

Desautels Capital Management

Honours in Investment Management

The New York Times

NYSE: NYT

TMT

Morgan Gill, Senior Analyst

Brian Spivak, Senior Analyst

Declan Kingston, Junior Analyst

Michael Long, Junior Analyst

January 10, 2024



The New York Times

- I. Executive Summary**
- II. Idea Maze Review**
- III. Company Overview**
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- V. Implications of this News Market**
- VI. Keys to Success Going Forward**
- VII. Brand Prestige will Attract Customers**
- VIII. Low churn will be maintained**
- IX. Long-term, NYT May be able to Capitalize on the Fringe too**
- X. Valuation**
- XI. Risk & Catalysts**

“They don’t know how to write good.” – Donald Trump

Investment Overview



\$49.55
Current Price

\$64.87
Target Price

29%
Upside

1 Brand prestige will attract customers

2 Low churn will be maintained

3 Long-term trends in media will allow for further growth opportunities

Risks

- Family Control
- Poor Capital Allocation
- News Aggregators
- Lower Political Engagement

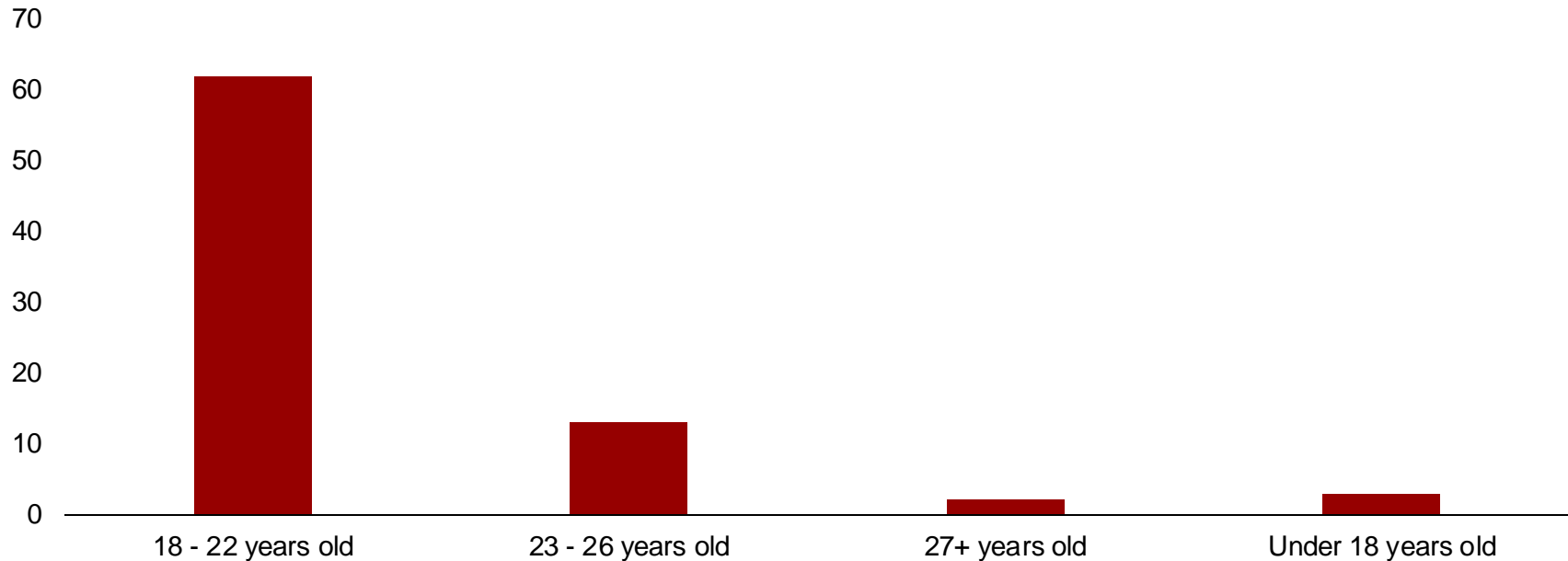
Catalysts

- Continued Earnings Beats
- Fewer Discounts = Higher ARPU
- Growth in Int’ Readership
- Uptick in News Activity/Turmoil

Sources: Company filings, Bloomberg, CapIQ, Equity Research

HIM Digital News Survey Analysis, n = 80

Survey respondents' ages



Our survey respondents are primarily McGill students, who are younger and more highly educated than the average news consumer, and probably spend less or close to the average on news content

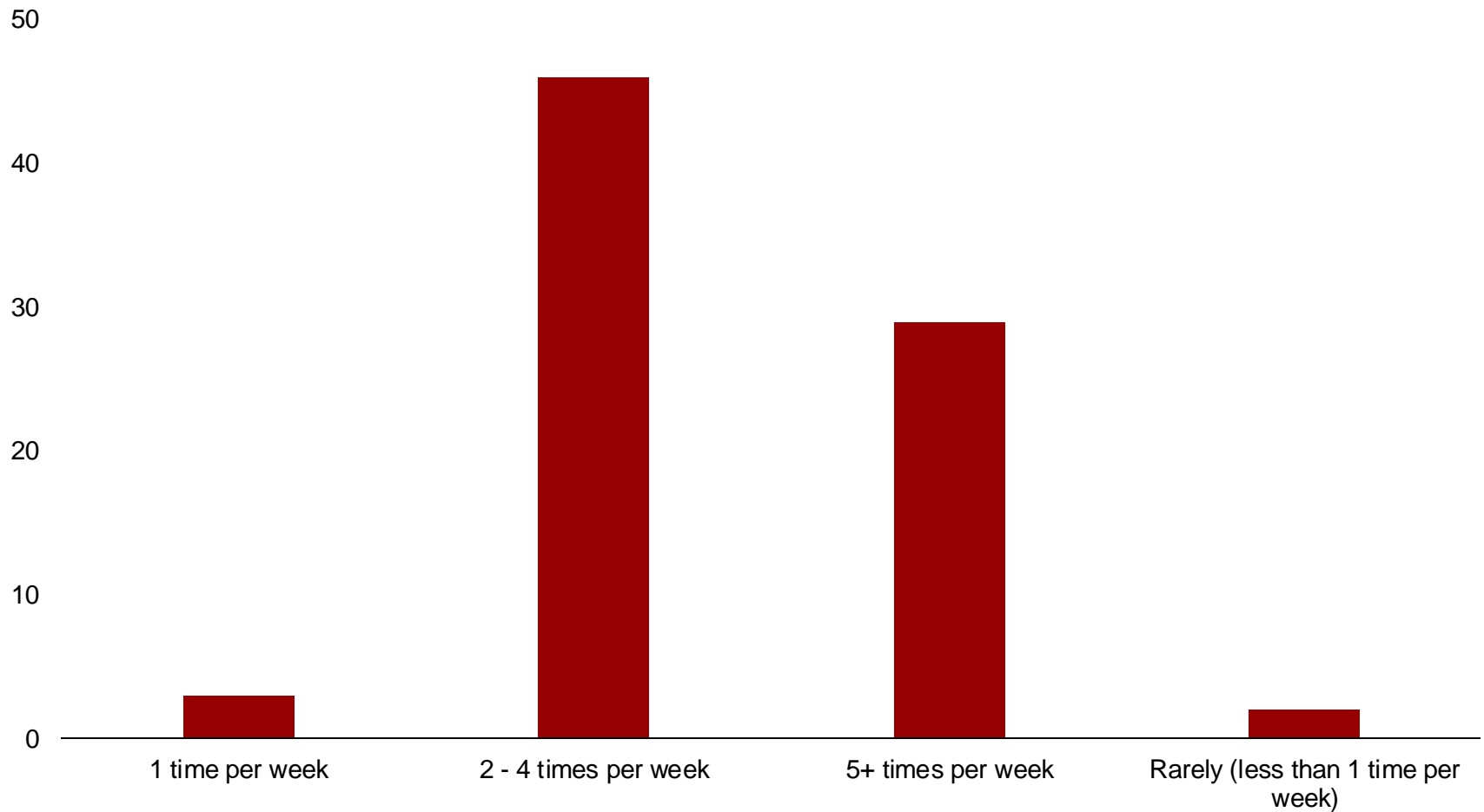


Survey respondents are primarily BCom students (especially concentrated in finance majors), who are likely to read the news frequently, often for career-related reasons

Source: HIM Digital News Survey

HIM Digital News Survey Analysis, n = 80

Survey respondents' news consumption frequency



Respondents to our survey frequently consume news content, as expected given our sampling pool

Source: HIM Digital News Survey

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Idea Maze Review

Section I



The New York Times

Thanks for suggesting this Jiro (and Marc)



Consumers will seek...



...an integrated, comprehensive service



...personalized services



...and more reputable content



...and stick with the status quo



...and more reputable content



...and stick with the status quo

The New York Times
CNN FOX NEWS
News Corporation
The Washington Post

BuzzFeed
OAN
One America News
Blaze media

patreon
SubStack
weebly
THE ATHLETIC

facebook
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 THE ATHLETIC

facebook
 snapchat
 twitter
 PARLER
 instagram

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Company Overview

Section II



The New York Times

More than just a newspaper

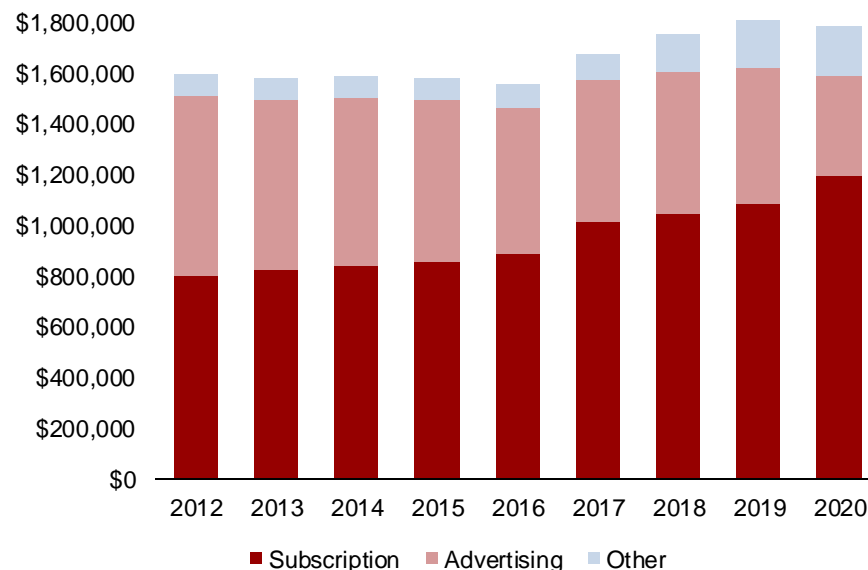
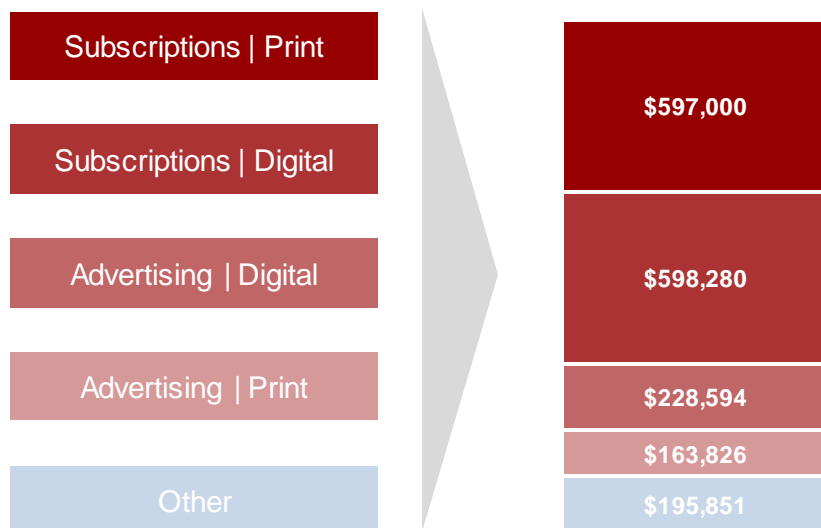
Business Description

- The New York Times Company is a global media organization focused on creating, collecting and distributing high-quality news and information
- The quality of NYT's content has been widely recognized with many industry and peer accolades, including 130 Pulitzer Prizes and citations, more than any other news organization
- As of Q3 2021, NYT has approximately 8,400,000 paid subscriptions across 232 countries and territories to their digital and print products.

Capitalization		
Share Price (07-Nov-2021)	(US\$)	\$50.14
F.D. Shares Outstanding	(mm)	167.9
Market Capitalization	(US\$ mm)	8,417
(-) Cash & Equivalents	(US\$ mm)	947
(+) Debt	(US\$ mm)	-
(+) Minority Interest	(US\$ mm)	2
Enterprise Value	(US\$ mm)	7,473

Trading Multiples		Market Data	
EV/Revenue	4.1	52-Week High	\$58.73
EV/EBITDA	25.0	(%)	85.4%

2020 & Historical Segmented Revenue



Source: Company Filings, Company Website, Statista

The Times now sees the majority of their revenue now coming from paid subscriptions

Subscriptions	Digital	Subscriptions to digital products, such as News, Crossword, and Cooking NYT has 7.6m digital subscribers (6.1 News + 1.5m other online)
	Print	Subscriptions to print paper, as well as a single copy + bulk sales NYT has 795k print subscribers
Advertising	Digital	Advertising on NYT website, apps, and email. Also includes creative service fees, podcast advertising, ads on Wirecutter, and classifieds (e.g., real estate)
	Print	Advertising in NYT newspapers. Also includes, to a lesser degree, classified advertising and inserts
Other		Licensing (e.g., Facebook deal), leasing of HQ office space, Wirecutter referrals, commercial printing, TV/Film, and live events



A decline in print advertising...

