

**The New York Times Company
Third-Quarter 2015 Earnings Conference Call
October 29, 2015**

Harlan Toplitzky

Thank you, and welcome to The New York Times Company's third-quarter 2015 earnings conference call.

On the call today, we have:

- Mark Thompson, president and chief executive officer;
- Jim Follo, executive vice president and chief financial officer; and
- Meredith Kopit Levien, executive vice president and chief revenue officer.

Before we begin, I would like to remind you that management will make forward-looking statements during the course of this call, and our actual results could differ materially. Some of the risks and uncertainties that could impact our business are included in our 2014 10-K.

In addition, our presentation will include non-GAAP financial measures, and we have provided reconciliations to the most comparable GAAP measures in our earnings press release, which is available on our website at investors.nytc.com.

With that, I will turn the call over to Mark Thompson.

Mark Thompson

Thank you, Harlan, and good morning, everyone.

This was a strong quarter for The New York Times Company on many fronts; we increased our overall revenue, decreased costs and achieved 19 percent growth in adjusted operating profit, to \$48 million in the quarter.

Our digital subscription business was a particular highlight. We added 51,000 net digital subscribers in the third quarter, the largest number of net subscribers we have added in a quarter since Q4 2012. The number exceeded our expectations and demonstrates our ability to strongly grow our digital subscriber count more than four years after we launched our pay model. We attribute our success in the quarter to improved acquisition and retention tactics, with notable progress in individually sold education subscriptions, demand for which is boosted in the third quarter by the start of the school year, as well as continued advances in group corporate and education, and individual international sales. As we announced in the last call, we passed the one million digital-only subscriber mark early in the quarter. Overall, digital-only circulation revenue growth was a solid 14 percent.

During the quarter, Clay Fisher joined the company as SVP of Consumer Marketing from Direct TV. We believe that there remains considerable further scope to optimize and extend our digital

pay model in the future, as well as to improve acquisition and retention tactics in print and Clay and his team will lead that effort. There was a slight decline in print consumer revenue as a decline in copies sold more than offset the benefit of January's increase in home delivery prices, but progress on the digital side meant that overall circulation revenue grew year-over-year by 1.1 percent.

This was our best advertising quarter of the year, despite a 5 percent year-over-year decline in digital advertising revenue, which was the result of fewer non-repeating technology and luxury launch campaigns and tactical shifts in a few categories, as well some impact from the transition to the new viewability standards that occurred at the beginning of the quarter. Mobile, video and paid posts all grew strongly in the quarter. We remain bullish about our digital advertising business and expect an immediate sequential improvement and return to mid-single digital year-over-year growth in Q4, despite even tougher comps and some continued impact from the shift to viewability.

We are seeing early success with our new mobile ad product, Mobile Moments, which, as we described in August, focuses on key moments of a user's day when Times journalism is particularly helpful in keeping readers informed and inspired, with targeted short stories created by marketers or by our T Brand Studio.

And we believe we have a great deal more room to grow in our branded content effort. We recently launched T Brand Studio in London and are already seeing strong demand for both the content and the creative services that T Brand Studio provides to its clients. This is a business in which we see considerable potential.

Next weekend, The Times will bring virtual reality to our readers with a slate of new VR films, a new Times VR app and the distribution of more than one million Google Cardboard viewers to our home delivery subscribers. This is precisely the kind of cutting-edge experimentation and powerful storytelling that we are uniquely positioned to bring to our readers. Sponsors GE and MINI will both deliver VR films as part of the experience, with GE's film created by T Brand Studio. VR, branded content and Mobile Moments are all examples of innovation that improve the reader experience AND meet marketers' hunger for compelling new ad solutions. They will all stimulate further growth in our digital advertising business.

Now, ad-blockers have been much in the news, so perhaps this is a good moment to give you our perspective on the topic. As you know, The Times's digital subscription revenue stream means that we are significantly less exposed than most publishers to the impact of ad-blockers. Nonetheless, let me make it clear that we oppose ad blocking. The creation of quality news content is expensive, and digital advertising is an important way in which we, and other high-quality news providers, fund news-gathering operations. We are exploring a number of options, including, but not limited to, technical solutions, to mitigate the impact of ad blockers should the threat increase.

Let me turn now to print advertising, which was down only slightly compared to the same quarter a year ago, as we saw gains in print advertising in The New York Times, tempered by The International New York Times, where print advertising was down.

