

NEW YORK TIMES CO
Form 10-Q
August 08, 2018

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 July 1, 2018
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 August 3, 2018 (exclusive of treasury shares):

Class A Common Stock 164,086,219 shares

Class B Common Stock 803,408 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)

	July 1, 2018 (Unaudited)	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	\$ 236,511	\$ 182,911
Short-term marketable securities	293,791	308,589
Accounts receivable (net of allowances of \$12,886 in 2018 and \$14,542 in 2017)	137,909	184,885
Prepaid expenses	27,021	22,851
Other current assets	34,722	50,463
Total current assets	729,954	749,699
Other assets		
Long-term marketable securities	248,848	241,411
Property, plant and equipment (less accumulated depreciation and amortization of \$936,283 in 2018 and \$945,401 in 2017)	645,567	640,939
Goodwill	141,742	143,549
Deferred income taxes	148,686	153,046
Miscellaneous assets	184,325	171,136
Total assets	\$ 2,099,122	\$ 2,099,780

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)

	July 1, 2018 (Unaudited)	December 31, 2017
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 105,389	\$ 125,479
Accrued payroll and other related liabilities	70,149	104,614
Unexpired subscriptions revenue	82,410	75,054
Accrued expenses and other	103,916	110,510
Total current liabilities	361,864	415,657
Other liabilities		
Long-term debt and capital lease obligations	251,911	250,209
Pension benefits obligation	382,031	405,422
Postretirement benefits obligation	46,559	48,816
Other	77,066	82,313
Total other liabilities	757,567	786,760
Stockholders' equity		
Common stock of \$.10 par value:		
Class A – authorized: 300,000,000 shares; issued: 2018 – 172,957,020; 2017 – 170,276,449 (including treasury shares: 2018 – 8,870,801; 2017 – 8,870,801)	17,296	17,028
Class B – convertible – authorized and issued shares: 2018 – 803,408; 2017 – 803,763	80	80
Additional paid-in capital	201,601	164,275
Retained earnings	1,439,121	1,310,136
Common stock held in treasury, at cost	(171,211)	(171,211)
Accumulated other comprehensive loss, net of income taxes:		
Foreign currency translation adjustments	6,164	6,328
Funded status of benefit plans	(510,763)	(427,819)
Net unrealized loss on available-for-sale securities	(2,682)	(1,538)
Total accumulated other comprehensive loss, net of income taxes	(507,281)	(423,029)
Total New York Times Company stockholders' equity	979,606	897,279
Noncontrolling interest	85	84
Total stockholders' equity	979,691	897,363
Total liabilities and stockholders' equity	\$2,099,122	\$2,099,780
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				For the Six Months Ended
		July 1, 2018	13,960	14,292	
Income tax expenses	1,030	3,170	1,715	5,305	23,165
Net income	\$ 6,801	\$ 10,790	\$ 12,577	\$ 17,860	
Basic income per share	\$ 0.18	\$ 0.22	\$ 0.34	\$ 0.36	
Diluted income per share	\$ 0.17	\$ 0.21	\$ 0.31	\$ 0.35	
Weighted average number of shares outstanding used to compute:					
Basic income per share	37,536	49,300	37,180	48,985	
Diluted income per share	40,610	51,708	40,166	51,549	

During May 2006, the Company effected a 2 to 1 stock split on its Ordinary shares. All Ordinary share, options and per share amounts have been adjusted to give retroactive effect to the stock split for all periods presented.

U.S. dollars in thousands (except per share amounts)

NICE SYSTEMS LTD. AND SUBSIDIARIES

NON-GAAP CONSOLIDATED STATEMENTS OF INCOME - QUARTER

U.S. dollars in thousands (except per share amounts)