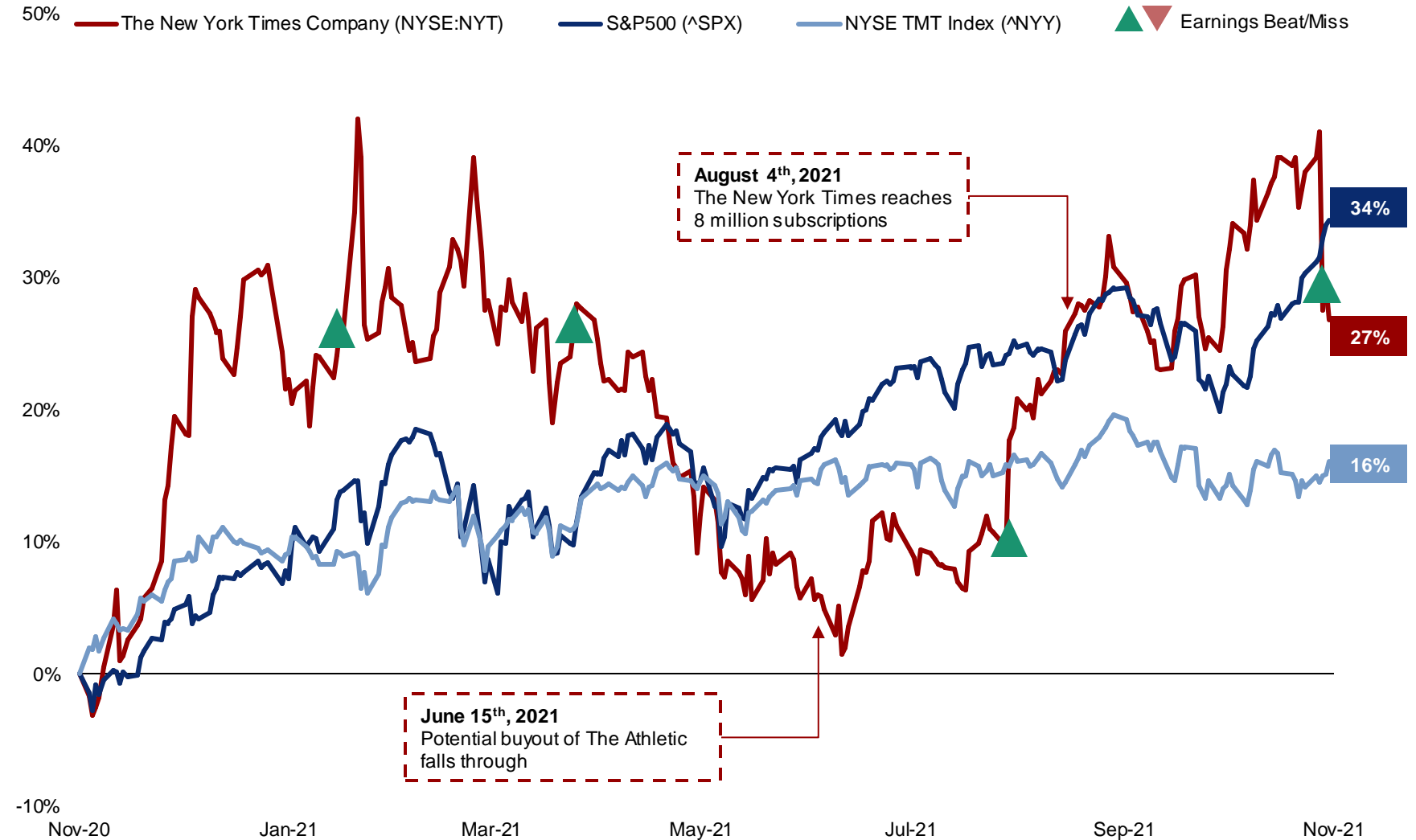


... has been offset by digital sub growth

Adding it all up, NYT's flat revenue masks how much the business has fundamentally transitioned to being subscription-supported

Source: Company Filings

The New York Times saw strong growth in the first half of the year, followed by a decline and then a resurgence in price



Amidst a volatile period, The New York Times outperformed TMT peers but finished second to the S&P500 after a steep drop last month

Source: Capital IQ, Company Filings

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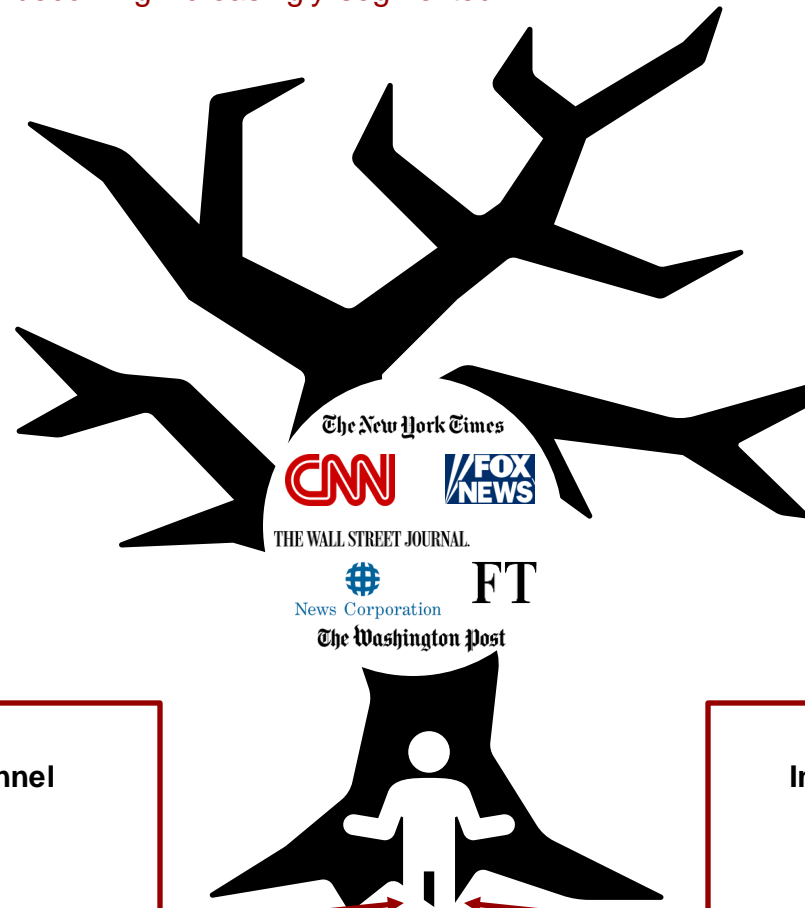
Evolution Of The News Market

Framework I



The New York Times

The periphery of the industry is becoming increasingly segmented



Increased Product/Channel Diversification



44%

Younger demographics turning to alternative news outlets is increasing, with 44% of respondents relying on social media/other (n = 5,000 (US))

Increased Appetite for Broader Topics

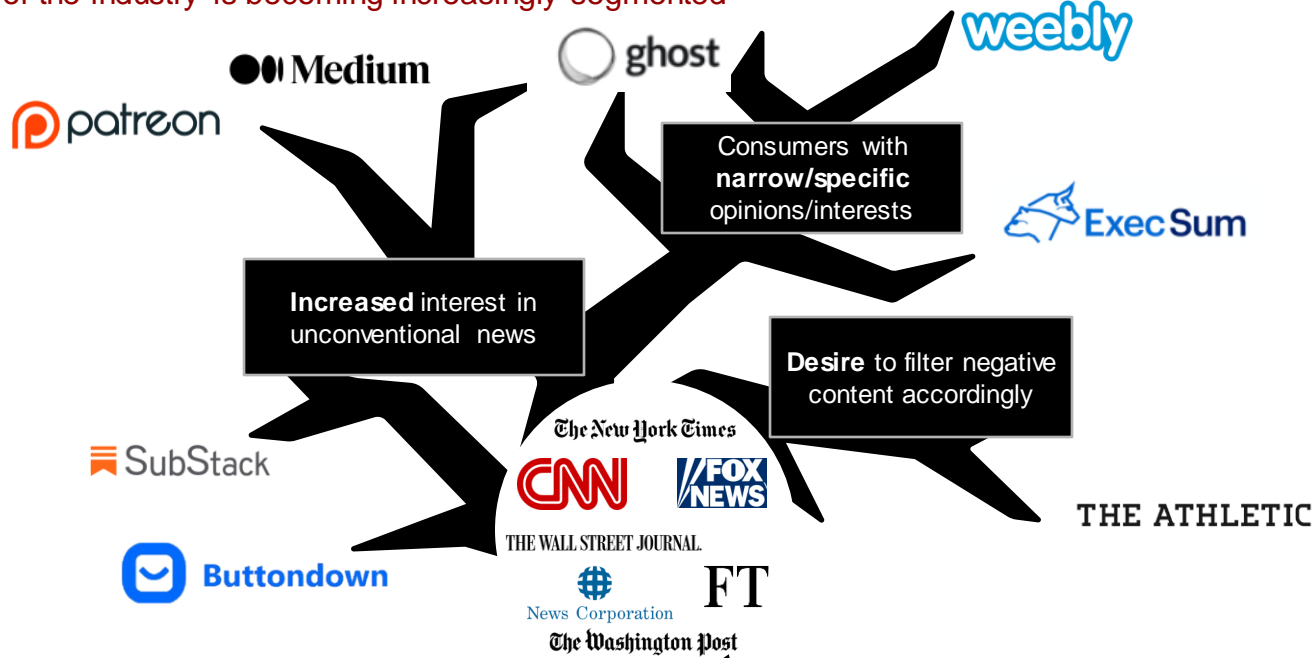


59%

Primarily, younger audiences are interested in human, personal and real stories that inspire their goals in life, 59% of individuals feel they are missing out on important perspectives

Source: Reuters Institute, University of Oxford

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Implications Of This New Market

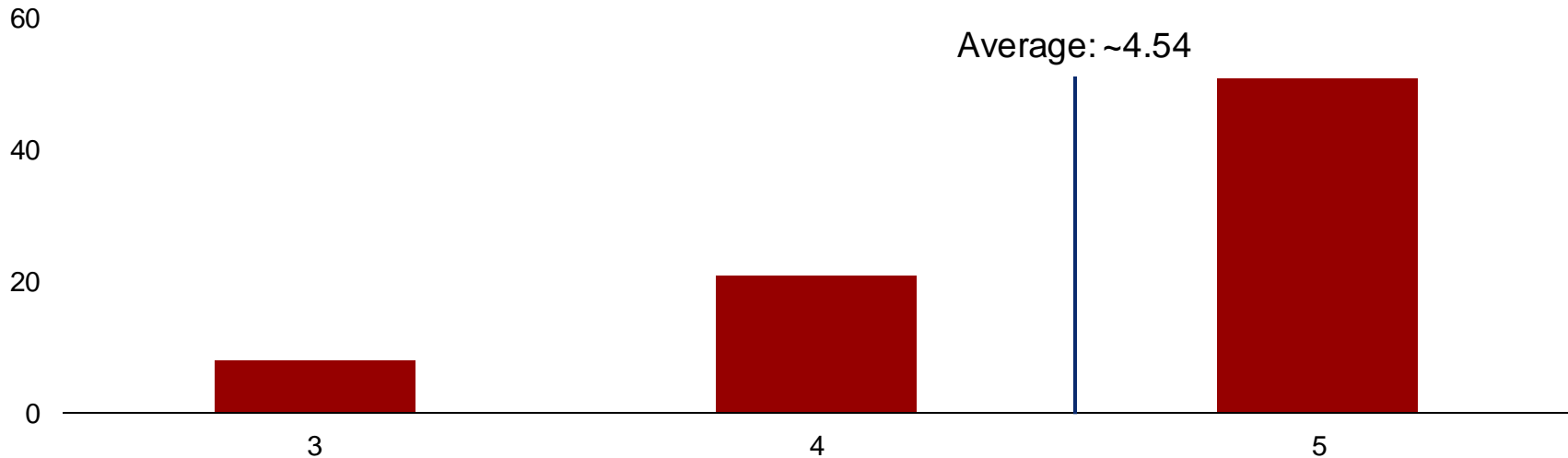
Framework II



The New York Times


HIM Digital News Survey Analysis, n = 80

Please rate the importance of a news outlets prestige / reputation / credibility on a scale of 1-5




Evidently, people prioritize the credibility and reputation of a news outlet, indicative of the integral nature of trust through an established brand, even more so going forward

#1



Given the role of news for young people now appears primarily individualistic; **it's about how existing outlets can provide reputable content that will imbue both sentiment and trust**

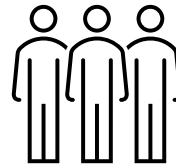
#2



The experience of news should feel as easy and accessible as Facebook and Netflix; **consumers will be more likely to save time by pursuing their favorite offering**

Source: HIM Digital News Survey

Core, mainstream companies need to be agile while navigating this new market



Competitor A

Competitor B

New York Times

Competitor C

Competitor D

Reinvented Offering



Cleaned up the balance sheet – is now **debt-free**, with drastically reduced pension liabilities



Used print profits to invest in **high-quality** content offerings, and journalistic talent



In addition to Investing in journalistic talent, NYT has made some notable, **strong tech related investments and talent acquisitions**



While their core product remains journalism, NYT has **created new revenue streams** across media formats, products and services

NYT has proven it's ability to survive, now with 4x as many subscribers as during their print era, strong financials, and substantial profit potential, they have and will certainly continue to outperform core competition

