCamp
Kunal Dialani
Rob Lindsay
Steven Mason
Stephanie (Shea) McClellan

TABLE OF CONTENTS

EXECUTIVE SUMMARY

With the emergence of mobile technology serving as a dominant factor in society, the traditional print news industry has been forced to redefine their core business models in order to survive. As the primary revenue driver of print advertising has declined, innovative new approaches to revenue generation through the digital realm of the internet are determining who the leaders of the 21st century news delivery will be. We have chosen to take an in depth look at the business model of the New York Times to ask the following:

Has the New York Times' shift from an advertising model to a digital subscription model proven to be a successful driver of their potential for future success?

Through careful analysis of the earnings statements and their respective calls over the last four years, we have come to the same conclusion that many of the financial analysts have: the New York Times' strategy of subscription growth, via their unique "Freemium" business model and increasingly diversified content has allowed them to distance themselves from their competition as the major player in the industry pivot to digital.

INTRODUCTION

The New York Times has always valued delivering accessible, versatile and quality content to their viewers. Their current business strategy of shifting from print to digital, resulting in a delicate balance of profit margin and asset turnover strategies, represents this desire; "[they] are not trying to maximize clicks and sell low-margin advertising against them. [They] are not trying to win a pageviews arms race. [They] believe that the more sound business strategy for the Times is to provide journalism so strong that several million people around the world are willing to pay for it. Of course, this strategy is also deeply in tune with [their] longtime values. [Their] incentives point us toward journalistic excellence" (New York Times, 2017).

With the economics of print advertising revenue declining across the industry, the New York Times has been able to capitalize on the political, social and technological factors that influence how consumers seek out their news content. Given the current intense political climate both domestically and internationally, society is shifting to a desire to have their news delivered to their fingertips through smart devices and the New York Times is aiming to capture as much of the market as they can. With an understanding of the change in demand from consumers, we are seeing NYT's gradual decline in print and heightened focus on unique digital content creation and an attempt at aggressive growth within the digital subscription realm.

The business driver that has been widely adopted by traditional print media converting to digital is known as a "Freemium" model. The focus of this model is attracting potential subscribers by offering them free access to a select amount of news content, before presenting a paywall. "Among the paywalls we examined, the *Times's* paywall was one of the softest. The paper offers more free stories than any other paywalled outlet" (Stulberg, 2017). Where most news providers limit their monthly access to articles to just a few articles, the New York Times has gone against the grain by offering an increased amount of free content to nonpaying readers with one goal in mind: increased engagement will convince readers that the New York Times offers a product that is worth paying for. New York Times' free content is also more versatile than the free content offered by their competitors as they offer a wider variety of article access and provide popular podcast accessibility and mobile applications.

Although the New York Times has turned their free offerings into a major strength with the largest conversions to paid subscriptions and highest subscription revenue amongst its competitors, it is important to note that this is a strategy that could be duplicated by its competitors who would threaten to erode the major revenue streams of the Times digital subscription base.

INTERNAL COMMUNICATION – MD&A

The theme of the New York Times MD&A calls over the last 5 years has centered around digital development and ownership within the market. After setting a goal of doubling digital revenues from $400 million to $800 million in 5 years starting in 2015, they have stayed true to their commitment. Each year they have increased their digital adoption by adding unique content and features and thus allowing for the expansion and diversification of their business. While print media across the country struggles to find its foothold, the New York Times has embraced the digital transformation by capitalizing on digitalized versions of their classic crossword puzzles, developing an award-winning podcast in 2017, creating their own television show, and even venturing into providing cooking resources that have all been warmly received by subscribers. And this has been the theme of the earnings calls for the past 5 years—they are on a mission to increase engagement. Year over year they have committed to enhancing the user's experience with the news, whether that be a podcast, app, website, or print. Management recognizes what their vision is and consistently delivers the same message while hitting their targets.

There have been some big events over the last few years though, including the election and inauguration of Donald Trump and the retirement of the longtime CFO in 2017. They reduced pension obligations by $263 million and paid millions in pension settlement charges in connection with a lump-sum payment offer to certain former employees. That settlement followed them for several years and the decrease in pension obligations effected their operating income. They sold a papermill for a gain of $3.9 million and they bought back a building they had sold during the economic downturn in 2008. They also made financial decisions that diluted earnings per share multiple times over the last 4 years.

Like many large companies, budgeting changes are constantly evolving from one year to the next as they react to the changing conditions within the market, but the tone of the earnings calls have stayed optimistic as they have continued to climb in revenues due to digital adoption and investing in quality journalism. By the end of 2019, a press release stated "The New York Times Company now has more than 5 million total subscriptions, again an all-time record for the Company. The total includes 3.4 million core news subscriptions, more than 300,000 to NYT Cooking and 600,000 to NYT Crossword, as well as nearly 900,000 print subscriptions." ("The New York Times Company - News & Events - Press Releases," 2020) Their optimism does not seem to have been misplaced.

EXTERNAL COMMUNICATION- ANALYSTS AND NEWS

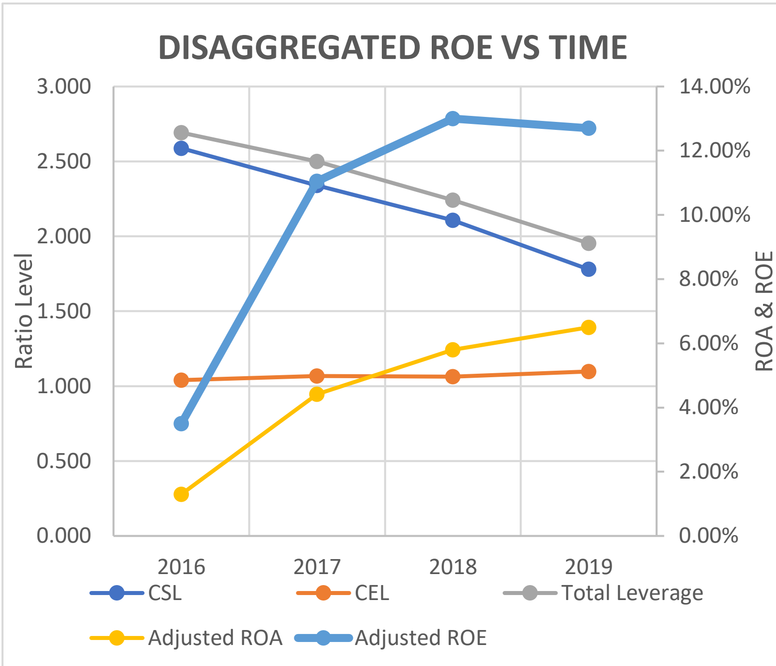
Outside analysts and news sources share the New York Times' perspective regarding a needed shift towards digital and the factors that differentiate NYT from their competitors. For example, one analysis from Neiman Labs claims that "it is the best of times for The New York Times — and likely the worst of times for all the local newspapers with Times (or Gazette or Sun or Telegram or Journal) in their nameplates across the land" (Doctor 2017). *The Atlantic* further supports how necessary NYT's shift to digital was for its success and discusses how its versatile "freemium" business model differentiates them from everyone else (Thompson 2016). Overall, our research on outside analysis of the New York Times' business model aligns with both ours and the New York Times' analyses.

