

NEW YORK TIMES CO
Form 10-Q
May 03, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 26, 2017
Commission file number 1-5837
THE NEW YORK TIMES COMPANY
(Exact name of registrant as specified in its charter)

NEW YORK 13-1102020
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)
620 EIGHTH AVENUE, NEW YORK, NEW YORK
(Address of principal executive offices)
10018
(Zip Code)

Registrant's telephone number, including area code 212-556-1234

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer
Smaller reporting company Emerging growth company

If an emerging growth company, indicate by the check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

Number of shares of each class of the registrant's common stock outstanding as of April 28, 2017 (exclusive of treasury shares):

Class A Common Stock 160,737,693 shares

Class B Common Stock 812,757 shares

THE NEW YORK TIMES COMPANY
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

THE NEW YORK TIMES COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

	March 26, 2017 (Unaudited)	December 25, 2016
Assets		
Current assets		
Cash and cash equivalents	\$ 150,964	\$ 100,692
Short-term marketable securities	392,249	449,535
Accounts receivable (net of allowances of \$15,910 in 2017 and \$16,815 in 2016)	176,913	197,355
Prepaid expenses	16,797	15,948
Other current assets	31,008	32,648
Total current assets	767,931	796,178
Other assets		
Long-term marketable securities	209,331	187,299
Investments in joint ventures	16,492	15,614
Property, plant and equipment (less accumulated depreciation and amortization of \$917,617 in 2017 and \$903,736 in 2016)	588,505	596,743
Goodwill	136,391	134,517
Deferred income taxes	298,376	301,342
Miscellaneous assets	153,200	153,702
Total assets	\$ 2,170,226	\$ 2,185,395

See Notes to Condensed Consolidated Financial Statements.

THE NEW YORK TIMES COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS-(Continued)

(In thousands, except share and per share data)

	March 26, 2017 (Unaudited)	December 25, 2016
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 101,924	\$ 104,463
Accrued payroll and other related liabilities	61,645	96,463
Unexpired subscriptions	82,545	66,686
Accrued expenses and other	141,731	131,125
Total current liabilities	387,845	398,737
Other liabilities		
Long-term debt and capital lease obligations	247,785	246,978
Pension benefits obligation	545,957	558,790
Postretirement benefits obligation	57,244	57,999
Other	74,432	78,647
Total other liabilities	925,418	942,414
Stockholders' equity		
Common stock of \$.10 par value:		
Class A – authorized: 300,000,000 shares; issued: 2017 – 169,580,736; 2016 – 169,206,879 (including treasury shares: 2017 – 8,870,801; 2016 – 8,870,801)	16,958	16,921
Class B – convertible – authorized and issued shares: 2017 – 812,757; 2016 – 816,632 (including treasury shares: 2017 – none; 2016 – none)	81	82
Additional paid-in capital	150,428	149,928
Retained earnings	1,338,595	1,331,911
Common stock held in treasury, at cost	(171,211)	(171,211)
Accumulated other comprehensive loss, net of income taxes:		
Foreign currency translation adjustments	(442)	(1,822)
Funded status of benefit plans	(473,809)	(477,994)
Total accumulated other comprehensive loss, net of income taxes	(474,251)	(479,816)
Total New York Times Company stockholders' equity	860,600	847,815
Noncontrolling interest	(3,637)	(3,571)
Total stockholders' equity	856,963	844,244
Total liabilities and stockholders' equity	\$2,170,226	\$2,185,395
See Notes to Condensed Consolidated Financial Statements.		