Source: Company Website, Company Filings, Deloitte

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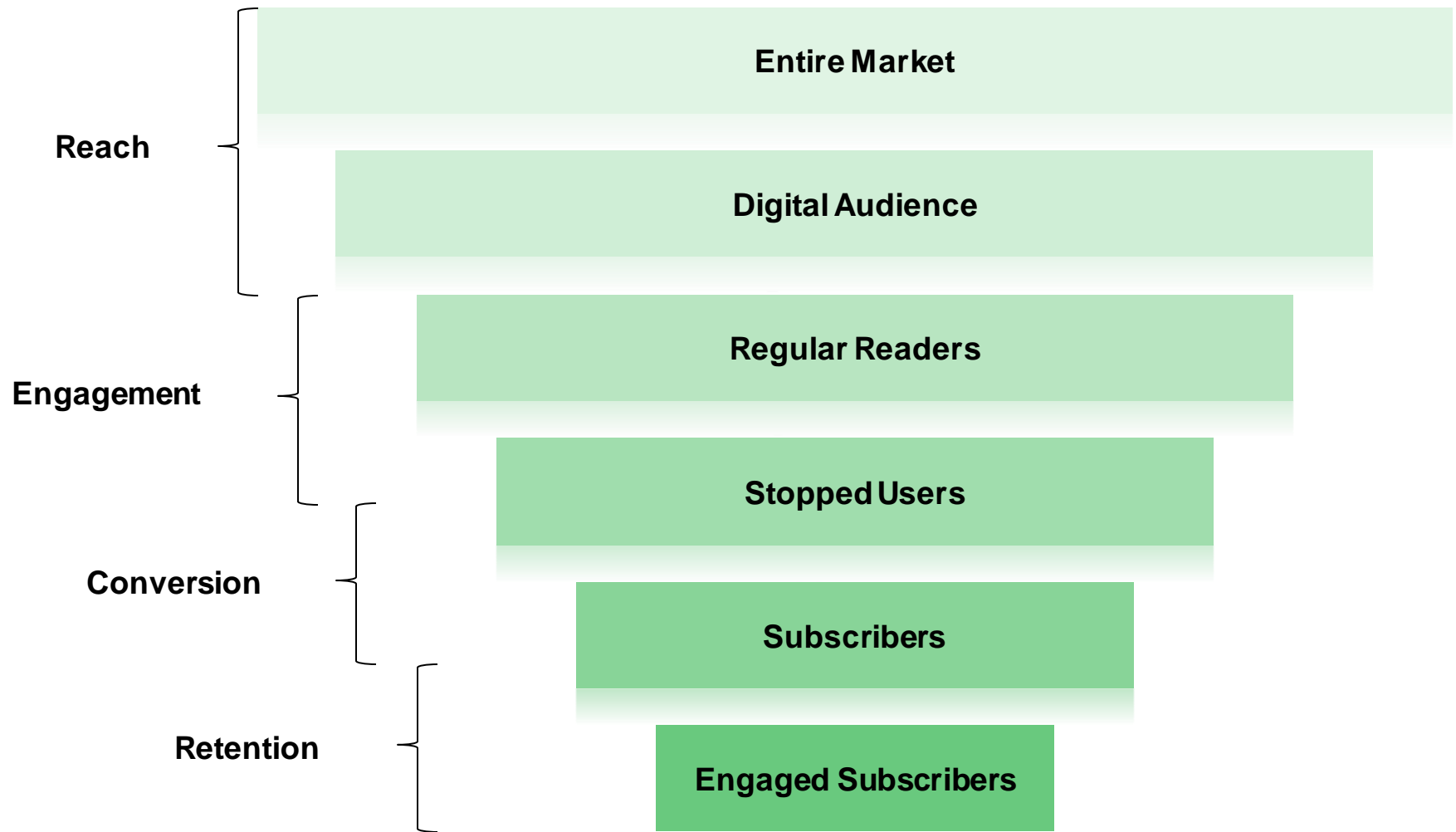
Keys To Success Going Forward

Framework III



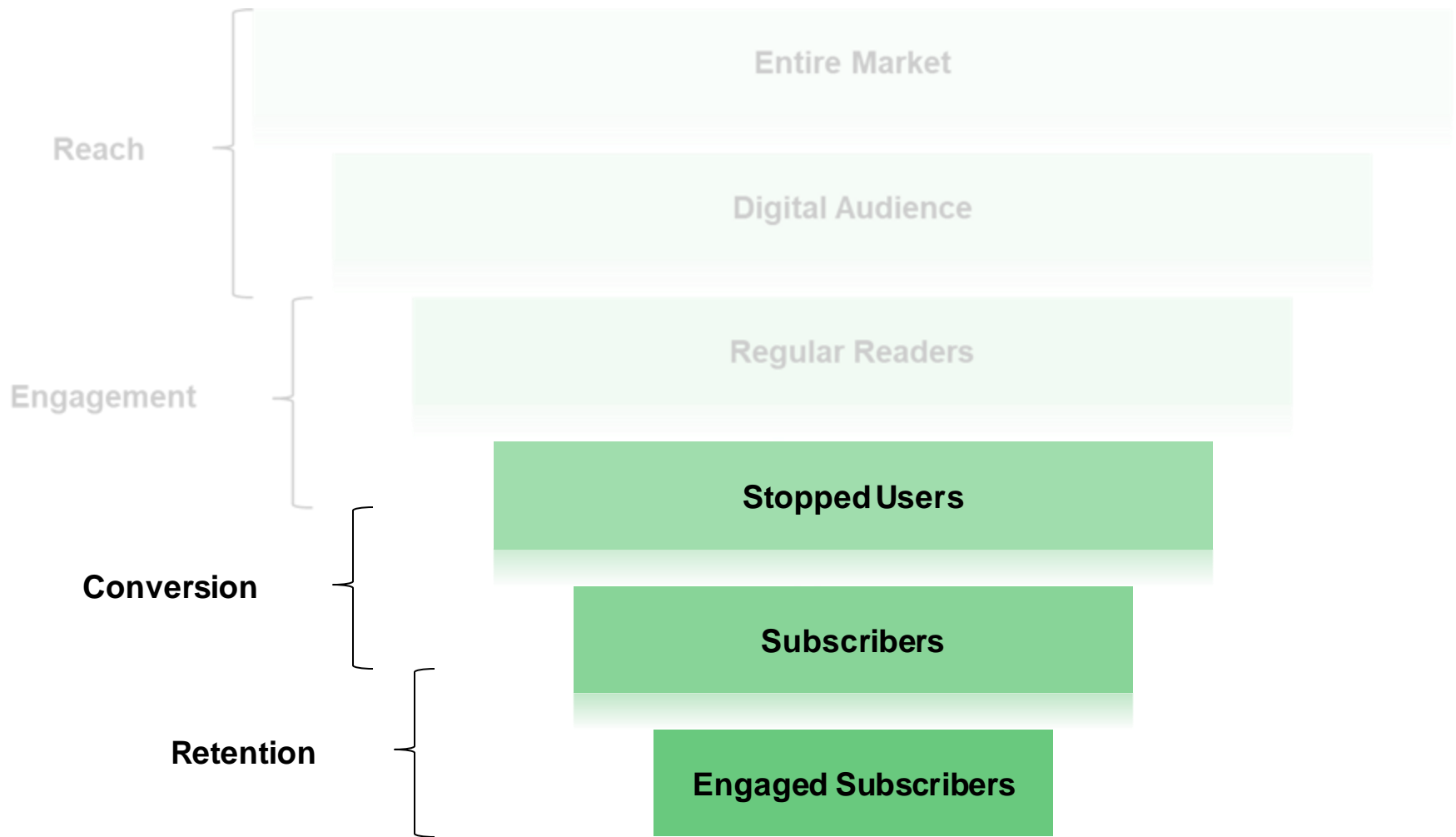
The New York Times

What is the role of consumer acquisition and retention



Source: Harvard

What is the role of consumer acquisition and retention



The two most vital components in the new market: conversion and retention

Source: Harvard

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Brand Prestige Will Attract Customers

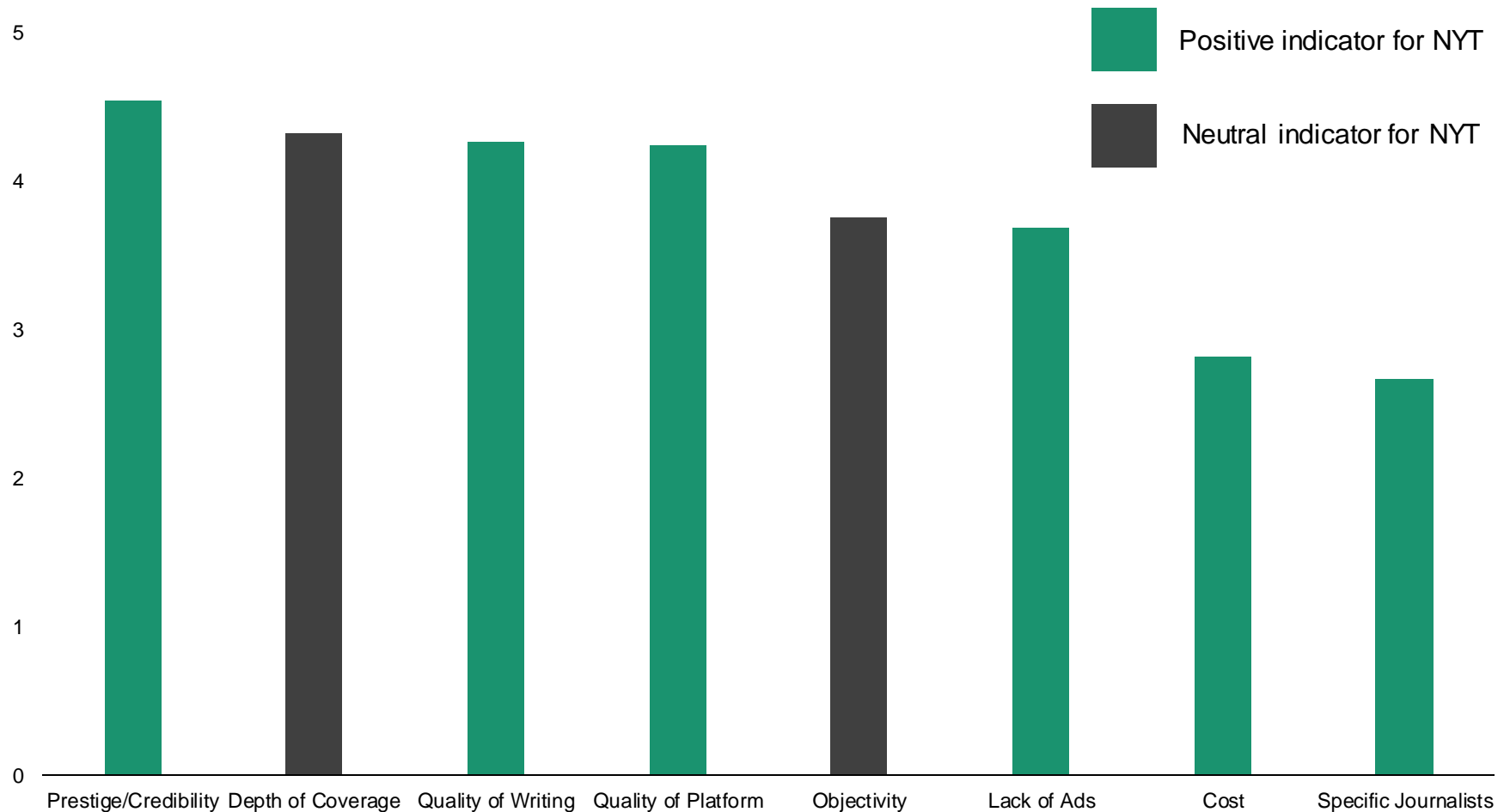
Thesis I



The New York Times

Consumers strongly care about the prestige/credibility and the quality of writing and the platform of a news outlet

Consumers' Most Important Factors When Deciding Which News Outlets To Use

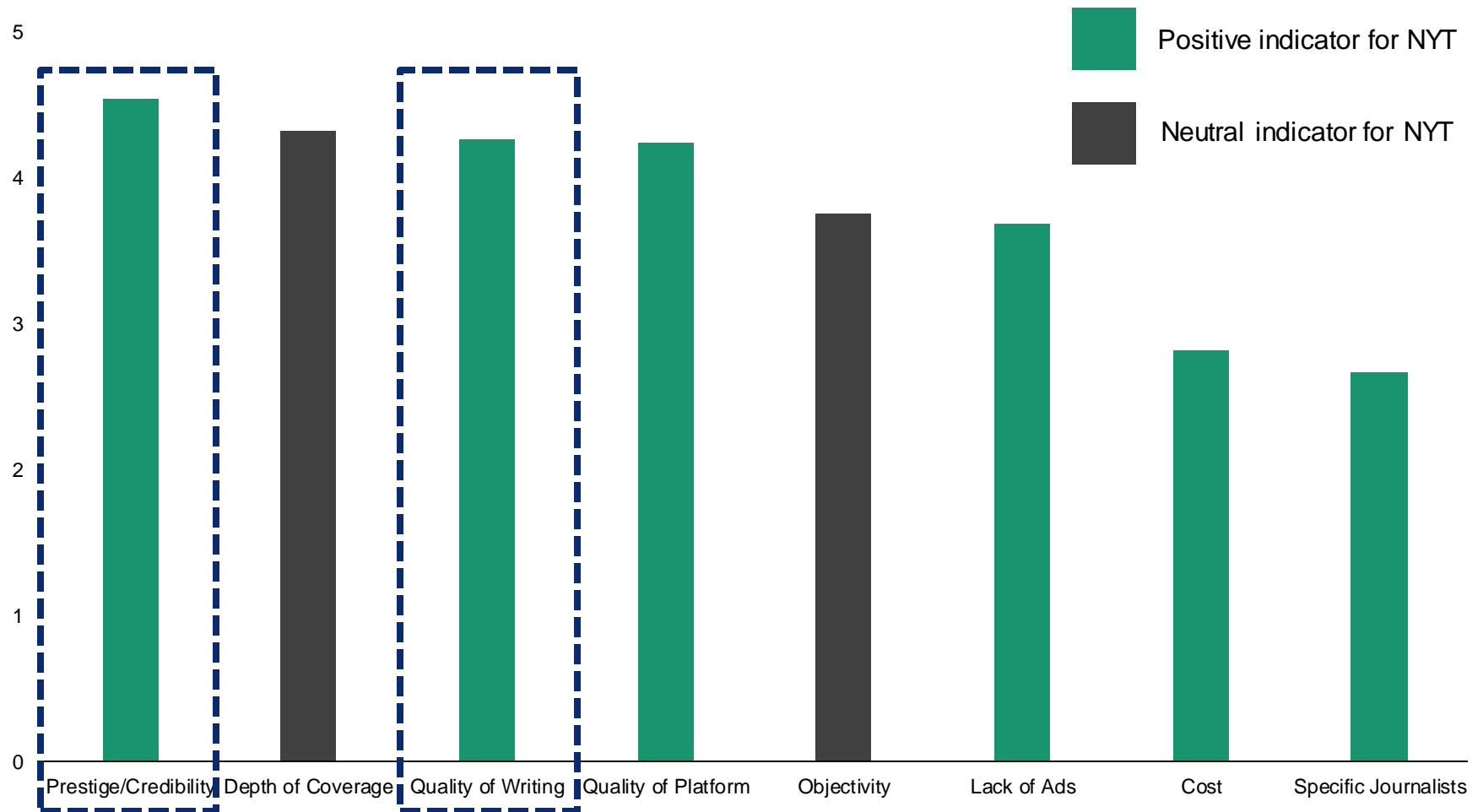


The priorities of consumers are well-aligned with the core competencies of the New York Times