FINANCIAL ANALYSIS

CAPITAL STRUCTURE:

Typically, an analysis of the financial statements would look at long-term debt to assets to provide an idea of capital structure and indicate if a company were over-leveraged. Provided they are not over-leveraged, analysts could view new debt as an indication that a company is viewed favorably by financial lending institutions and serve as an indication that the company is confident that it can handle the obligations that accompany the debt. The New York Times, however, has eliminated their long-term debt over the past few years which poses the question, what can we take away from this?

In this tumultuous time for the traditional print news industry, there are many risks and unknowns. The New York Times transition from print to digital has been somewhat successful thus far, but because of the risks associated with this fundamental change they have been working to deleverage themselves to ensure their financial well-being. With a deleveraged capital structure, they erase any risk associated with debt financing in case their digital subscription transition falters. However, it does appear that the New York Times will still utilize the tax advantages of debt through short-term obligations. An advantage to this strategy is that with reduced long-term obligations, the burden of having to factor those obligations into financial decision making has been removed.



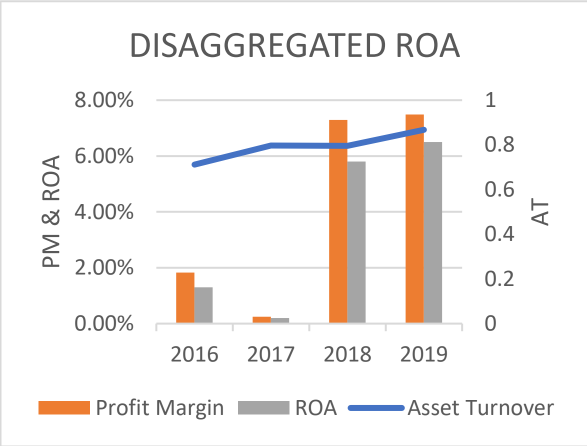
Graph 1

The chart to the left illustrates the effects of deleveraging on the New York Times (Graph 1). The common earnings leverage (CEL) stays near constant around 1, which goes along with the fact that a deleveraged company would not have much difference in their net income and their net income before interest; the components of CEL. Total leverage is then mainly affected by the capital structure leverage, which is decreasing over time due to steady asset values and increasing stockholder's equity. The largest driving factor of the New York Times ROE, as evident from the chart above, is the steep rise in ROA that is bolstered by their strategy of deleveraging (Graph 1). In the next section we will explain in more detail the reason we adjusted our ROA and ROE for our ratio analysis.

It is important to note, even though the strategy of the New York Times is well reasoned, with current borrowing rates so low, the company is possibly missing out on the possibility of low interest debt financing that could help bolster their growth in the digital market. Missing out on the current debt market could put the New York Times at a disadvantage in the future, compared to competitors that might be taking advantage now. The opportunity cost of delaying or rejecting potentially profitably projects purely due to the restriction of financing source is a cost that the New York Times will have to accept as long as they decide to maintain their deleveraged capital structure.

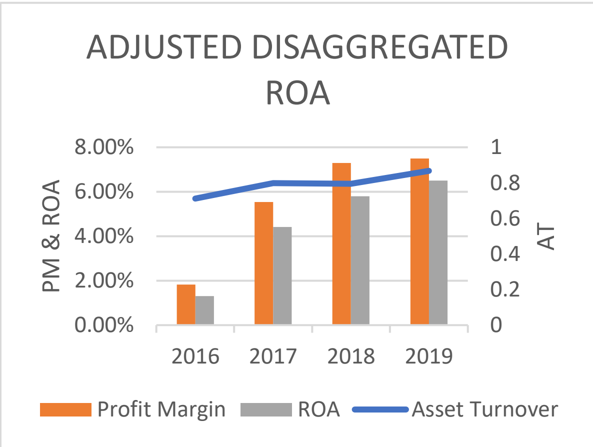
RATIO ANALYSIS

Since 2015 the New York Times has committed to the digital revolution with the goal of doubling their digital revenue from $400 million to $800 million (2020). They achieved their goal a year early in 2019 which is represented in their ROA, PM, and AT; but that is not the only reason for the large spike in the ratios listed.



Graph 2

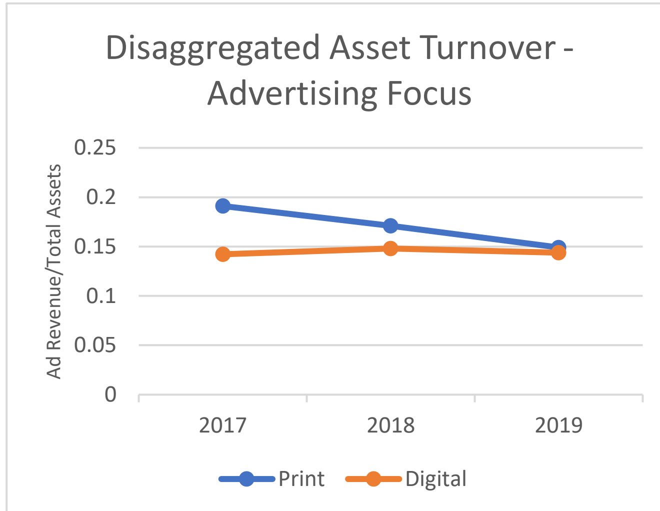
The large jump also includes alterations in the tax law. In 2017, an additional $68.7 million of income tax expense was recorded for the fourth quarter on top of the original $35.3 million tax expense, due to SAB118. However, a tax law change began on December 31, 2017 decreasing the federal corporate tax rate from 35% to 21%. This also explains the large jump in ROA, PM, and AT ("The New York Times Company 2019 Annual Report 5m," 2020). The decrease in the corporate tax rate effectively boosts the New York Times' net income from 2018 onward, which causes the PM and ROA to be bumped up independent of changes in the NYT business practices.