As you've probably heard, we've also had something to say recently about our future strategy. The core message is a simple one: over the past five years, we've doubled our digital revenue and we now believe we have the opportunity to double it again to around \$800 million by 2020. We plan to do that by: reaching out to new audiences at home and abroad to more than double the number of the most engaged users; by further growing both our digital circulation and advertising businesses; by further developing our video and branded content businesses; and by exploiting other B2B and B2C opportunities. I don't propose to offer you a detailed breakdown today, but I do look forward to briefing you on progress on this ambitious strategy in future calls.

Before I conclude, I did want to make a brief comment on costs. We again achieved success in decreasing operating costs in the quarter. As I have said in the past, managing our cost structure continues to be a top priority, especially in our print products and services operations. As evidence of this, earlier this month contracts were ratified with three of our trade unions, which will achieve cost savings beginning in the fourth quarter of this year.

And now I'll turn it over to Jim Follo for a more detailed financial review.

Jim Follo

Thank you, Mark, and good morning, everyone.

The quarter was highlighted by strong growth in profitability, driven by solid digital consumer growth, a robust increase in New York Times print advertising and good cost control. We delivered this solid performance despite the fact that digital advertising had a challenging quarter.

Adjusted operating profit rose 19 percent in the quarter to \$48 million and adjusted diluted EPS was 9 cents in the third quarter, compared with 3 cents in the prior year. We reported a GAAP operating profit of approximately \$22 million, compared to a \$9 million operating loss in the same period of 2014.

Circulation revenues increased approximately 1 percent in the quarter, with our digital-only subscription revenue stream more than offsetting print declines. Digital-only subscription revenues were approximately \$49 million in the quarter, an increase of 14 percent from the same quarter in 2014. We benefited from January's home-delivery price increase, although higher revenues associated with the new rates was outweighed by overall print volume declines. The print decline was driven by lower single copy revenues.

Advertising revenues were down 2 percent in the quarter, with print advertising declining 1 percent and digital advertising declining about 5 percent.

The more modest print advertising decline was due to growth in The New York Times, its first quarter of growth since Q1 2014, which was more than offset by lower advertising in the International New York Times. In The New York Times, luxury, technology and telecom, travel and home furnishing categories all performed well in the quarter, while entertainment, financial

and advocacy advertising were weak. The decline in the International New York Times was primarily driven by a decline in the luxury category.

As usual, we experienced month-to-month volatility in advertising revenues, as illustrated by the fact that overall advertising was up 1 percent in July and August, while September advertising declined 6 percent.

And finally on the revenue side, other revenue increased by 16 percent in the quarter. That category includes NYT Live, which is our live events business; our Crossword product; building rental income and digital archives, among others. Building rental income, Crosswords and NYT Live all contributed to the growth.

Operating expenses decreased again in the third quarter – by nearly \$28 million overall – while adjusted operating costs declined \$4.9 million, or 1.5 percent. Operating costs declined in the quarter mainly due to severance, depreciation and amortization as well as print distribution efficiencies, and decreases in raw materials and outside printing costs. Our focus on reducing legacy costs remains a top priority, while at the same time, we will continue to invest in growing our digital businesses.

Our non-operating retirement costs were up in the quarter at \$9.4 million, from \$8.3 million in the prior year, due to higher multiemployer pension plan withdrawal obligations.

Moving to the balance sheet, our cash and marketable securities balance was \$873 million, and our total cash position exceeded total debt and capital lease obligations by approximately \$443 million. The Company has repurchased approximately 4.86 million shares of our Class A stock for \$61.1 million to date as of October 27th, under our previously announced \$101 million share repurchase authorization.

Moving to our outlook for the fourth quarter;

Circulation revenues are expected to increase at a rate similar to the third-quarter trend, driven by the benefit from our digital subscription revenue growth, partially offset by lower print circulation revenues. We expect the total number of net digital subscriber additions to be approximately 40,000-45,000.

Overall advertising revenues are currently expected to be down in the mid-single digits. As Mark has already mentioned, the tough year-over-year comparisons and the impact of viewability means that we expect to grow digital advertising revenues in the mid-single digits.

Other revenues are expected to increase mid-single digits.

And fourth-quarter operating costs are expected to decline in the low to mid-single digits, with severance and non-operating retirement costs declining. Adjusted operating costs are expected to decline in the low single digits.

And with that, we'd be happy to open it up for questions.