Source: HIM Digital News Survey

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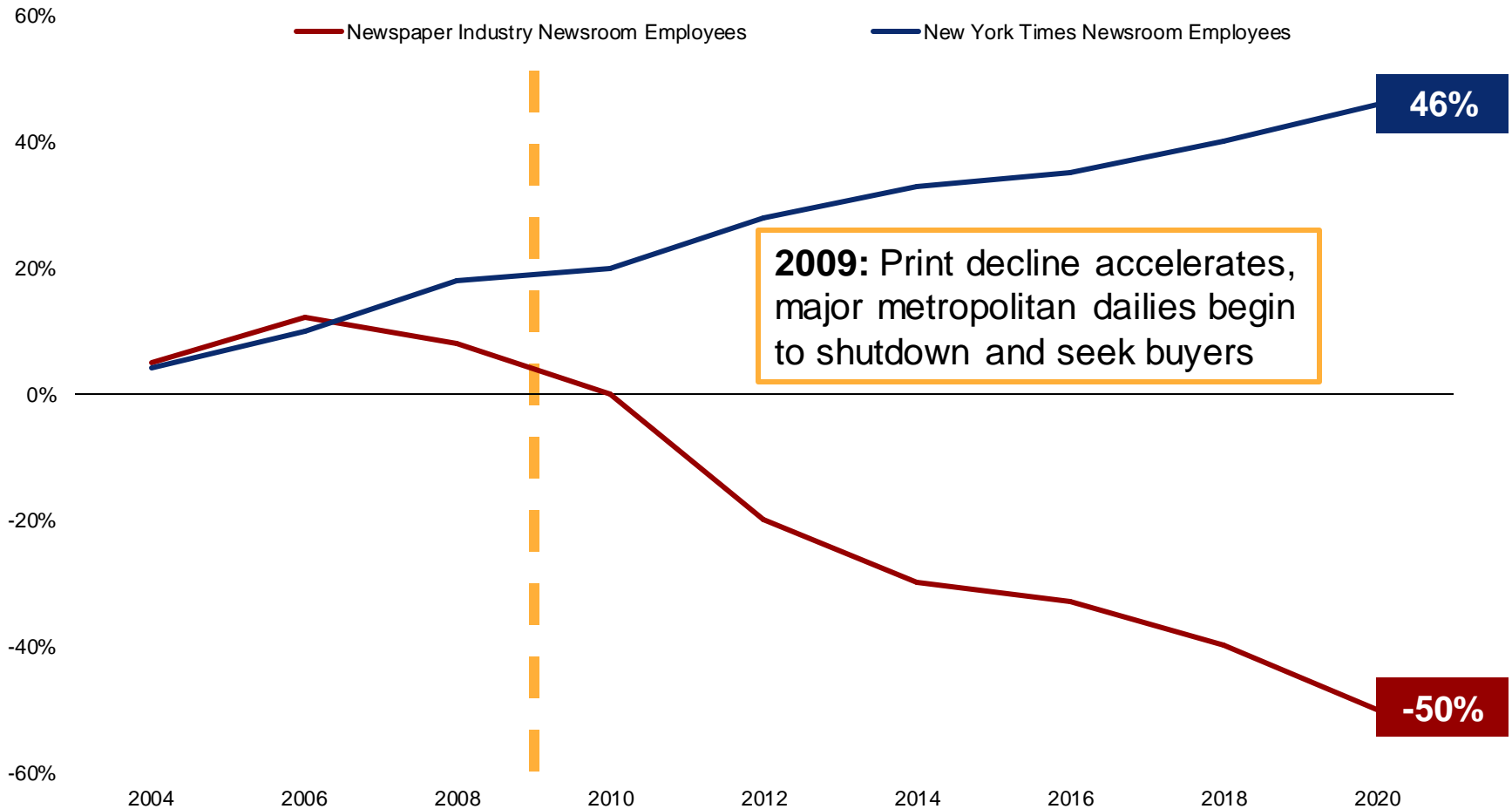
The priorities of consumers are well-aligned with the core competencies of the New York Times

Source: HIM Digital News Survey

NYT Takes A Contrarian Approach To Employment

Other publishers have been laying off reporters while NYT aggressively adds more

Change in Number of Newsroom Employees in News Organizations



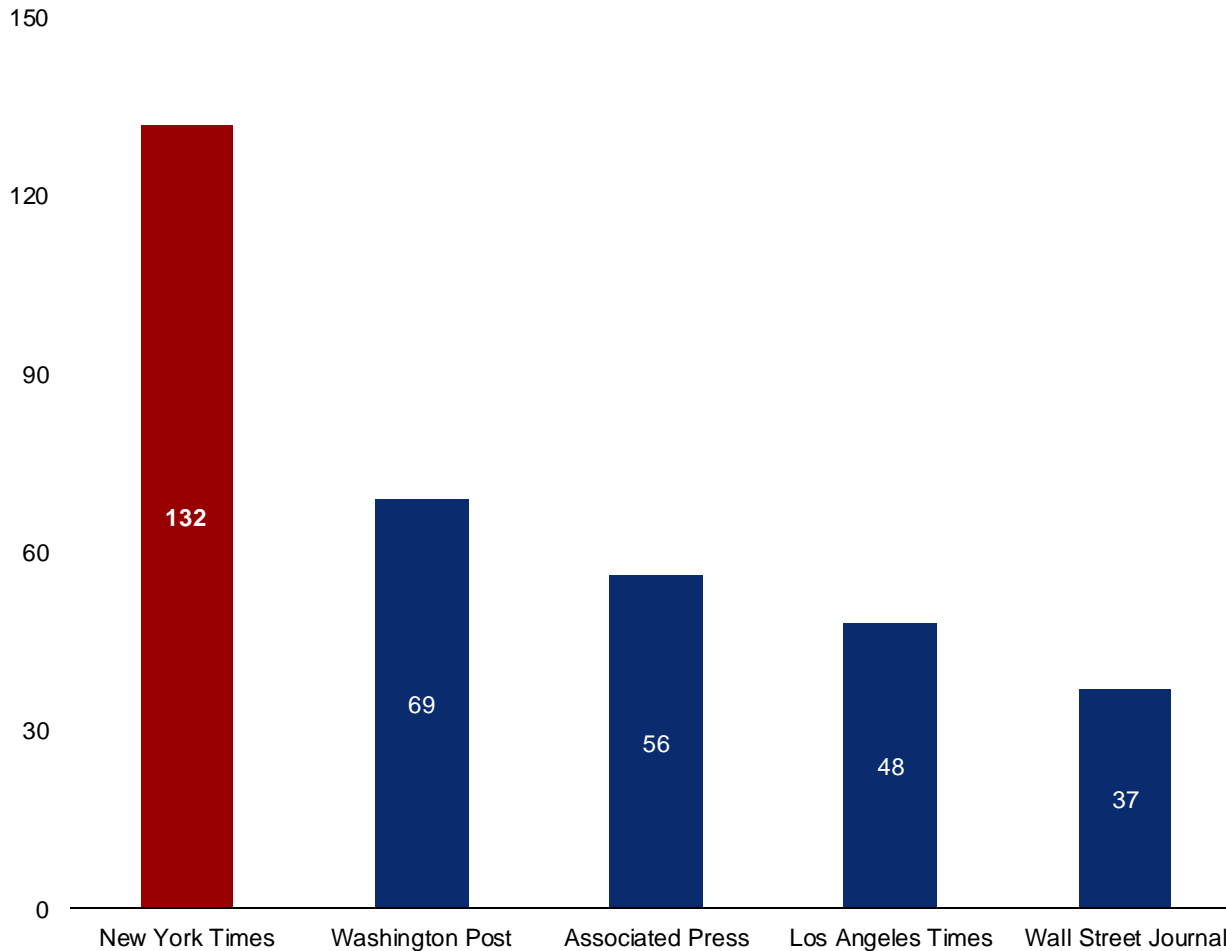
The Times used their print profits to reinvest in journalism while other publishers cut costs and ran off with their print money

Source: Pew Research Center

NYT Has Invested Heavily In Their Journalism

NYT is arguably the most prestigious newspaper in the world

Number of Pulitzer Prize Recipients from News Organizations

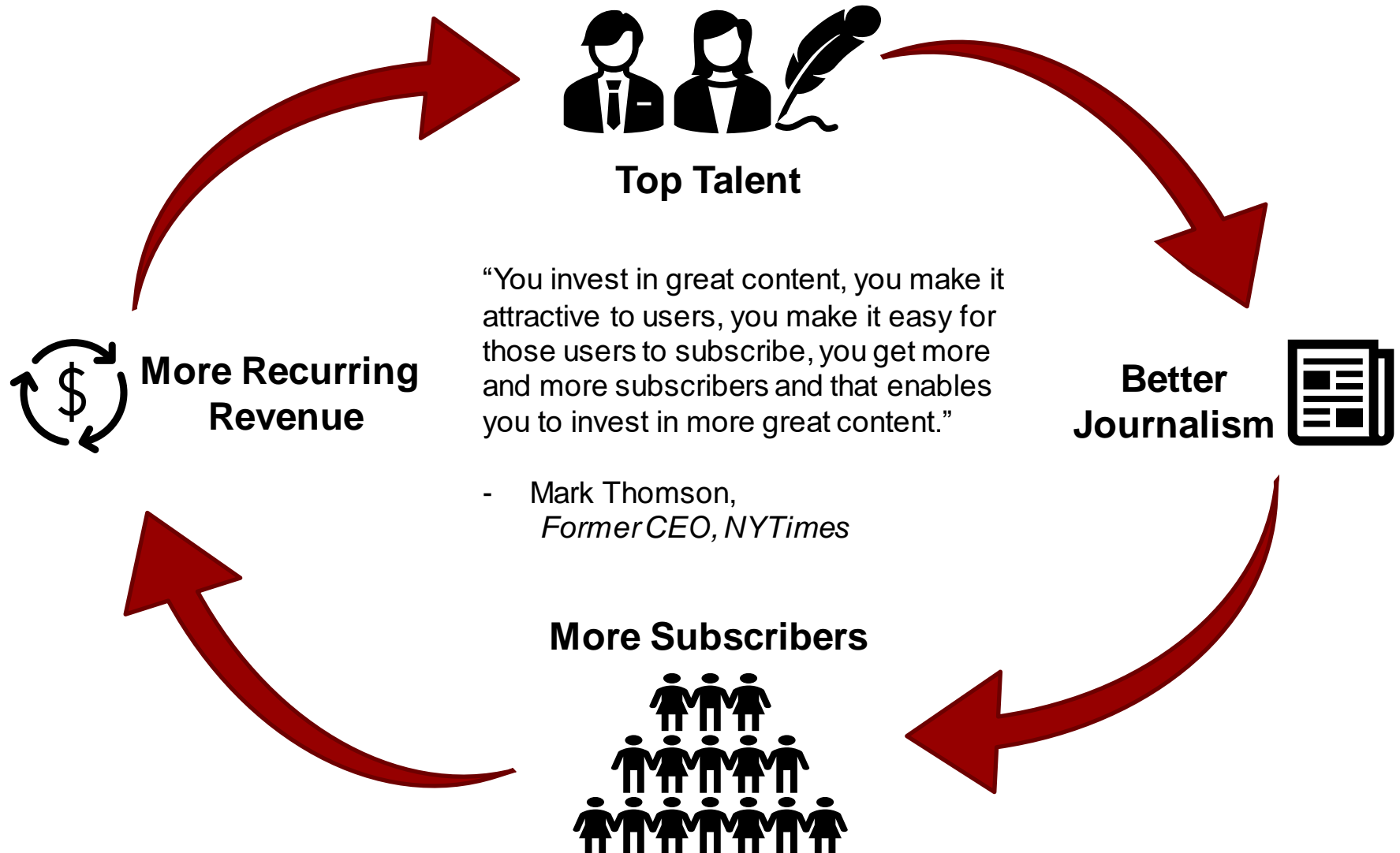


NYT attracts top talent from other publishers

By paying 3-4x the industry average, the New York Times has aggressively improved their core product: journalism

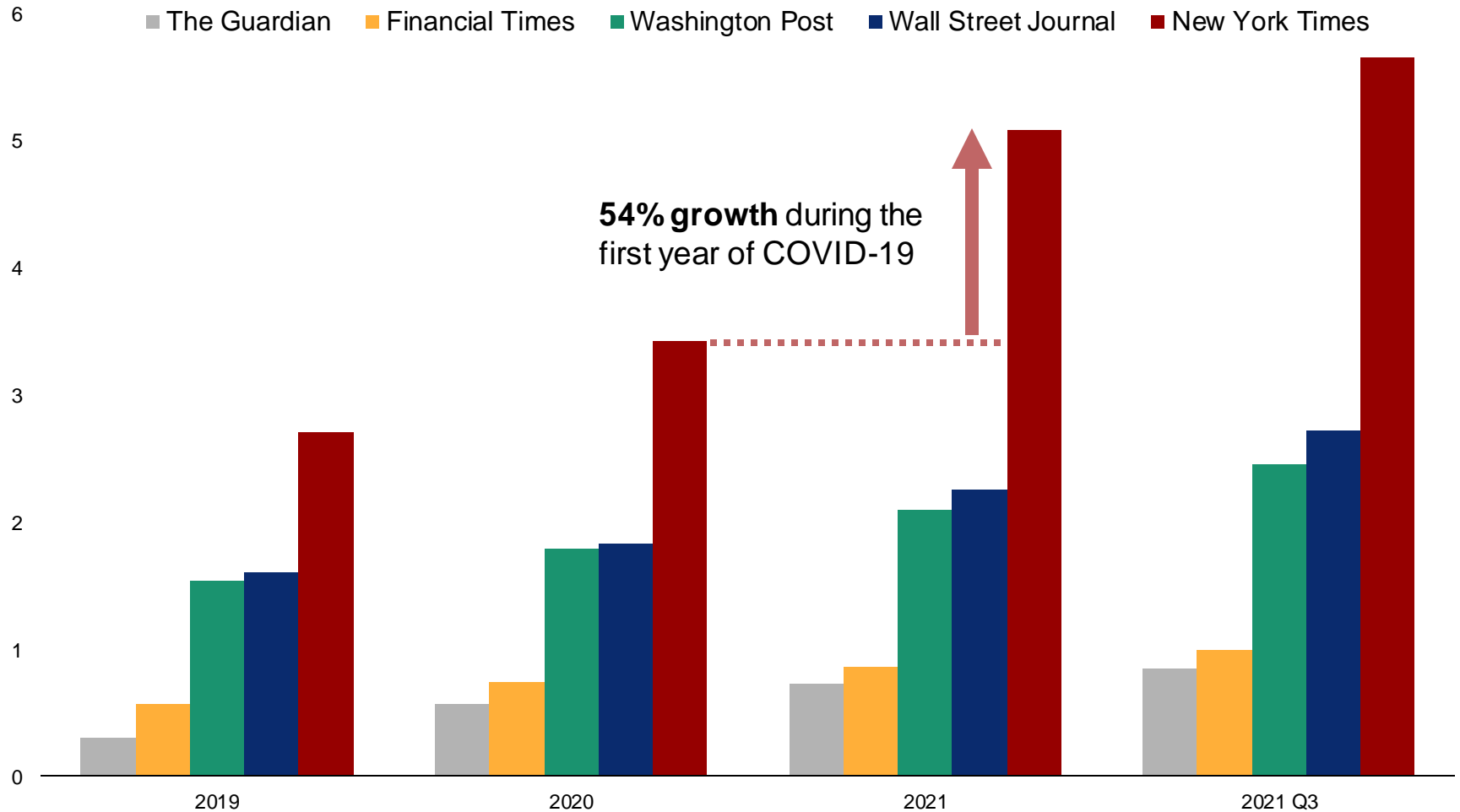
Source: Columbia University, Pew Research Center