Graph 3

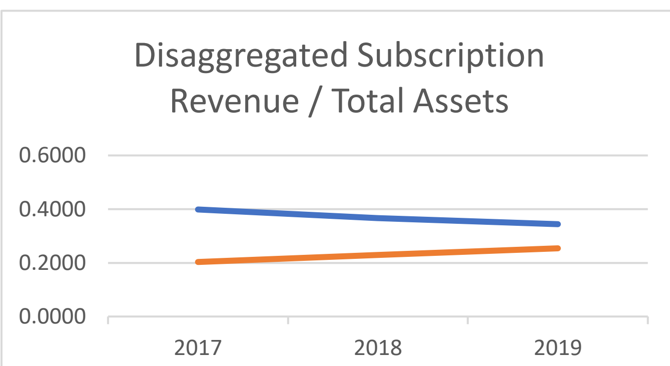
To gain a better understanding of what is happening, we adjusted the NI in 2017 to reverse the effects of the $68.7 million additional income tax expense that was deflating some of our ratios. The adjusted NI was used to compute the 2017 ROA and ROE data used in Graph 1. With an ROA and PM calculated off the adjusted NI, in Graph 3, we can better see how each has increased over the last four years. The change in tax rate and its effects on ROA and PM make it difficult to compare our 2016 data to the other years, but the trends after the tax change can be analyzed together. Both the PM and AT increases from 2017-2019 show the NYT growing in both ROA components. This serves as a key indicator that the New York Times focus on their digital platform content and subscriber base is proving to be effective thus far.

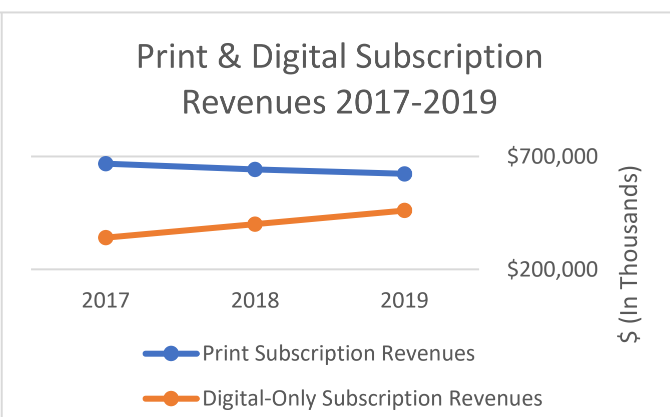
The shift to digital has changed the way we source our news as consumers and has resulted in a change to revenue generation through advertising. A disaggregation of this revenue into print and digital shows a significant decline in revenue generated from print advertising. With digital advertising essentially remaining flat, we would expect to see the New York Times struggling to hit their financial targets unless they were able to find new channels of revenue. As stated in the earnings calls, the NYT feels that they will be able to find their additional sources of revenue through increased digital subscriptions and increasingly diversified offerings such as their popular crossword puzzle, cooking application, podcasts, and television programs.



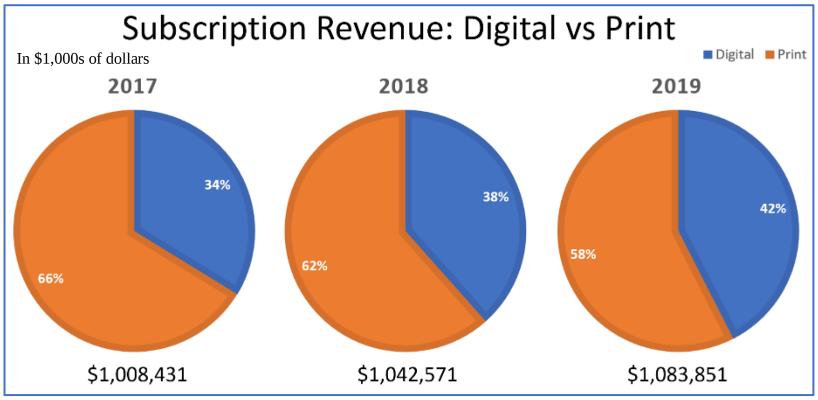
Graph 4

Disaggregated asset turnover ratios for print and digital subscriptions help to decipher if the picture painted on the earnings calls are true. The digital subscription revenue AT is increasing over the past 3 years, but it has not yet reached the print subscription revenue AT. The decline in print subscription revenue is being more than made up for by the revenue generated from increased digital subscriptions, which is an indication that the current strategy for a transition to a digital focused subscription-based revenue source is proving successful.





Graph 5 & 6



Graph 7

This chart of subscription revenue broken down by media type shows the NYT's ability to offset the decline of traditional print news revenues through the growth rate of their digital subscriptions is leading to an increase in overall subscription revenues.

The change over time in total revenue percentages from different sources, shown below, points to another source of income that is helping to offset the decline in traditional print subscriptions and advertising. The increase in other revenues was noted in the New York Times 2019 10-K as being "largely due to revenues earned from our television series 'The Weekly'" (2020a).

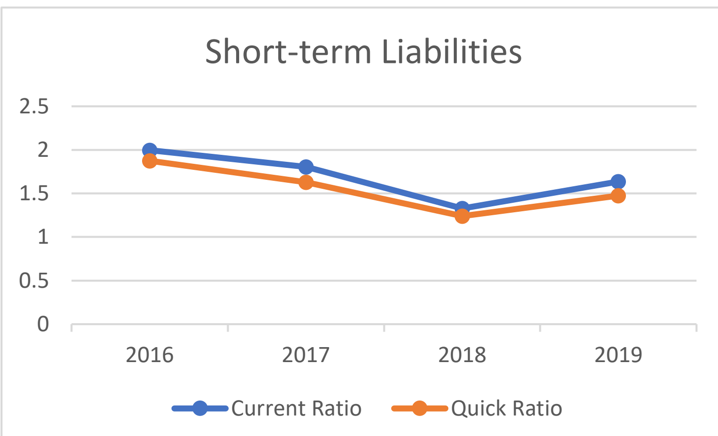
Revenue Percentage from Different Sources **Table 1**

	2017	2018	2019
Advertisements	33.3%	31.9%	29.3%
Subscriptions	60.2%	59.6%	59.8%
Other	6.5%	8.5%	10.9%

This leads us to the New York Times differentiating factors — their early adoption, unique paywall structure, and creative pricing with digital, as well as their unique offerings such as crossword puzzles, recipes and cooking guides, podcast, and television show. Not only are they successfully shifting from print to digital, but they have taken a differentiation approach with their combination of high-quality journalism and increasingly wide array of content. This is highlighted in the New York Times 2019 10-K when discussing risk factors they note the importance of digital subscriptions to "generate substantial revenue" and they note "our future growth depends upon our ability to retain and grow our digital subscriber base and audience." They then explain that doing so will require them to "address changing consumer demands… while continuing to deliver high-quality journalism and content that our readers find interesting, relevant and reliable." Their ability to retain and grow their digital subscriber base depends on “the engagement of users with our products, including the frequency, breadth and depth of their use.”

As mentioned earlier, “The New York Times Company now has more than 5 million total subscriptions, again an all-time record for the Company. The total includes 3.4 million core news subscriptions, more than 300,000 to NYT Cooking and 600,000 to NYT Crossword, as well as nearly 900,000 print subscriptions,” indicating that NYT Cooking and NYT Crossword have the same number of subscriptions as print currently does (“The New York Times Company - News & Events - Press Releases,” 2020). This signifies profound shift from the print news company that was founded in 1851 with the motto: “All the News That’s Fit to Print”.