	Three months ended June 30,			Three months ended June 30,		
	2005		2005	2006		2006
	Reported	Adj.	Non-GAAP	Reported	Adj.	Non-GAAP
Revenue						
Product	\$ 47,673		\$ 47,673	\$ 61,544		\$ 61,544
Services	24,557		24,557	36,158		36,158
Total revenue	72,230	-	72,230	97,702	-	97,702
Cost of revenue						
Product	15,346	(243) a	15,103	19,068	(1,268) a,b	17,800
Services	16,243	(46) a	16,197	21,759	(266) b	21,493
Total cost of revenue	31,589	(289)	31,300	40,827	(1,534)	39,293
Gross Profit	40,641	289	40,930	56,875	1,534	58,409
Operating Expenses:						
Research and development, net	6,999		6,999	11,151	(339) b	10,812
Selling and marketing	17,949		17,949	21,127	(788) b	20,339
General and administrative	8,901		8,901	14,151	(1,488) b	12,663
Amortization of acquired intangible assets	206	(206) a -		628	(628) a	-
Total operating expenses	34,055	(206)	33,849	47,057	(3,243)	43,814
Operating income	6,586	495	7,081	9,818	4,777	14,595
Financial income, net	1,245		1,245	4,064		4,064
Other income, net	-		-	78		78
Income before taxes on income	7,831	495	8,326	13,960	4,777	18,737
Income tax expenses	1,030		1,030	3,170	1,004 c	4,174
Net income	\$ 6,801	\$ 495	\$ 7,296	\$ 10,790	\$ 3,773	\$ 14,563
Basic income per share	\$ 0.18		\$ 0.19	\$ 0.22		\$ 0.30
Diluted income per share	\$ 0.17		\$ 0.18	\$ 0.21		\$ 0.28

Weighted average number of shares outstanding used to compute:

Basic income per share	37,536	37,536	49,300	49,300
Diluted income per share	40,610	40,610	51,708	51,708

During May 2006, the Company effected a 2 to 1 stock split on its Ordinary shares. All Ordinary share, options and per share amounts

have been adjusted to give retroactive effect to the stock split for all periods presented.

a Amortization of acquired intangible assets

b Compensation expense for stock options

c Tax benefit associated with the amortization of acquired intangibles and FAS 123R options compensation

NICE SYSTEMS LTD. AND SUBSIDIARIES

NON-GAAP CONSOLIDATED STATEMENTS OF INCOME - YEAR TO DATE

U.S. dollars in thousands (except per share amounts)

	Six months ended June 30,		Six months ended June 30,			
	2005		2005	2006	2006	
	Reported	Adj.	Non-GAAP	Reported	Adj.	Non-GAAP
Revenue						
Product	\$ 94,950		\$ 94,950	\$118,818		\$ 118,818
Services	43,402		43,402	66,799		66,799
Total revenue	138,352	-	138,352	185,617	-	185,617
Cost of revenue						
Product	30,903	(346) a	30,557	38,867	(2,291) a,b	36,576
Services	30,234	(94) a	30,140	42,160	(468) b	41,692
Total cost of revenue	61,137	(440)	60,697	81,027	(2,759)	78,268
Gross Profit	77,215	440	77,655	104,590	2,759	107,349
Operating Expenses:						
Research and development, net	13,756		13,756	20,420	(585) b	19,835
Selling and marketing	33,979		33,979	41,426	(1,345) b	40,081
General and administrative	17,241		17,241	26,149	(2,586) b	23,563
Amortization of acquired intangible assets	244	(244) a	-	1,226	(1,226) a	-
In-process research and development	-		-	212	(212) c	-
Total operating expenses	65,220	(244)	64,976	89,433	(5,954)	83,479
Operating income	11,995	684	12,679	15,157	8,713	23,870
Financial income, net	2,297		2,297	7,931		7,931
Other income, net	-		-	77		77
Income before taxes on income	14,292	684	14,976	23,165	8,713	31,878
Income tax expenses	1,715	-	1,715	5,305	1,215 d	6,520
Net income	\$ 12,577	\$ 684	\$ 13,261	\$ 17,860	\$ 7,498	\$ 25,358
Basic income per share	\$ 0.34		\$ 0.36	\$ 0.36		\$ 0.52
Diluted income per share	\$ 0.31		\$ 0.33	\$ 0.35		\$ 0.49
Weighted average number of shares outstanding used to compute:						
Basic income per share	37,180		37,180	48,985		48,985
Diluted income per share	40,166		40,166	51,549		51,549

During May 2006, the Company effected a 2 to 1 stock split on its Ordinary shares. All Ordinary share, options and per share amounts have been adjusted to give retroactive effect to the stock split for all periods presented.

a Amortization of acquired intangible assets

b Compensation expense for stock options

c In-process research and development acquired in connection with the acquisition of Fast Video Security A.G.
d Tax benefit associated with the amortization of acquired intangibles and FAS 123 R Option Compensation