Hiring top talent is the most impactful determinant of NYT's core product: journalism



The Times has solidified their brand and leadership presence in the digital news industry

Number of Paid Digital Subscribers (in millions)



Winner-takes-most dynamics are persisting, especially with most consumers only subscribing to one news outlet

Source: Statista

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Low Churn Will Be Maintained

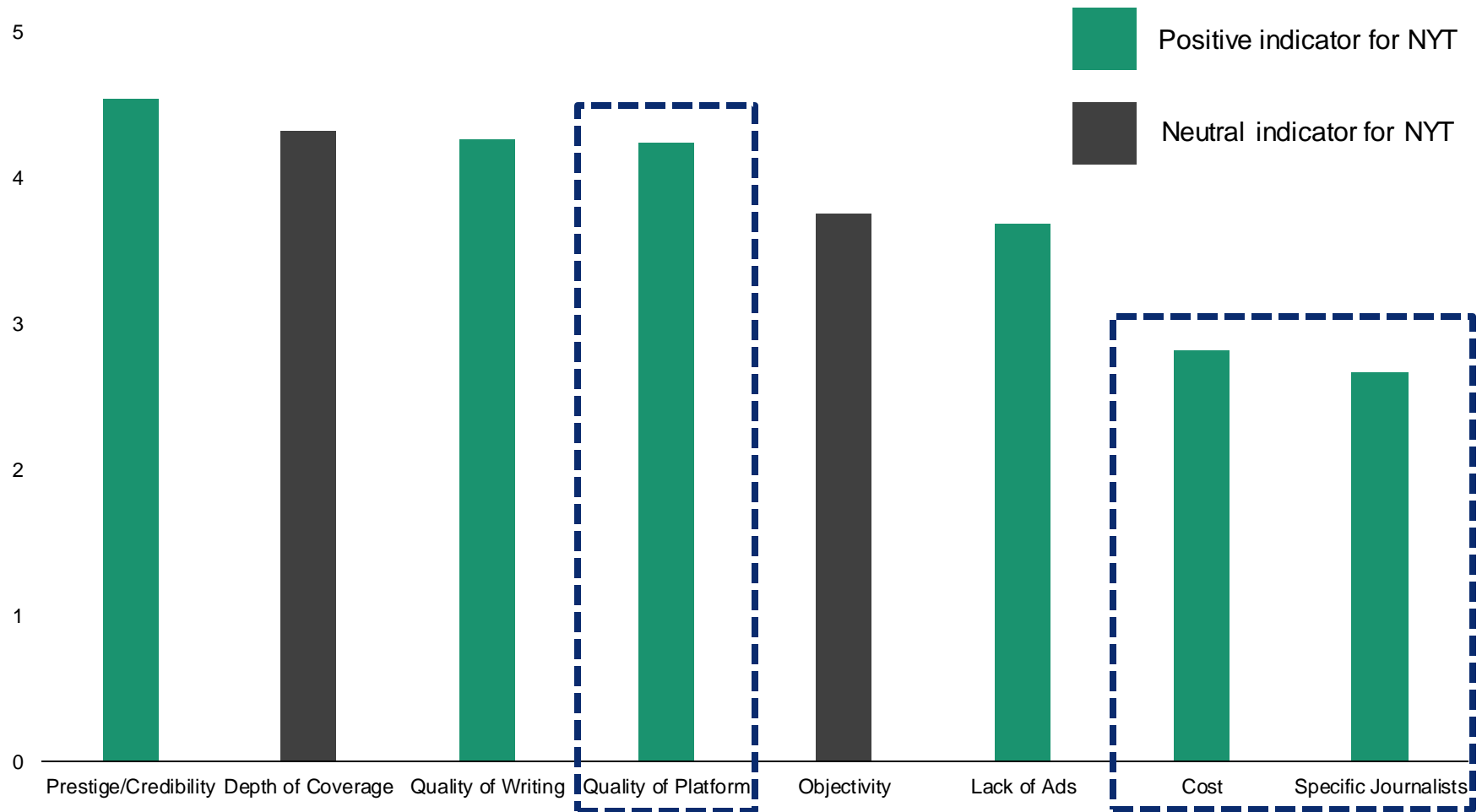
Thesis II



The New York Times

Consumers strongly care about platform quality and care the least about cost and specific journalists

Consumers' Most Important Factors When Deciding Which News Outlets To Use

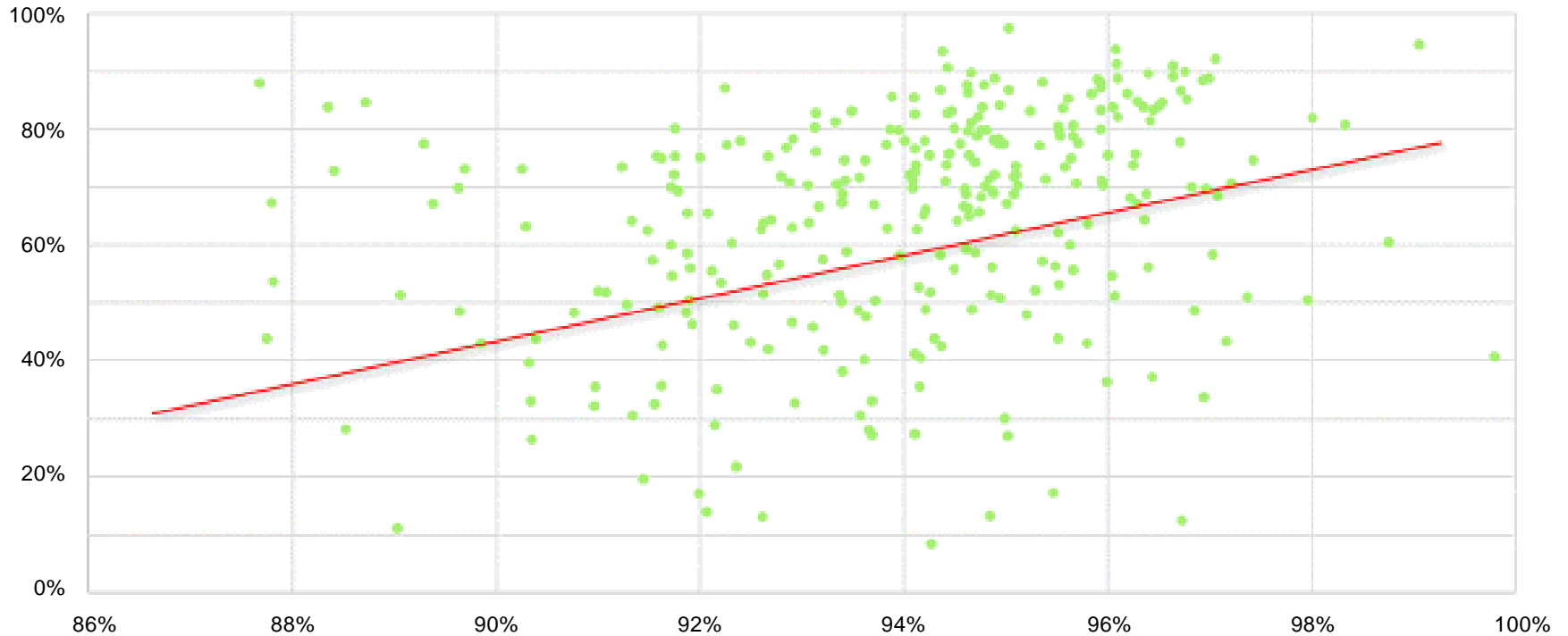


The priorities of consumers are well-aligned with the core competencies of the New York Times

Source: HIM Digital News Survey

Research across publishers underscores that engagement showed the strongest correlation to retention

Subscriber Engagement % Versus Monthly Retention %



Top Factors Influencing Subscriber Engagement



High Quality of News



Comprehensive and integrated service

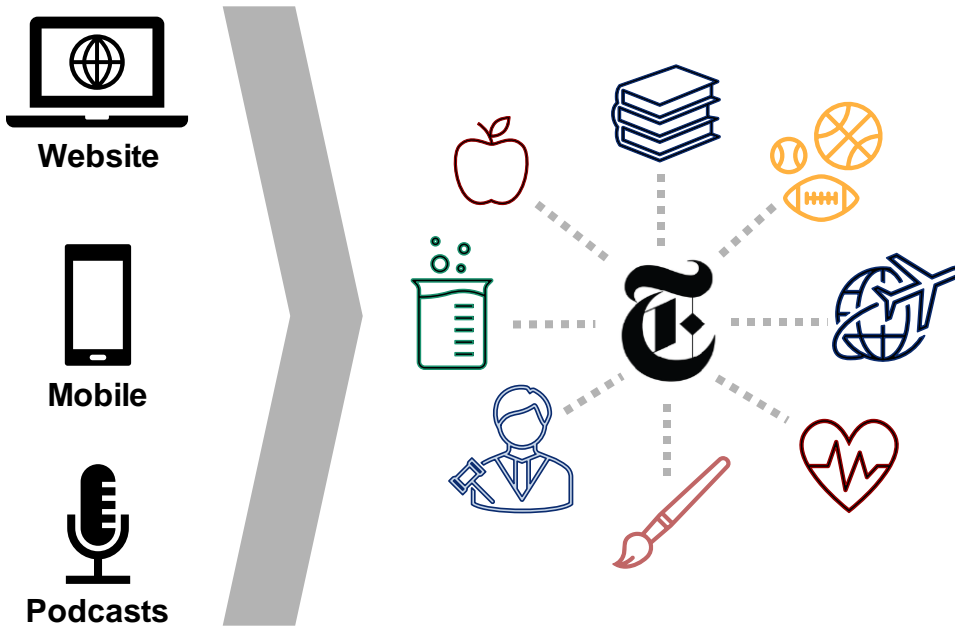


Optimized Platform







Source: Harvard University

Consumers Come For The Brand And Platform, Not The Journalists The New York Times

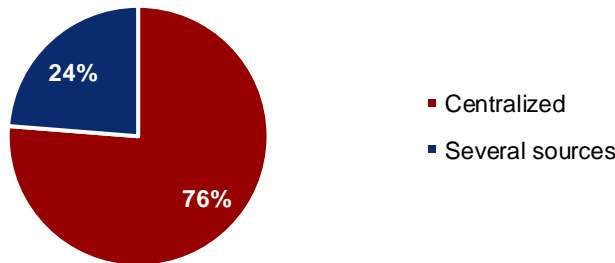
NYT has built a centralized platform with internal operations that are the most advanced of any publisher in the world



NYT's Digitization Optimizes Platform Quality

-  Implemented Elasticsearch
-  Moved to Google Cloud Platform
-  Built publishing pipeline on Kafka
-  Rewrote iOS app in Swift
-  Remade API layer on GraphQL
-  Digitized millions of archived photos

Consumer Preferences for News Delivery



News outlets generally have high retention rates

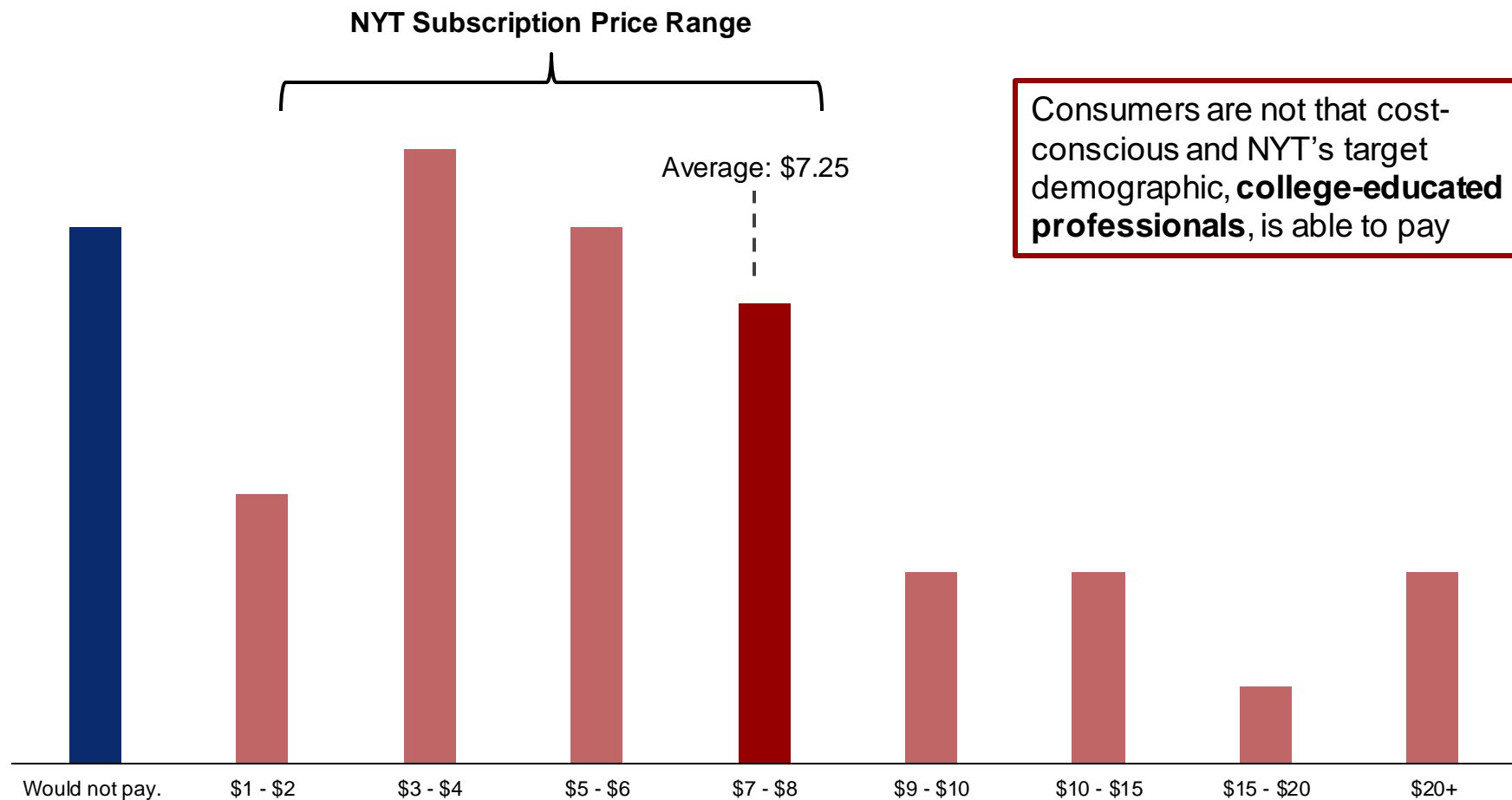


NYT's position is defensible given its strong brand presence, one-stop shop, and consumers' lack of care for specific journalists

Source: Harvard University, HIM Digital News Survey, The New York Times

Consumers who are willing to pay are generally not too sensitive to prices

Survey Respondents' Willingness To Pay For News Subscriptions (Monthly)



Most people either would not pay at all or would pay a considerable amount for their news

Source: HIM Digital News Survey

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Long-term, NYT May Be Able To
Capitalize On The Fringe Too

Thesis III



The New York Times

Services such as Waverly could mend disconnect between periphery and core

Core News Outlets

Core outlets typically would inherently fail to capture any of the periphery market; however, long-term solutions, such as holistic aggregators could serve to bridge this disconnect

Personalized, Periphery Media

Fringe or **Periphery** news media is undoubtedly a growing subsector; there is indeed a lot of very specialized content from individuals knowledgeable in niche areas, who distribute that content through numerous available channels



The Way Startups Work

Jiro E. Kondo · 1 Follower

Edit

WAVE NOTE

Startups have a unique life-cycle that differs from established "big business" or regular entrepreneurship. The key difference relates to the main purpose of a startup early on: learning and growing.