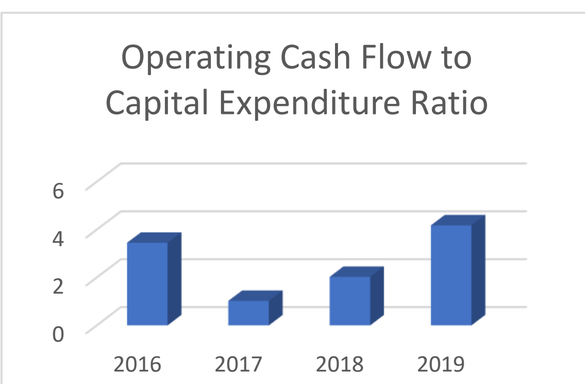
SHORT-TERM AND LONG-TERM OBLIGATIONS:



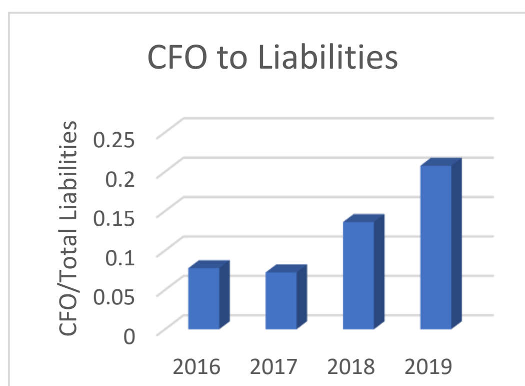
Graph 8

To ensure that short-term obligations are capable of being met, the Current and Quick ratios reflect a healthy financial snapshot, indicating that the New York Times is more than capable of covering all short-term obligations.

The increase in the CFO to CAPEX ratio across the past 3 years, along with the fact that it has reached 4.17 in 2019, shows the NYT can easily cover their CAPEX with the cashflows coming in from their operations. This is in line with the deleveraged focus of the firm. They are



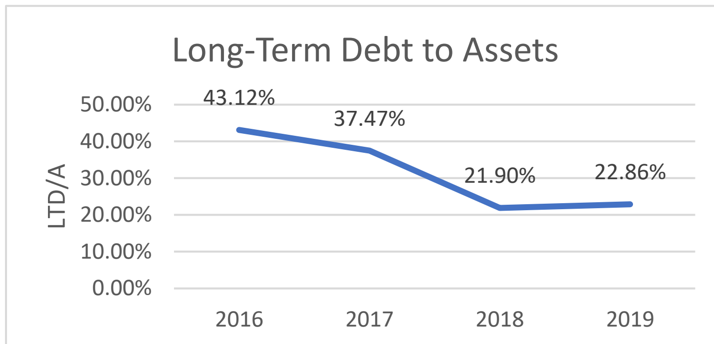
Graph 9



Graph 10

assuring investors that they can fund future capital expenditures without using outside sources. There is a similar trend in CFO to liabilities, which serves as another sign of strong financial health.

Next, an evaluation of solvency risk, in regards to their long-term financial health, requires us to inspect the long-term debt ratio shown below. Over the last four years, the ratio decreased by almost one-half since NYT eliminated their debt and capital lease liabilities. The only constituents of their long-term liabilities on the 2019 10-K consolidated balance sheet are attributed to their "Pension & Post-Retirement Benefits Obligations & Other Long-Term Liabilities," which are mainly tied to deferred executive compensation plans.



Graph 11

Like many companies that have functioned across generations, the New York Times is not unique in still having an established pension on its financial records. The potential for uncertainty could hinder future results and managerial decisions. If the companies are not intentional and proactive when making pension decisions, they can have dire consequences to an organization in the future. The New York Times, however, has proven to be a responsible entity in their management of the outstanding pension on their books as they focus on ways to remove and manage the burden. Most recently, in October 2020, the New York Times came to an agreement with Mass Mutual. According to Mass Mutual, "[t]he company expects to finalize the transaction by early 2021. The purchase of the group annuity contract will be funded through existing pension plan assets. As a result of the transaction, the Company expects to recognize a non-cash pension settlement charge of approximately $80-85 million before tax in the fourth quarter of 2020. This charge represents the acceleration of deferred charges currently accrued in accumulated other comprehensive income" ("The New York Times Company reduces pension obligations by $235 million," 2020).

This is the second transaction with Mass Mutual in the last two years. Continuing to reduce the uncertainty of the year-to-year obligations of the pension will be a benefit to the long-term financial wellbeing of the New York Times. Additionally, it will also be a sign that management is concerned with the overall health of the company and is confident that they can still meet investor's expectations next year. Additionally, as pointed out by Pensions & Investments, As of Dec. 31, New York Times' overall pension plan assets totaled $1.649 billion, while projected benefit obligations totaled $1.661 billion, for a funding ratio of 99.3%, according to the company's most recent 10-K filing (Kozlowski, 2020).

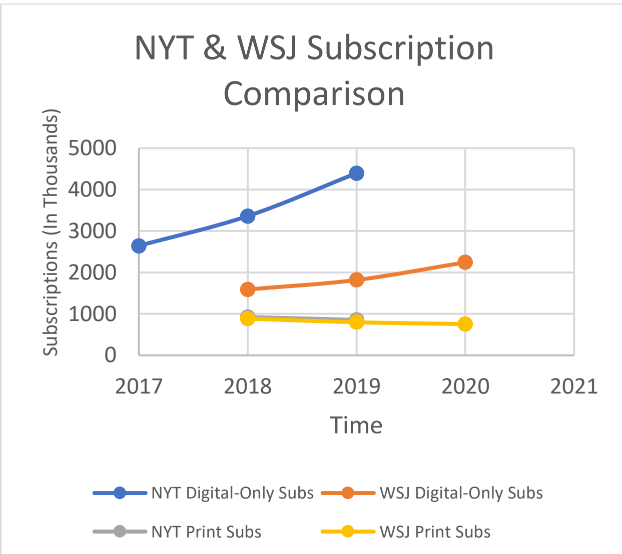
SHARE PRICE

For investors, the quickest measure of a company's performance is through its share price. With a 5 year low of $10.95 per share occurring on November 4, 2016, the New York Times share price has shown steady growth over the last several years and currently sits at $39.93 per share (2020a). Investors have been rewarded with an increase in the dividend paid out over that time from an annual payment of 16 cents per share to 24 cents per share ("New York Times Company (The) Common Stock (NYT) Dividend History," 2020). The increased share price is a clear indication that investors feel the company is doing well and they have been rewarded with the increased dividends, which serve as a message from New York Times management that they expect to continue to meet the expectations of analysts and investors.