NICE SYSTEMS LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	December 31, 2005	June 30, 2006
	Audited	Unaudited
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 254,956	\$ 231,409
Short-term investments	36,261	69,678
Trade receivables	66,153	67,941
Other receivables and prepaid expenses	9,544	10,474
Inventories	23,172	18,798
Deferred tax assets	3,360	4,486
Total current assets	393,446	402,786
LONG-TERM ASSETS:		
Marketable securities	120,342	120,048
Other long-term assets	9,755	10,928
Deferred Tax Assets	4,976	4,601
Property and equipment, net	14,888	15,385
Other intangible assets, net	23,990	41,075
Goodwill	49,853	72,477
Total long-term assets	223,804	264,514
TOTAL ASSETS	\$ 617,250	\$ 667,300
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 18,194	\$ 19,494
Accrued expenses and other liabilities	100,544	104,698
Total current liabilities	118,738	124,192
LONG-TERM LIABILITIES:		
Deferred tax liabilities	2,493	4,364
Other long-term liabilities	8,978	10,626
Total long-term liabilities	11,471	14,990

SHAREHOLDERS' EQUITY	<i>487,041</i>	<i>528,118</i>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 617,250	\$ 667,300

NICE SYSTEMS LTD. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS

U.S. dollars in thousands

	Three months ended		Six months
	June 30,		June
	2005	2006	2005
	Unaudited	Unaudited	Unaudited
<u>Cash flows from operating activities:</u>			
Net income	\$ 6,801	\$ 10,790	\$ 12,577
Adjustments required to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,951	4,149	5,961
Accrued severance pay, net	248	667	199
Amortization of discount (premium) and accrued interest on marketable securities	164	178	445
Stock based compensation	-	2,954	-
In-process research and development	-	-	-
Decrease (increase) in trade receivables	3,133	(4,186)	(276)
Decrease (increase) in other receivables and prepaid expenses	712	(125)	(45)
Decrease (increase) in inventories	(1,499)	1,934	(1,295)
Increase (decrease) in trade payables	1,609	117	4,706
Increase (decrease) in accrued expenses and other liabilities	5,068	(6,487)	9,656
Deferred taxes, net	-	322	-
Other	35	(67)	70
<i>Net cash provided by operating activities</i>	<i>19,222</i>	<i>10,246</i>	<i>31,998</i>
<u>Cash flows from investing activities:</u>			
Purchase of property and equipment	(1,351)	(1,879)	(2,722)
Proceeds from sale of property and equipment	44	22	45
Investment in short-term bank deposits	(3)	(14)	(25)
Proceeds from short-term bank deposits	33	22	67
Proceeds from maturity of marketable securities	95,625	89,506	149,460
Investment in marketable securities	(76,650)	(80,300)	(151,123)
Proceeds of call of long-term held-to-maturity marketable securities	6,130	-	6,130
Capitalization of software development costs	(210)	(407)	(427)
Payment for the acquisition of certain assets and liabilities of Dictaphone CRS division	(38,939)	-	(38,939)
Final settlement related to the purchase of Dictaphone CRS division	-	2,000	-
Payment for the acquisition of Fast Video Security AG	-	(139)	-
Payment for the acquisition of certain assets and liabilities of Performix	-	(14,170)	-
Payment of earn-out related to the acquisition of Hannamax Hi-Tech Pty. Ltd.	-	(500)	-
Deferred acquisition costs	-	(223)	-
Decrease in accrued acquisition costs	-	(6)	-
Proceeds from related party in respect of TCS acquisition	-	-	2,531
Other investment activity, net	-	69	-
<i>Net cash used by investing activities</i>	<i>(15,321)</i>	<i>(6,019)</i>	<i>(35,003)</i>

Cash flows from financing activities:

Proceeds from issuance of shares and exercise of share options, net	5,766	4,028	11,469
Tax benefit from exercised options	-	2,144	-
Decrease in accrued expenses associated with the 2005 offering	-	(169)	-
Decrease in short-term bank credit assumed in the acquisition of Fast	-	-	-
<i>Net cash provided by financing activities</i>	5,766	6,003	11,469
Effect of exchange rate changes on cash	(134)	184	(90)
Increase (decrease) in cash and cash equivalents	9,533	10,414	8,374
Cash and cash equivalents at beginning of period	25,420	220,995	26,579
Cash and cash equivalents at end of period	\$ 34,953	\$231,409	\$ 34,953
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