Waverly.

Waverly allows you to create a note, or "wave" of the content you are interested in / gravitate towards in conventional media → it then uses a unique algorithm to display content that matches your "wave"



Applications such as Waverly could bridge the consumer gap between core and periphery, to the advantage of NYT

Source: Jiro E. Kondo

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Valuation

Section V



The New York Times

Trading at a premium – is the premium high enough?

Peer Group (in US\$ M, except ratios)	Share Price	Market Cap.	Enterprise Value	EV / Sales			EV / EBITDA				EBITDA Margin				
				LTM	2021E	2022E	2023E	LTM	2021E	2022E	2023E	LTM	2021E	2022E	2023E
Tier 1 Comparables:															
News Corporation	24.37	14,421	16,602	1.7x	1.8x	1.6x	1.6x	14.1x	12.7x	10.3x	10.1x	12.1%	14.3%	15.9%	16.2%
Gannett Co., Inc.	5.74	789	2,277	0.7x	0.7x	0.7x	0.8x	4.5x	4.8x	4.9x	5.5x	15.3%	14.5%	14.9%	14.0%
Meredith Corporation	58.20	2,574	5,514	1.8x	1.9x	1.9x	1.9x	8.3x	8.4x	10.2x	9.5x	22.2%	22.3%	18.4%	20.0%
Median		2,574	5,514	1.7x	1.8x	1.6x	1.6x	8.3x	8.4x	10.2x	9.5x	15.3%	14.5%	15.9%	16.2%
Mean		5,928	8,131	1.4x	1.5x	1.4x	1.4x	9.0x	8.6x	8.4x	8.3x	16.5%	17.0%	16.4%	16.7%
Tier 2 Comparables:															
John Wiley & Sons, Inc.	54.41	3,035	4,089	2.0x	2.1x	1.9x	1.9x	11.9x	10.1x	9.5x	8.9x	17.2%	21.2%	20.6%	20.9%
The E.W. Scripps Company	21.45	1,769	5,488	2.5x	2.4x	2.1x	2.1x	8.7x	9.6x	6.8x	8.6x	28.7%	25.0%	30.4%	24.0%
Median		2,402	4,788	2.3x	2.3x	2.0x	2.0x	10.3x	9.9x	8.1x	8.8x	23.0%	23.1%	25.5%	22.5%
Mean		^	^	^	^	^	^	^	^	^	^	^	^	^	^
The New York Times Company	50.14	8,417	7,377	3.8x	3.6x	3.4x	3.1x	24.7x	23.5x	20.6x	18.1x	15.2%	15.3%	16.3%	17.4%



1

Not many public comparables, and existing ones are not completely comparable

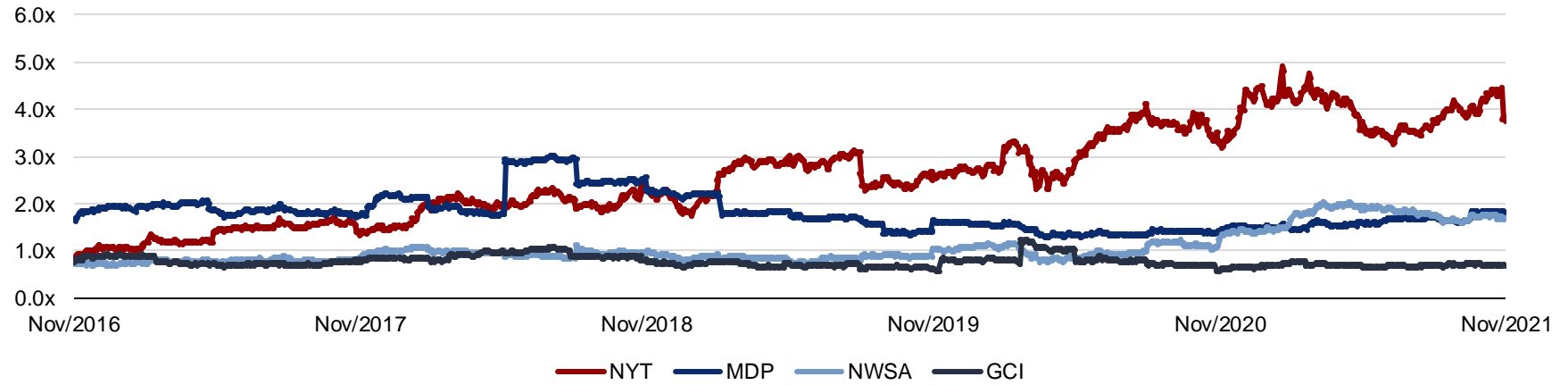
2

NYT trades at premium to comps due to better operating metrics and fundamentals

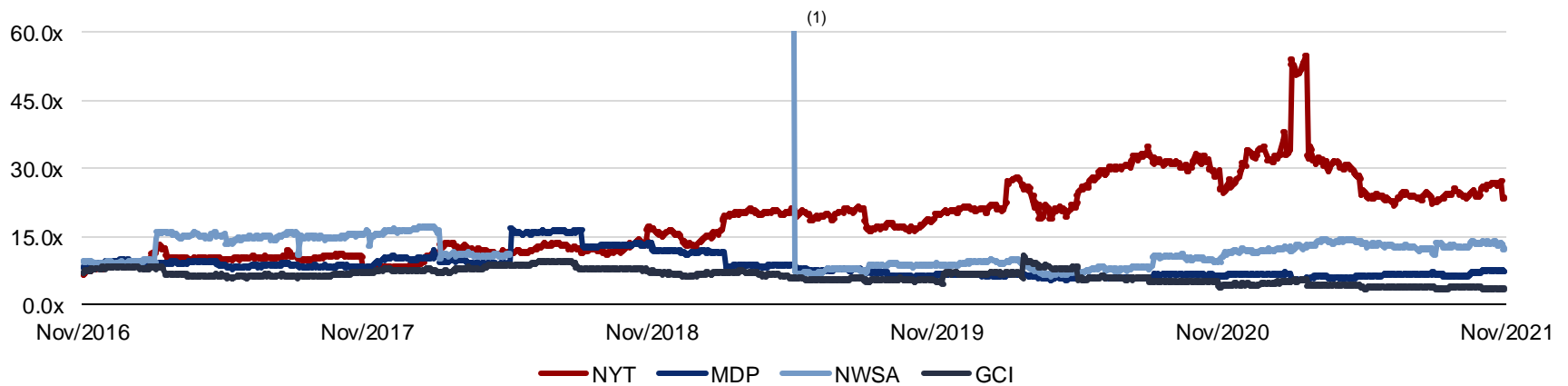
Source: Capital IQ as of close on Nov 5, 2021

“Nothing can stop me, I'm all the way up” – Fat Joe 

Last 5-year EV / EBITDA



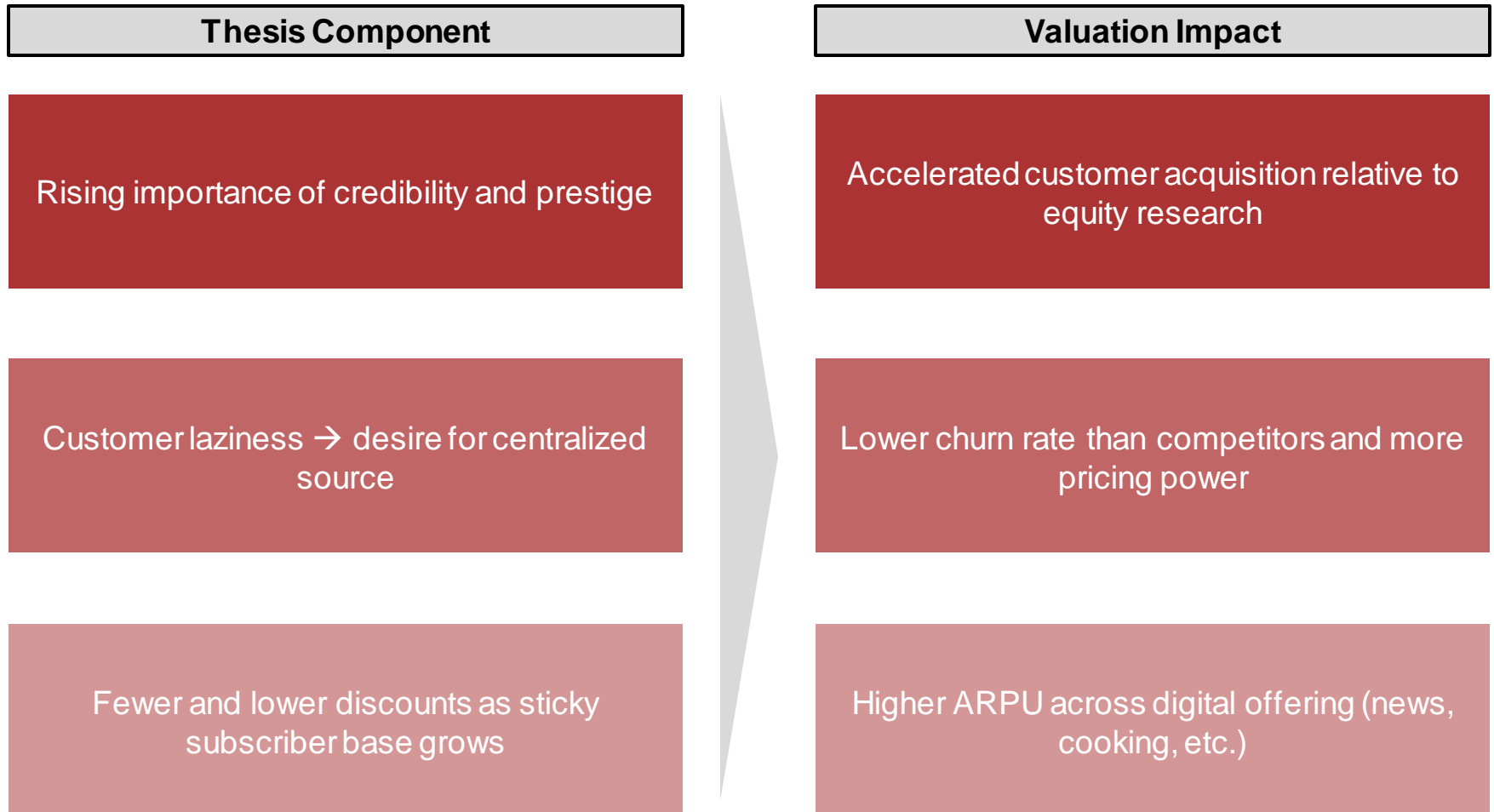
Last 5-year EV / Revenue



Source: Capital IQ as of close on Nov 5, 2021

(1) EBITDA spiked down for NWSA from 2018-2019

Our view on ARPU expansion and digital subscriber growth is more bullish than the market



Strong margin of safety with highly **conservative** estimates

Projected Free Cash Flows

DCF Model	2021E	2022E	2023E	2024E	2025E	2026E	2027E (TV)
Revenue	\$2,028,492	\$2,224,323	\$2,429,157	\$2,650,832	\$2,888,943	\$3,136,402	
Less: cost of revenue and operating expenses	(\$1,758,908)	(\$1,688,527)	(\$1,734,799)	(\$1,807,530)	(\$1,839,916)	(\$1,919,190)	
EBIT	\$269,583	\$535,796	\$694,358	\$843,302	\$1,049,028	\$1,217,212	
Less: operating taxes on EBIT	\$56,612	\$112,517	\$145,815	\$177,093	\$220,296	\$255,614	
NOPAT	\$212,971	\$423,279	\$548,543	\$666,208	\$828,732	\$961,597	
Add: D&A	\$58,764	\$20,285	\$22,243	\$18,219	\$19,881	\$21,667	
Less: capex	\$40,570	\$38,926	\$36,437	\$39,762	\$36,112	\$39,205	
Less: increases in working capital	(\$23,358)	\$98,461	\$27,022	\$31,391	\$29,861	\$34,431	
Unlevered free cash flows	\$254,523	\$306,177	\$507,327	\$613,274	\$782,640	\$909,628	\$927,821
Terminal multiple							12.50
Terminal value							\$11,597,759
Year cash flow remaining	\$41,142	\$306,177	\$507,327	\$613,274	\$782,640	\$909,628	\$11,597,759
Discount period	0.08	0.66	1.66	2.66	3.66	4.66	5.66
Discount factor	0.99	0.94	0.85	0.78	0.71	0.64	0.58
PV of UFCF	\$40,826	\$287,465	\$433,020	\$475,863	\$552,073	\$583,319	\$6,761,195

Sensitivity Analysis

Sensitivity Analysis on Terminal Growth and Hurdle Rate

	7%	8%	9%	10%	11%	12%
1.00%	65%	41%	23%	10%	-1%	-10%
1.50%	77%	50%	29%	14%	2%	-7%
2.00%	91%	59%	36%	19%	6%	-4%
2.50%	109%	71%	44%	25%	10%	-1%
3.00%	131%	84%	53%	32%	15%	3%