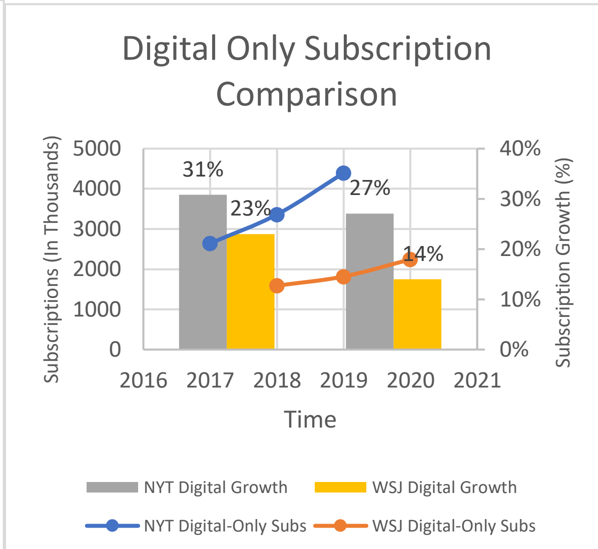
COMPETITIVE LANDSCAPE

Finally, an analysis of the competition can help to provide some scope of performance. When looking at the New York Times competitive landscape of traditionally print news media, it is difficult to benchmark or compare to their closest competitors for a number of reasons. The closest rival to the New York Times is The Wall Street Journal, but it is just one part of the News Corp. conglomerate. As such, it is difficult to tease out specific comparable financials. The Washington Post is the next runner up in the competition, but it is privately owned by Amazon's Jeff Bezos, so their financial data is not provided to the public.

With those difficulties noted, there is still evidence of the competitive landscape to explore. While The Wall Street Journal doesn't have easily comparable financials to the New York Times, its parent company News Corp. does divulge average yearly print and digital subscription numbers for The Wall Street Journal. A comparison of subscriber growth between the two papers can give some indication of which firm is grabbing more of the digital market share, which is an effect of a more successful transition to digital subscriptions. The fiscal year end for News Corp is June 30th, while the New York Times' ends December 30th, so with their fiscal years 6 months apart, the comparison starts with the most recent 10-k's from each firm and goes back 3 years. Also, it should be noted the reporting nature of subscribers differs between firms, with the New York Times reporting their numbers as of the end of the fiscal year and The Wall Street Journal reporting their average subscriptions over the fiscal year.



Graph 12



Graph 13

The charts above illustrate the New York Times' dominance in the digital realm, as it is outpacing The Wall Street Journal, its closest competitor, in digital subscription count as well as growth rate over the past 3 years. There are some differences in each papers' target demographic, with the Journal focusing more heavily on business/finance, but both aim at the higher-income, educated, professional customers base. The price difference between papers is also notable, with The Wall Street Journal around \$40/month compared to the New York Times at just over \$18/month for just news, and around \$25/month with the addition of NYT Cooking and Crossword subscriptions. Relative to the Wall Street Journal, with the subscriber growth and price point differences noted above, The NYT growth strategy can be categorized as more asset turnover driven.

Transition to digital has changed the growth strategies of the top newspapers. The digital ad space is dominated by Google and Facebook, who maintain a "60 percent share of the digital ad market (and 70 percent of local digital ads)" (Doctor, 2020). This in part has driven news publishers to focus on increasing subscription revenue as their major source of income.

The NYT is directly competing with The Wall Street Journal, but is also indirectly competing with digital media apps, like Facebook and Twitter, for the attention of their subscribers. "Look forward and we can see that content capacity is and will be among the biggest differentiators between the winners and losers of the news wars… Publishers who can offer up a sufficient volume of unique, differentiated content can win, assuming they've figured out ways for their business to benefit from it" (Doctor, 2020). To keep content volume up, while maintaining their positioning as a leader in the field, the New York Times has invested heavily in journalists. "Today, The New York Times pays 1,700 journalists. That's almost twice as many as a decade ago" (Doctor, 2020). The combination of investment into journalists, content volume, and content quality coupled with the unique NYT "Freemium" business model has proven successful in differentiating them from their competition.

As emphasized in the NYT's strategy from their 2019 MD&A, they list "[p]roducing the best journalism" and "[g]rowing our audience and strengthening engagement to support subscription growth" as keys to their strategic efforts (2020a). This distinct business model has proven successful, with the NYT pushing farther and farther ahead of its competitors by converting more customers to premium subscriptions and amassing the largest online subscriber base of all traditional news publishers.

CONCLUSION

The New York Times’ growing subscription rates and our independent financial analysis indicate that NYT’s investment in strong journalism, accessibility via a soft paywall, and content variety have made them successfully resonate with consumers. As a result, this business model serves as a differentiator that converts free content into subscription dollars. Ultimately, this shift from advertising to a digital subscriptions model has indeed proven to be a successful driver of The New York Times’ current and future success.

APPENDIX

Graph 1

DISAGGREGATED ROE

Ratio		Formula	2016	2017	2018	2019
CSL	=	Assets ----------- SE	2.588	2.340	2.107	1.780
CEL	=	Net Income ----------- Net Income + Interest	1.040	1.068	1.064	1.098
Total Leverage	=	CEL * CSL	2.692	2.500	2.241	1.954
ROA	=	SEC Report	1.30%	0.20%	5.80%	6.50%
ROE	=	ROA * TL	3.50%	0.50%	13.00%	12.70%

Graph 2

DISAGGREGATED ROA

Ratio		Formula	2016	2017	2018	2019
Asset Turnover	=	Total Revenue ----------- Total Assets	0.712	0.798	0.796	0.867
Profit Margin	=	ROA ----------- AT	0.018	0.003	0.073	0.075
ROA	=	From Report	0.013	0.002	0.058	0.065

Graph 3

ADJUSTED DISAGGREGATED ROA

Ratio		Formula	2016	2017	2018	2019
Asset Turnover	=	Total Revenue ----------- Total Assets	0.712	0.798	0.796	0.867
Profit Margin	=	ROA ----------- AT	0.018	0.055	0.073	0.075
ROA	=	From Report	0.013	0.044	0.058	0.065

Graph 4

DISAGGREGATED ASSET TURNOVER - ADVERTISING FOCUS

Source		Formula	2017	2018	2019
Print	=	Print Advertising Revenue ----------- Total Assets	0.191	0.171	0.149
Digital	=	Digital Advertising Revenue ----------- Total Assets	0.142	0.148	0.144

Graph 5

DISAGGREGATED SUBSCRIPTION REVENUE / TOTAL ASSETS

Source		Formula	2017	2018	2019
Print	=	Print Subscription Revenue ----------- Total Assets	0.399	0.367	0.344
Digital	=	Digital Subscription Revenue ----------- Total Assets	0.203	0.229	0.254

Graph 6

Subscription Revenue from Different Media Types (In

	2017	2018	2019
Digital	$340,343	$400,620	$460,452
Print	$668,088	$641,951	$623,399