THE NEW YORK TIMES COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share data)

	For the Quarters Ended	
	March 26, 2017	March 27, 2016
	(13 weeks)	
Revenues		
Circulation	\$242,375	\$217,994
Advertising	130,028	139,680
Other	26,401	21,841
Total revenues	398,804	379,515
Operating costs		
Production costs:		
Wages and benefits	90,778	92,471
Raw materials	16,930	17,875
Other	45,528	47,516
Total production costs	153,236	157,862
Selling, general and administrative costs	198,004	178,246
Depreciation and amortization	16,153	15,472
Total operating costs	367,393	351,580
Headquarters redesign and consolidation	2,402	—
Operating profit	29,009	27,935
Income/(loss) from joint ventures	173	(41,896)
Interest expense, net	5,325	8,826
Income/(loss) from continuing operations before income taxes	23,857	(22,787)
Income tax expense/(benefit)	10,742	(9,201)
Net income/(loss)	13,115	(13,586)
Net loss attributable to the noncontrolling interest	66	5,315
Net income/(loss) attributable to The New York Times Company common stockholders	\$13,181	\$(8,271)
Average number of common shares outstanding:		
Basic	161,402	161,003
Diluted	162,592	161,003
Basic earnings/(loss) per share attributable to The New York Times Company common stockholders	\$0.08	\$(0.05)
Diluted earnings/(loss) per share attributable to The New York Times Company common stockholders	\$0.08	\$(0.05)
Dividends declared per share	\$0.04	\$0.04

See Notes to Condensed Consolidated Financial Statements.

THE NEW YORK TIMES COMPANY
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (Unaudited)
 (In thousands)

	For the Quarters Ended	
	March 26, 2017	March 27, 2016
	(13 weeks)	
Net income/(loss)	\$13,115	\$(13,586)
Other comprehensive income, before tax:		
Income on foreign currency translation adjustments	2,175	1,642
Pension and postretirement benefits obligation	6,921	6,552
Other comprehensive income, before tax	9,096	8,194
Income tax expense	3,531	3,103
Other comprehensive income, net of tax	5,565	5,091
Comprehensive income/(loss)	18,680	(8,495)
Comprehensive loss attributable to the noncontrolling interest	66	5,315
Comprehensive income/(loss) attributable to The New York Times Company common stockholders	\$18,746	\$(3,180)
See Notes to Condensed Consolidated Financial Statements.		

THE NEW YORK TIMES COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)
(In thousands)

	For the Quarters Ended March 26, 2017 (13 weeks)	March 27, 2016
Cash flows from operating activities		
Net income/(loss)	\$ 13,115	\$ (13,586)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	16,153	15,472
Stock-based compensation expense	3,958	2,931
Undistributed (income)/loss of joint ventures	(173)	41,896
Long-term retirement benefit obligations	(6,458)	(6,886)
Uncertain tax positions	80	460
Other-net	1,708	2,882
Changes in operating assets and liabilities:		
Accounts receivable-net	20,442	37,162
Other current assets	442	(1,808)
Accounts payable, accrued payroll and other liabilities	(34,995)	(94,399)
Unexpired subscriptions	15,859	3,867
Net cash provided by/(used in) operating activities	30,131	(12,009)
Cash flows from investing activities		
Purchases of marketable securities	(80,108)	(34,912)
Maturities of marketable securities	117,465	143,965
Cash distribution from corporate-owned life insurance	—	38,000
Business acquisitions	—	(12,250)
Change in restricted cash	(15)	(470)
Capital expenditures	(8,032)	(10,542)
Other-net	510	(1,026)

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Net cash provided by investing activities	29,820		122,765	
Cash flows from financing activities				
Long-term obligations:				
Repayment of debt and capital lease obligations	(138)	(138)
Dividends paid	(6,473)	(6,461)
Capital shares:				
Stock issuances	445		—	
Repurchases	—		(15,684)
Share-based compensation tax withholding	(3,726)	(8,675)
Net cash used in financing activities	(9,892)	(30,958)
Net increase in cash and cash equivalents	50,059		79,798	
Effect of exchange rate changes on cash	213		119	
Cash and cash equivalents at the beginning of the period	100,692		105,776	
Cash and cash equivalents at the end of the period	\$	150,964	\$	185,693

See Notes to Condensed Consolidated Financial Statements.