Source: Capital IQ as of close on Nov 5, 2021

Bridge to Equity Value

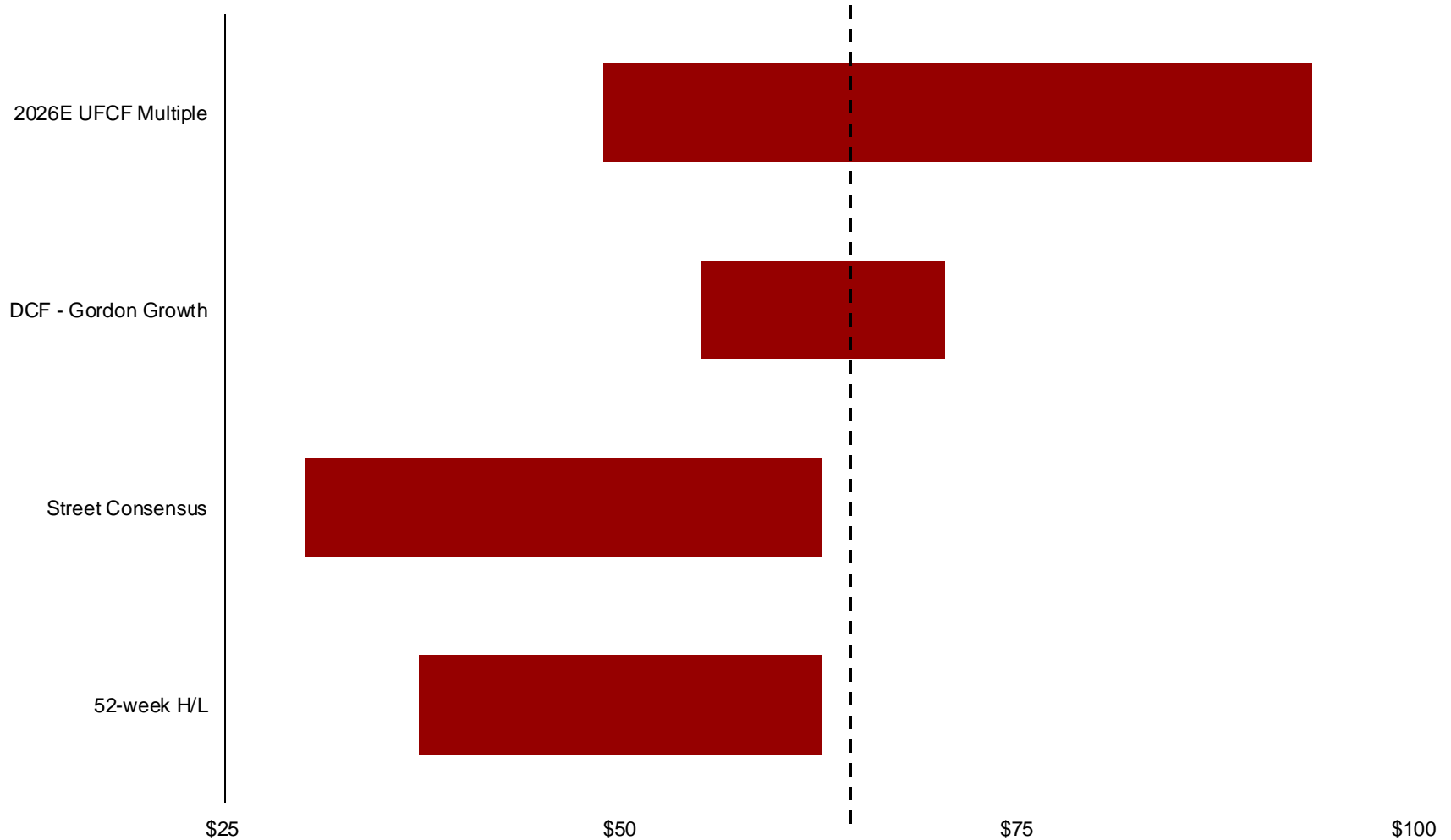
Gordon Growth Method

Terminal growth rate	2.00%
Terminal year EBITDA	\$1,238,879
Implied enterprise value	\$9,133,762
Add: cash & equivalents	\$1,294,745
Less: debt & equivalents	\$347,225
Equity value	10,081,282
Fully diluted shares outstanding (mm)	168,546
Implied share price	59.8

THE NEW YORK TIMES COMPANY (XNYS:NYT)	50.1
Implied upside (downside)	19%

Let's go Riders let's go!

Price target: \$64.87



We calculated our price target using the Gordon Growth method, 2026 UFCF multiple, and 2021 EBITDA

Source: Expert Analysis, Wall Street Journal

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Risks & Catalysts

Section VI



The New York Times



Internal Considerations

Family Control



Poor Capital Allocation



Continued Earnings Beats

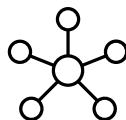


Fewer Discounts = Higher ARPU



External Considerations

News Aggregators



Lower Political Engagement



Growth in Int'l Readership



Uptick in News Activity/Turmoil



What's going to drive the stock price over the coming months?

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Appendix

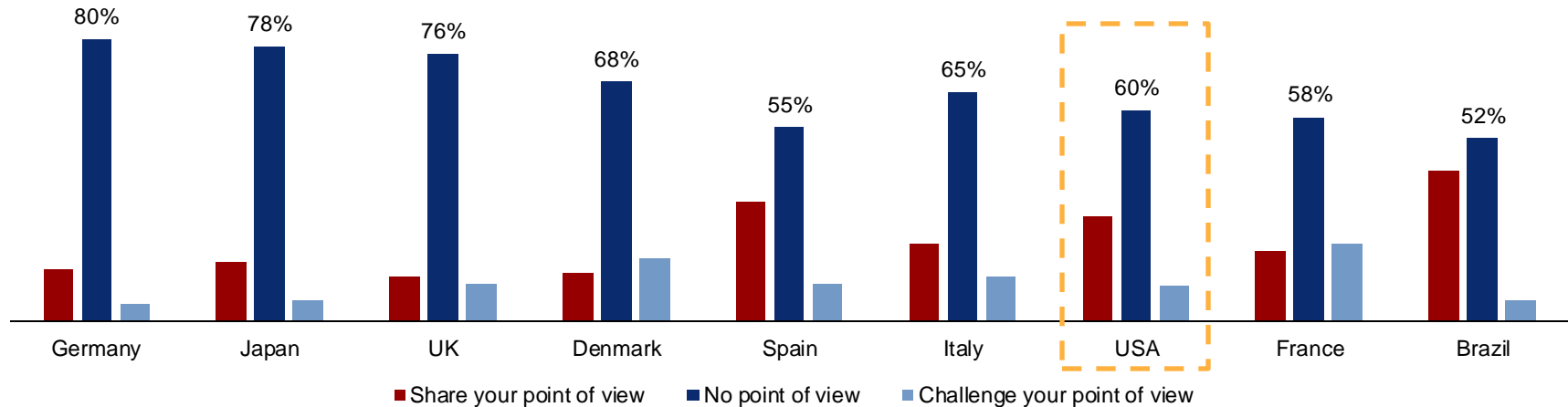


The New York Times

Scenario 1: Why Consumers Will Seek An Integrated, Comprehensive Service

People want objective content

Proportion That Prefer Journalistic Objectivity



Winners

Point of View: news that...

- Is clearly informed by empirical data (rather than prejudice or agenda)
- Helps people develop a point of view

Personal Utility: news that...

- Is enjoyable and engaging to consume in terms of delivery
- Aids in the development of the consumer

Losers

Point of View: news that...

- Adherent to predictable / politicized / extreme opinions or ideologies
- Is informed by a specific agenda

Personal Utility: news that...

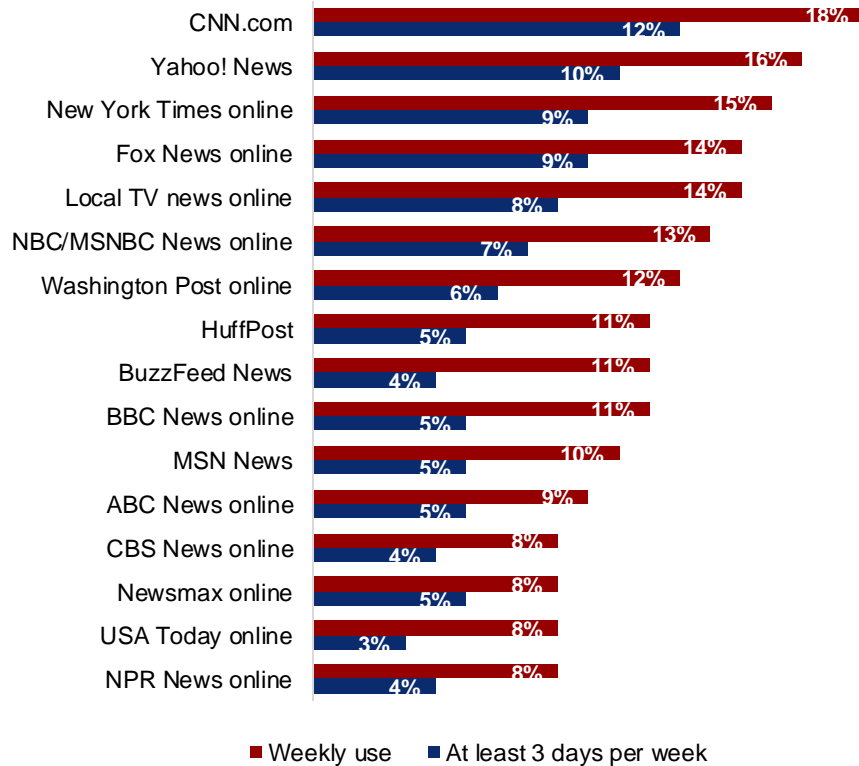
- Is inconvenient and neglects the consumer perspective
- Lacks engaging delivery

Source: Statista

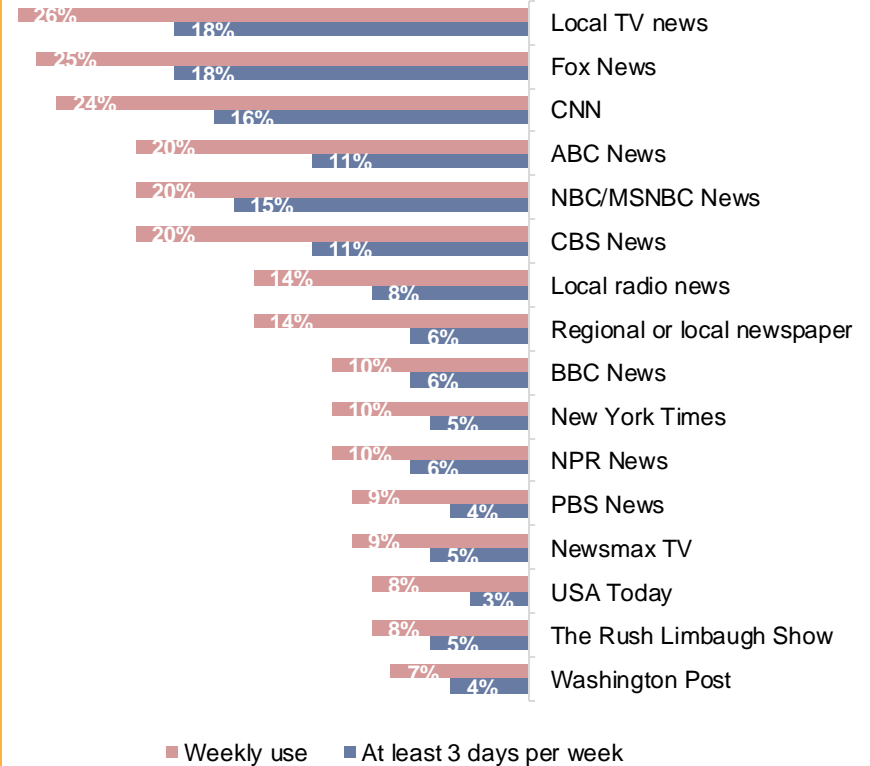
Scenario 1: Why Consumers Will Seek An Integrated, Comprehensive Service

News media is now competing for attention with myriad other distractions, but still growing?

U.S. Online Consumption



U.S. Offline Consumption



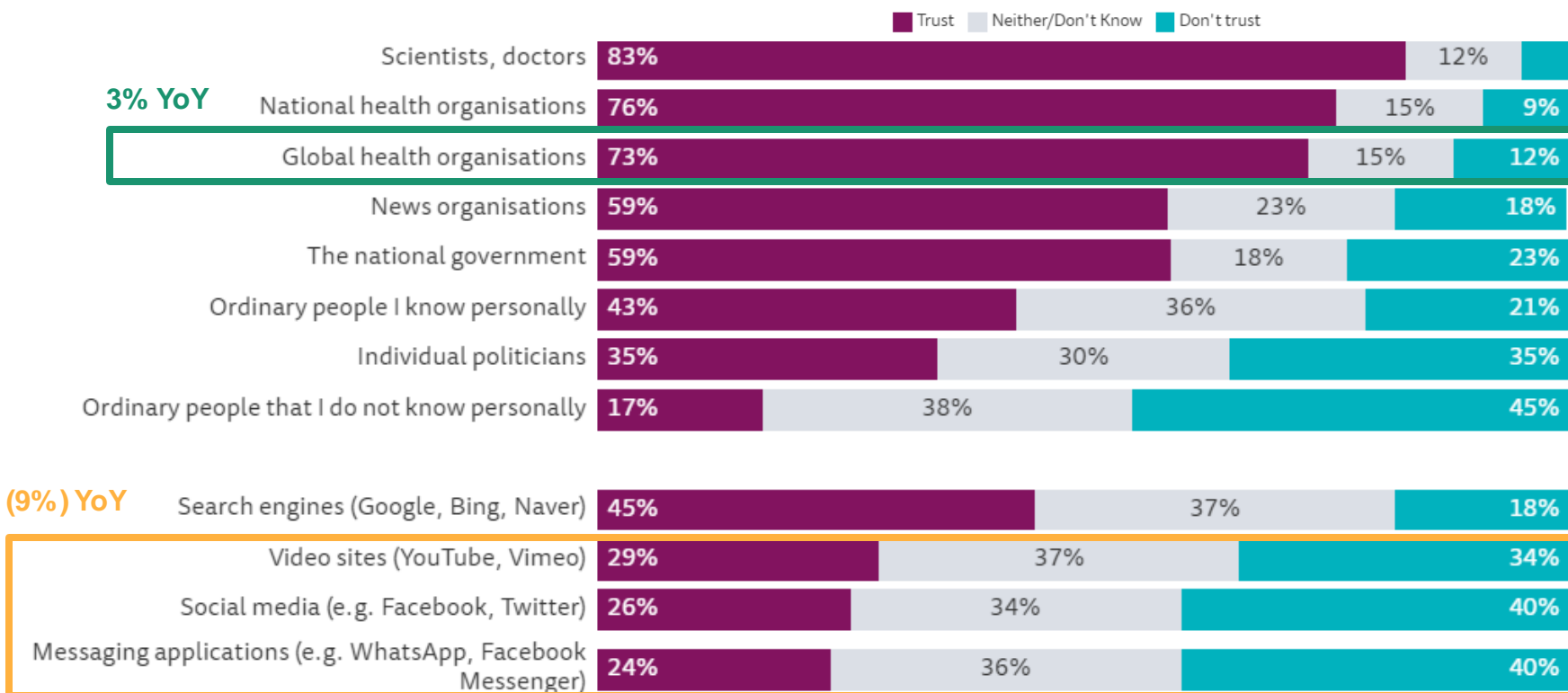
Driving relevance of traditional news brands is not as simple as delivering an entertaining point of view that offers personal utility