Table 1

REVENUE % FROM DIFFERENT SOURCES

	2017		2018		2019	
Advertising	558,513	33.33%	558,253	31.93%	530,678	29.28%
Subscription	1,008,431	60.18%	1,042,571	59.62%	1,083,851	59.81%
Other	108,695	6.49%	147,774	8.45%	197,665	10.91%
Total	1,675,639		1,748,598		1,812,194	

Graph 6 & 7

Subscription Revenue from Different Media Types (In Thousands)

	2017		2018		2019	
Digital	$340,343	33.70%	$400,620	38.40%	$460,452	42.50%
Print	$668,088	66.30%	$641,951	61.60%	$623,399	57.50%
Total	$1,008,431		$1,042,571		$1,083,851	

Graph 8

SHORT TERM LIABILITIES

Ratio		Formula	2016	2017	2018	2019
Current Ratio	=	Current Assets ----------------------- Current Liabilities	1.99675	1.803648	1.3277	1.637741
Quick Ratio	=	Cash + Mrkt Sec + AR ----------------------- Current Liabilities	1.874875	1.627228	1.240553	1.474064

Graph 9

OPERATING CASH FLOW TO CAPITAL EXPENDITURES

Ratio		Formula	2016	2017	2018	2019
OCF to Cap Ex	=	Operating Cash Flow ----------- Capital Expenditure	3.452	1.023	2.028	4.179

Graph 10

CFO TO LIABILITIES

Ratio		Formula	2016	2017	2018	2019
OCF to Liabilities	=	Operating Cash Flow ----------- Liabilities	0.077	0.072	0.136	0.207

Graph 11

LONG TERM DEBT TO ASSETS

Ratio		Formula	2016	2017	2018	2019
LONG TERM DEBT TO ASSETS	=	Long Term Debt ----------- Total Assets	43.12%	37.47%	21.90%	22.86%

Graphs 12 & 13

NYT & WSJ Subscription Comparison (in Thousands)

(in Thousands)	2020	2019	2018	2019-2020		2018-2019	
WSJ				Change	% Change	Change	% Change
Digital-only subscriptions	2244	1818	1590	426	23%	228	14%
Print Subscriptions	754	799	885	-45.00	-0.06	86.00	-0.1
Total subscription	**2998**	**2617**	**2475**	**381**	**0.15**	**142**	**0.06**
	2019	2018	2017	2018-2019		2017-2018	
NYT				Change	% Change	Change	% Change
Digital-only subscriptions	4395	3360	2644	1035	31%	716	27%
Print Subscriptions	856	924	N/A	-68.00	-7.4%	N/A	N/A
Total subscription	**5251**	**4284**	**N/A**	**967**	**0.226**	**N/A**	**N/A**

CONSOLIDATED BALANCE SHEETS - USD ($) $ in Thousands	Dec. 29, 2019	Dec. 30, 2018	Dec. 31, 2017	Dec. 25, 2016	Dec. 27, 2015
Current assets					
Cash and cash equivalents	$ 230,431	$ 241,504	$ 182,911	$ 100,692	$ 105,776
Short-term marketable securities	201,785	371,301	308,589	449,535	507,639
Accounts receivable (net of allowances of $14,358 in 2019 and $13,249 in	213,402	222,464	184,885	197,355	207,180
Prepaid expenses	29,089	25,349	22,851	15,948	19,430
Other current assets	42,124	33,328	50,463	32,648	22,507
Total current assets	716,831	893,946	749,699	796,178	862,532
Long-term marketable securities	251,696	213,558	241,411	187,299	291,136
Investments in joint ventures				15,614	22,815
Property, plant and equipment:					
Equipment	498,299	484,931	528,111	523,104	522,197
Buildings, building equipment and improvements	718,194	712,439	674,056	641,383	642,118
Software	237,326	225,846	232,791	212,118	203,879
Land	105,710	105,710	105,710	105,710	105,710
Assets in progress	18,473	21,765	45,672	18,164	15,509
Total, at cost	1,578,002	1,550,691	1,586,340	1,500,479	1,489,413
Less: accumulated depreciation and amortization	(950,881)	(911,845)	(945,401)	(903,736)	(856,974)
Property, plant and equipment, net	627,121	638,846	640,939	596,743	632,439
Goodwill	138,674	140,282	143,549	134,517	109,085
Deferred income taxes	115,229	128,431	153,046	301,342	309,142
Miscellaneous assets	239,587	182,060	171,136	153,702	190,541
Total assets	2,089,138	2,197,123	2,099,780	2,185,395	2,417,690
Current liabilities					
Accounts payable	116,571	111,553	125,479	104,463	96,082
Accrued payroll and other related liabilities	108,865	104,543	104,614	96,463	98,256
Unexpired subscriptions revenue	88,419	84,044	75,054	66,686	60,184
Short-term debt and capital lease obligations	0	253,630	0	0	188,377
Accrued expenses and other	123,840	119,534	110,510	131,125	120,686
Total current liabilities	437,695	673,304	415,657	398,737	563,585
Other liabilities					
Long-term debt and capital lease obligations			250,209	246,978	242,851
Pension benefits obligation	313,655	362,940	405,422	558,790	627,697
Postretirement benefits obligation	37,688	40,391	48,816	57,999	62,879
Other	126,237	77,847	82,313	78,647	92,223
Total other liabilities	477,580	481,178	786,760	942,414	1,025,650
Common stock of $.10 par value:					
Additional paid-in capital	208,028	206,316	164,275	149,928	146,348
Retained earnings	1,612,658	1,506,004	1,310,136	1,331,911	1,328,744
Common stock held in treasury, at cost	(171,211)	(171,211)	(171,211)	(171,211)	(156,155)
Accumulated other comprehensive loss, net of income taxes:					
Foreign currency translation adjustments	3,438	4,677	6,328	(1,822)	17
Funded status of benefit plans	(498,986)	(520,308)	(427,819)	(477,994)	(509,111)
Unrealized gain(loss) on available-for-sale securities	572	(2,093)	(1,538)	(479,816)	(509,094)
Total accumulated other comprehensive loss, net of income taxes	(494,976)	(517,724)	(423,029)	847,815	826,751
Total New York Times Company stockholders' equity	1,172,003	1,040,781	897,279	(3,571)	1,704
Noncontrolling interest	1,860	1,860	84	844,244	828,455
Total stockholders' equity	1,173,863	1,042,641	897,363	2,185,395	2,417,690
Total liabilities and stockholders' equity	2,089,138	2,197,123	2,099,780		
Class A Common Stock					
Common stock of $.10 par value:					
Common stock value	17,424	17,316	17,028	16,921	16,826
Class B Common Stock					
Common stock of $.10 par value:					
Common stock value	$ 80	$ 80	$ 80	$ 82	$ 82