Rather it is based on the dexterity of the company itself

Source: Columbia Journalism Review, Statista

Scenario 1: Why Consumers Will Seek More Reputable Content

The accelerated shift towards online media has reinforced the value of trustworthy news sources



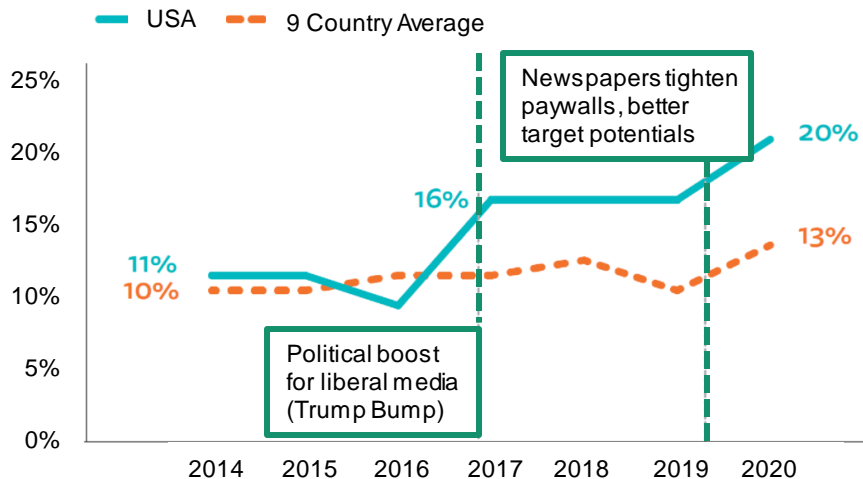
- COVID reminded people of the **need for reliable and accurate information**
- Average levels of trust in news organizations is **103-146%** higher than trust in social platforms

- Media organizations focused on **amplifying government messages** during the early stages of the pandemic
- Media are likely to become more **critical of government** in the future

Source: University of Oxford

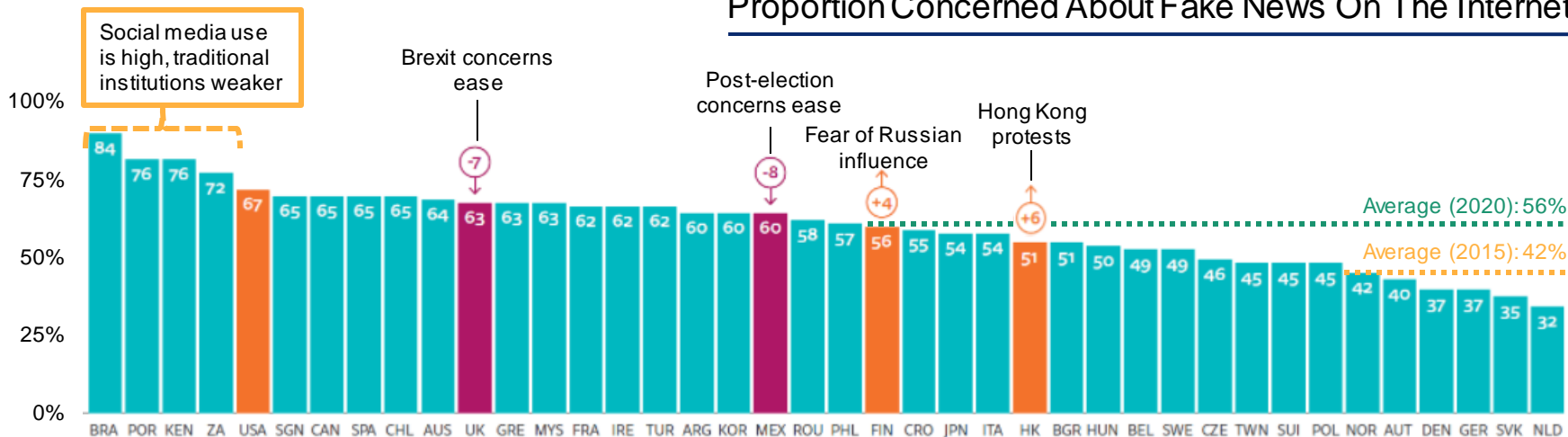
Changing business models and political propaganda have pushed consumers towards trustworthy content

Proportion That Paid For Online News In The Last Year



- Uptick may partly be driven by **new election cycle**
- New publisher tactics (e.g., special deals, paywalls) have been a **strong source of subscriber growth**
 - **Reinforces the value** of high-quality news
- Risk factors include **information inequality** and **increased competition** in the news space
 - Forces content to be accessible for **lower costs**
 - Forces publishers to **cut costs** and **reduce quality**

Proportion Concerned About Fake News On The Internet

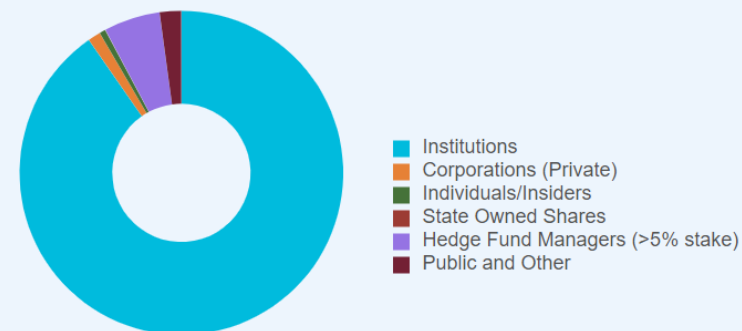


With fake news becoming increasingly concerning, news organizations have a great opportunity to capture worried consumers

Source: University of Oxford

Ownership Summary ¹

Type	Common Stock Equivalent Held	% of Total Shares Outstanding	Market Value (USD in mm) ²
Institutions ⁵	151,628,883	90.32	7,602.7
Corporations (Private)	2,138,810	1.27	107.2
Individuals/Insiders	1,001,888	0.60	50.2
State Owned Shares	59,434	0.04	3.0
Hedge Fund Managers (>5% stake)	9,423,665	5.61	472.5
Public and Other ³	3,622,994	2.16	181.7
Total	167,875,674	100.00 ⁶	8,417.3



Top Holders [View All](#) ¹

Holder	Common Stock Equivalent Held	% of Total Shares Outstanding	Market Value (USD in mm) ²	Position Date
The Vanguard Group, Inc.	13,932,802	8.30	698.6	Jun-30-2021
Capital Research and Management Company	13,922,871	8.29	698.1	Jun-30-2021
BlackRock, Inc.	12,448,422	7.42	624.2	Jun-30-2021
Jackson Square Partners, LLC	11,558,359	6.89	579.5	Jun-30-2021
Darsana Capital Partners LP	9,423,665	5.61	472.5	Jun-30-2021

Activist Investors [View All](#)

Investor	Common Stock Equivalent Held	% of Total Shares Outstanding	Market Value (USD in mm) ²	Position Date	Campaigns	History
Farallon Capital Management, L.L.C.	6,615,258	3.94	331.7	Jun-30-2021	1	
D. E. Shaw & Co., L.P.	572,265	0.34	28.7	Jun-30-2021	6	
Royal London Asset Management Limited	512,429	0.31	25.7	Sep-30-2021	1	
QVT Financial LP	351,187	0.21	17.6	Jun-30-2021	3	
Wolverine Asset Management, LLC	4,621	0.00	0.2	Jun-30-2021	5	
Total	8,055,760	4.80	403.9			

Source: Capital IQ as of close on Nov 5, 2021

Board Members			
Copy to List		Add...	
<input type="checkbox"/> Name	<input type="checkbox"/> Title	Sort By Rank ▼	Role
<input type="checkbox"/> Sulzberger, Arthur Gregg	▼	Chairman of the Board & Publisher	Internal
<input type="checkbox"/> Kopit Levien, Meredith A.	▼	President, CEO & Director	Internal
<input type="checkbox"/> Sulzberger Jr., Arthur Ochs	▼	Chairman Emeritus	External
<input type="checkbox"/> Perpich, David S.	▼	Head of Standalone Products & Director	Internal
<input type="checkbox"/> Glaser, Rachel C.	▼	Independent Director	External
<input type="checkbox"/> Rogers Jr., John Washington	▼	Independent Director	External
<input type="checkbox"/> Toben, Doreen Augustinus	▼	Independent Director	External
<input type="checkbox"/> Van Dyck, Rebecca	▼	Independent Director	External
<input type="checkbox"/> McAndrews, Brian P.	▼	Independent Presiding Director	External
<input type="checkbox"/> Bhutani, Amanpal Singh	▼	Independent Director	External
<input type="checkbox"/> Bronstein, Manuel	▼	Director	External
<input type="checkbox"/> Brooke, Beth A.	▼	Independent Director	External
<input type="checkbox"/> Golden, Arthur S.	▼	Non-Employee Director	External
<input type="checkbox"/> Golden, Hays N.	▼	Non-Employee Director	External

Viewing 1-14 of 14 Board Members

NYT's got wads of cash, while competitors are feeling the leverage

Peer Group (in US\$ M, except ratios)	Net Debt		EBITDA			Revenue			
	LTM	LTM	FY2021	FY2022	FY2023	LTM	FY2021	FY2022	FY2023
Tier 1 Comparables:									
News Corporation	1,243	1,178	1,306	1,613	1,650	9,743	9,113	10,162	10,194
Gannett Co., Inc.	1,490	501	473	465	416	3,271	3,269	3,113	2,966
Meredith Corporation	2,940	664	657	543	583	2,993	2,948	2,952	2,912
Median	1,490	664	657	543	583	3,271	3,269	3,113	2,966
Mean	1,891	781	812	874	883	5,336	5,110	5,409	5,357
Tier 2 Comparables:									
John Wiley & Sons, Inc.	1,053	344	403	433	459	1,999	1,904	2,099	2,196
The E.W. Scripps Company	3,310	628	571	808	636	2,190	2,284	2,658	2,652
Median	2,182	486	487	620	548	2,094	2,094	2,378	2,424
Mean	2,182	486	487	620	548	2,094	2,094	2,378	2,424
The New York Times Company	-1,043	299	314	358	407	1,963	2,055	2,200	2,342

Source: Capital IQ as of close on Nov 5, 2021

Big upside

Terminal EBITDA Multiple Method	
Exit multiple - EV/EBITDA	8.0x
Terminal year EBITDA	\$1,238,879
Implied enterprise value	9,911,030
Add: cash & equivalents	1,294,745
Less: debt & equivalents	347,225
Equity value	10,858,550
Fully diluted shares outstanding (mm)	168,546
Implied share price	64.4
🏠 THE NEW YORK TIMES COMPANY (XNYS:NYT)	50.1
Implied upside (downside)	28%

EV/2026E UFCF Multiple	
Exit multiple - EV/UFCF	12.0x
2026E UFCF	\$909,628
Implied enterprise value	10,915,538
Add: cash & equivalents	1,294,745
Less: debt & equivalents	347,225
Equity value	11,863,058
Fully diluted shares outstanding (mm)	168,546
Implied share price	70.4
🏠 THE NEW YORK TIMES COMPANY (XNYS:NYT)	50.1
Implied upside (downside)	40%

Source: Capital IQ as of close on Nov 5, 2021

No debt, no preferred stock, no worries

WACC Analysis - The New York Times Company

(\$ USD in Millions Except Per Share Amounts in USD as Stated)

Discount Rate Calculations - Assumptions:

Risk-Free Rate:	1.52%
Equity Risk Premium:	7.00%
Pre-Tax Cost of Debt:	—
Cost of Preferred Stock:	—

Comparable Companies - Unlevered Beta Calculation:

Name	Ticker	Levered Beta	Debt	% Debt	Equity Value	% Equity	Tax Rate	Unlevered Beta
News Corporation	NWSA	1.38	\$ 3,343.0	26.8%	\$ 9,148.0	73.2%	21.0%	1.07
Gannett Co., Inc.	GCI	2.59	\$ 1,648.7	75.7%	\$ 528.0	24.3%	21.0%	0.75
Meredith Corporation	MDP	2.09	\$ 3,209.1	82.5%	\$ 680.5	17.5%	21.0%	0.44
John Wiley & Sons, Inc.	JW.A	0.75	1,136.3	51.3%	1,077.9	48.7%	21.0%	0.41
The E.W. Scripps Company	SSP	1.97	3,396.4	64.7%	1,850.7	35.3%	21.0%	0.80

Median:		1.97	\$ 3,209.1	64.7%	\$ 1,077.9	35.3%	21.0%	0.75
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The New York Times Company	NYT	0.78						
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The New York Times Company - Levered Beta & WACC Calculation:

	Ticker	Unlevered Beta	Debt	% Debt	Equity Value	% Equity	Tax Rate	Levered Beta
The New York Times Company	NYT	0.75	\$ -	—	\$ 1,469.5	100.0%	21.0%	0.75

Cost of Equity Based on Comparables:	6.76%
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Cost of Equity Based on Historical Beta:	7.01%
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$$\text{WACC} = \text{Cost of Equity} * \% \text{ Equity} + \text{Cost of Debt} * (1 - \text{Tax Rate}) * \% \text{ Debt} + \text{Cost of Preferred Stock} * \% \text{ Preferred Stock}$$

WACC:	6.76%
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