CONSOLIDATED STATEMENTS OF OPERATIONS - USD ($) shares in Thousands, $ in Thousands	12 Months Ended		
	Dec. 29, 2019	Dec. 30, 2018	Dec. 31, 2017
Revenues			
Total revenues	$ 1,812,184	$ 1,748,598	$ 1,675,639
Production costs:			
Other production costs	206,381	196,956	186,352
Total production costs	706,355	654,176	616,342
Selling, general and administrative costs	867,623	845,591	815,065
Depreciation and amortization	60,661	59,011	61,871
Total operating costs	1,634,639	1,558,778	1,493,278
Headquarters redesign and consolidation	0	4,504	10,090
Restructuring charge	(4,008)	0	0
Gain from pension liability adjustment	(2,045)	(4,851)	(4,320)
Operating profit	175,582	190,167	176,591
Other components of net periodic benefit costs	7,302	8,274	64,225
Gain from joint ventures	0	10,764	18,641
Interest expense and other, net	3,820	16,566	19,783
Income from continuing operations before income taxes	164,460	176,091	111,224
Income tax expense	24,494	48,631	103,956
Net income	139,966	127,460	6,837
Net income attributable to the noncontrolling interest	0	(1,776)	(2,541)
Net income attributable to The New York Times Company common stockholders	139,966	125,684	4,296
Amounts attributable to The New York Times Company common stockholders:			
Income from continuing operations	139,966	125,684	4,727
Loss from discontinued operations, net of income taxes	$ 0	$ 0	$ (431)
Average number of common shares outstanding:			
Basic (in shares)	166,042	164,845	161,926
Diluted (in shares)	167,545	166,939	164,263
Basic earnings per share attributable to The New York Times Company common stockholders:			
Income from continuing operations (USD per share)	$ 0.84	$ 0.76	$ 0.03
Net income (USD per share)	0.84	0.76	0.03
Diluted earnings per share attributable to The New York Times Company common stockholders:			
Income from continuing operations (USD per share)	0.83	0.75	0.03
Net income (USD per share)	0.83	0.75	0.03
Dividends declared per share (USD per share)	$ 0.20	$ 0.16	$ 0.16
Subscription			
Revenues			
Total revenues	$ 1,083,851	$ 1,042,571	$ 1,008,431
Advertising			
Revenues			
Total revenues	530,678	558,253	558,513
Other			
Revenues			
Total revenues	197,655	147,774	108,695
Product			
Production costs:			
Wages and benefits	424,070	380,678	363,686
Raw materials	$ 75,904	$ 76,542	$ 66,304

CONSOLIDATED STATEMENTS OF OPERATIONS - USD ($) shares in Thousands, $ in Thousands	12 Months Ended			
	Dec. 25, 2016		Dec. 27, 2015	
Revenues				
Circulation	$ 880,543		$ 851,790	
Advertising	580,732		638,709	
Other	94,067		88,716	
Total revenues	1,555,342		1,579,215	
Production costs:				
Wages and benefits	363,051		354,516	
Raw materials	72,325		77,176	
Other	192,728		186,120	
Total production costs	628,104		617,812	
Selling, general and administrative costs	721,083		713,837	
Depreciation and amortization	61,723		61,597	
Total operating costs	1,410,910		1,393,246	
Restructuring charge	14,804	[1]	0	
Multiemployer pension plan withdrawal expense	6,730	[2]	9,055	[3]
Pension settlement charges	21,294	[4]	40,329	[5]
Early termination charge	0		0	
Operating profit	101,604		136,585	
Loss from joint ventures	(36,273)		(783)	
Interest expense, net	34,805		39,050	
Income from continuing operations before income taxes	30,526		96,752	
Income tax expense/(benefit)	4,421		33,910	
Income from continuing operations	26,105		62,842	
Loss from discontinued operations, net of income taxes	(2,273)		0	
Net income	23,832		62,842	
Net loss attributable to the noncontrolling interest	5,236		404	
Net income attributable to The New York Times Company common stockholders	29,068		63,246	
Amounts attributable to The New York Times Company common				
Income from continuing operations	31,341		63,246	
Loss from discontinued operations, net of income taxes	$ (2,273)		$ 0	
Average number of common shares outstanding:				
Basic (in shares)	161,128		164,390	
Diluted (in shares)	162,817		166,423	
Basic earnings per share attributable to The New York Times Company common stockholders:				
Income from continuing operations (USD per share)	$ 0.19		$ 0.38	
Loss from discontinued operations, net of income taxes (USD per share)	(0.01)		0	
Net income (USD per share)	0.18		0.38	
Diluted earnings per share attributable to The New York Times Company common stockholders:				
Income from continuing operations (USD per share)	0.19		0.38	
Loss from discontinued operations, net of income taxes	(0.01)		0	
Net income (USD per share)	0.18		0.38	
Dividends declared per share (USD per share)	$ 0.16		$ 0.16	

[1] We recorded restructuring charges in the second and third quarters associated with the streamlining of the Company's international print operations.

[2] We recorded a charge in the second quarter related to a partial withdrawal obligation under a multiemployer pension plan following an unfavorable arbitration decision, of which $5 million was reimbursed to the Company in the third quarter.

[3] We recorded charges related to partial withdrawal obligations under multiemployer pension plans in the first and fourth quarters.

[4] We recorded a pension settlement charge in the fourth quarter related to a lump-sum payment offer to certain former employees who participated in a qualified pension plan.

[5]We recorded a pension settlement charge in the first quarter related to a lump-sum payment offer to certain former employees who participated in a qualified pension plan.

CONSOLIDATED STATEMENTS OF CASH FLOWS - USD ($) $ in Thousands	12 Months Ended		
	Dec. 29, 2019	Dec. 30, 2018	Dec. 31, 2017
Cash flows from operating activities			
Net income	$ 139,966	$ 127,460	$ 6,837
Adjustments to reconcile net income to net cash provided by operating activities:			
Pension settlement expense	0	0	102,109
Depreciation and amortization	60,661	59,011	61,871
Amortization of right of use asset	7,384		
Stock-based compensation expense	12,948	12,959	14,809
(Gain)/loss from joint ventures	0	(10,764)	(18,641)
Deferred income taxes	4,242	4,047	105,174
Long-term retirement benefit obligations	(22,914)	(46,877)	(184,418)
Fair market value adjustment on life insurance products	(3,461)	821	4,047
Uncertain tax positions	(4,627)	(138)	(4,343)
Other – net	(1,186)	456	(1,056)
Changes in operating assets and liabilities:			
Accounts receivable – net	9,062	(37,579)	12,470
Other current assets	(3,355)	18,241	(30,527)
Accounts payable, accrued payroll and other liabilities	(13,197)	20,490	10,012
Unexpired subscriptions	4,375	8,990	8,368
Net cash provided by operating activities	189,898	157,117	86,712
Cash flows from investing activities			
Purchases of marketable securities	(572,337)	(470,493)	(466,522)
Maturities/disposals of marketable securities	707,632	434,012	548,461
Proceeds/(purchases) of investments	85	12,447	15,591
Capital expenditures	(45,441)	(77,487)	(84,753)
Other - net	3,273	426	1,323
Net cash provided by/(used) in investing activities	93,212	(101,095)	14,100
Cash flows from financing activities			
Repayment of debt and capital lease obligations	(252,559)	(552)	(552)
Dividends paid	(31,604)	(26,418)	(26,004)
Stock issuances	4,520	41,288	4,601
Share-based compensation tax withholding	(15,648)	(10,494)	(4,064)
Net cash (used) in/provided by financing activities	(295,291)	3,824	(26,019)
Net (decrease)/increase in cash, cash equivalents and restricted cash	(12,181)	59,846	74,793
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(100)	(983)	593
Cash, cash equivalents and restricted cash at the beginning of the year	259,799	200,936	125,550
Cash, cash equivalents and restricted cash at the end of the year	247,518	259,799	200,936
Cash payments			
Interest, net of capitalized interest	28,049	28,133	27,732
Income tax payments/(refunds) – net	$ 30,407	$ (1,070)	$ 21,552

CONSOLIDATED STATEMENTS OF CASH FLOWS - USD ($) $ in Thousands	12 Months Ended		
	Dec. 25, 2016		Dec. 27, 2015
Cash flows from operating activities			
Net income	$ 23,832		$ 62,842
Adjustments to reconcile net income to net cash provided by operating activities:			
Restructuring charge	14,804	[1]	0
Pension settlement charges	21,294	[2]	40,329
Multiemployer pension plan charges	11,701		9,055
Gain on insurance settlement	0		0
Early termination charge	0		0
Depreciation and amortization	61,723		61,597
Stock-based compensation expense	12,430		10,588
Undistributed loss of joint ventures	36,273		783
Deferred income taxes	(13,128)		(10,102)
Long-term retirement benefit obligations	(55,228)		(15,404)
Uncertain tax positions	5,089		1,627
Other – net	(10,193)		7,745
Changes in operating assets and liabilities:			
Accounts receivable – net	9,825		5,510
Other current assets	1,599		22,141
Accounts payable, accrued payroll and other liabilities	(32,276)		(22,833)
Unexpired subscriptions	6,502		1,448
Net cash provided by operating activities	94,247		175,326
Cash flows from investing activities			
Purchases of marketable securities	(566,846)		(818,865)
Maturities of marketable securities	725,365		818,262
Cash distribution from corporate-owned life insurance	38,000		0
Business acquisitions	(40,410)		0
(Purchases)/proceeds from investments	(1,955)		(5,068)
Capital expenditures	(30,095)		(26,965)
Change in restricted cash	3,804		1,521
Other-net	409		412
Repayment of borrowings against cash surrender value of corporate-owned life insurance	0		0
Net cash provided by/(used in) investing activities	128,272		(30,703)
Cash flows from financing activities			
Repayment of debt and capital lease obligations	(189,768)		(223,648)
Dividends paid	(25,897)		(26,599)
Stock issuances	761		103,026
Repurchases	(15,684)		(69,293)
Windfall tax benefit related to share-based payments	3,193		2,303
Net cash used in financing activities	(227,395)		(214,211)
Net decrease in cash and cash equivalents	(4,876)		(69,588)
Effect of exchange rate changes on cash and cash equivalents	(208)		(1,243)
Cash and cash equivalents at the beginning of the year	105,776		176,607
Cash and cash equivalents at the end of the year	100,692		105,776
Cash payments			
Interest, net of capitalized interest	39,487		41,449
Income tax payments – net	$ 44,896		$ 21,078

References

Bernardita. (2016, November 17). The New York Times in the digitalization era - Technology and Operations Management. Retrieved November 19, 2020, from Technology and Operations Management website: https://digital.hbs.edu/platform-rctom/submission/the-new-york-times-in-the-digitalization-era/

Doctor, K. (2020, January 24). Newsonomics: Here are 20 epiphanies for the news business of the 2020s. Retrieved November 20, 2020, from Nieman Lab website: https://www.niemanlab.org/2020/01/newsonomics-here-are-20-epiphanies-for-the-news-business-of-the-2020s/

SEC Report. (2019). Retrieved November 19, 2020, from Sec.gov website: https://www.sec.gov/Archives/edgar/data/0000071691/000007169120000003/a201910-kq4project.htm#sB0CAB02F512D514F9E344ACD90C190FF

Kozlowski, R. (2020, October 14). New York Times inks deal to transfer $235 million in pension liabilities. Retrieved November 20, 2020, from Pensions & Investments website: https://www.pionline.com/pension-risk-transfer/new-york-times-inks-deal-transfer-235-million-pension-liabilities

New York Times Company (The) Common Stock (NYT) Dividend History. (2020). Retrieved November 20, 2020, from Nasdaq.com website: https://www.nasdaq.com/market-activity/stocks/nyt/dividend-history

Quarterly Earnings. (n.d.). Retrieved November 20, 2020, from The New York Times Company website: https://www.nytco.com/investors/quarterly-earnings/

SR2020. (2020, February 11). (Turn) Off the Press: The New York Times is Winning with Digital - Digital Innovation and Transformation. Retrieved November 19, 2020, from Digital Innovation and Transformation website: https://digital.hbs.edu/platform-digit/submission/turn-off-the-press-the-new-york-times-is-winning-with-digital/

Stulberg, A. (2017, May 20). Testing news paywalls: Which are leaky, and which are airtight? Retrieved November 20, 2020, from Columbia Journalism Review website: https://www.cjr.org/business_of_news/news-paywalls-new-york-times-wall-street-journal.php

The New York Times Company - News & Events - Press Releases. (2020). Retrieved November 19, 2020, from Nytco.com website: https://investors.nytco.com/news-and-events/press-releases/#data-item=2019-was-a-Record-Year-for-Digital-Growth-at-The-New-York-Times-Company

The New York Times Company 2019 Annual Report 5m. (2020). In *New York Times Company*. Retrieved from https://nytco-assets.nytimes.com/2020/04/Final-2019-Annual-Report.pdf

Mass Mutual. (2020, October 13). “The New York Times Company reduces pension obligations by $235 million” Retrieved November 20, 2020, from www.massmutual.com website: https://www.massmutual.com/about-us/news-and-press-releases/press-releases/2020/10/the-new-york-times-company-reduces-pension-obligations-by-235-million

Thompson, D. (2016, November 3). The Print Apocalypse of American Newspapers. Retrieved November 25, 2020, from The Atlantic website: https://www.theatlantic.com/business/archive/2016/11/the-print-apocalypse-and-how-to-survive-it/506429/.

Tracy, M. (2020, May 6). The New York Times Tops 6 Million Subscribers as Ad Revenue Plummets. *The New York Times*. Retrieved from https://www.nytimes.com/2020/05/06/business/media/new-york-times-earnings-subscriptions-coronavirus.html