NYT

Report Date: March 8, 2026

XECUTIVE SUMMARY

RECOMMENDATION	HOLD / WATCHLIST
Current Price	$80.42
Fair Value (Base Case)	$66 - $74
Margin of Safety	-8% to -18% (Negative)
Target Entry Price	$65 - $70
WP Score	67 / 100

Return Profile

Metric	Value
Dividend Yield	1.14% ($0.92 annualized)
Expected Dividend Growth	15-20% CAGR (near-term)
Expected Price Appreciation (Base)	5.3% CAGR
Total Expected Return (Base)	6.8% CAGR
Bear Case Total Return	1.5% CAGR
Bull Case Total Return	12.5% CAGR
Probability-Weighted Return	6.9% CAGR

Risk Assessment

Metric	Value
Wealth Preservation Score	67 / 100
Downside Protection Score	75 / 100
Quality Score	73 / 100
Risk Level	MODERATE
Probability of >50% Loss	<5%
Recession Profile	SENSITIVE (Improved)

One-Line Thesis:

The New York Times is a high-quality, debt-free media franchise with durable subscription economics and an expanding digital moat, but its current all-time-high valuation offers insufficient margin of safety for a wealth preservation mandate; the stock becomes compelling at $65-$70 where total return prospects exceed our 7% hurdle with meaningful downside protection.

INVESTMENT THESIS

The New York Times Company has completed one of the most successful digital transformations in media history. With 12.8 million subscribers as of Q4 2025, the company has built a premium content platform that combines news, games, cooking, sports (The Athletic), and audio into a differentiated bundle that generates high engagement and growing ARPU. Digital revenues surpassed $2 billion for the first time in 2025, and the subscription model provides recurring revenue visibility that is unusual for media companies. The balance sheet is a fortress: zero long-term debt, over $1 billion in cash and marketable securities, and free cash flow of $551 million in 2025 (up 45% year-over-year). Warren Buffett's Berkshire Hathaway recently took a position in NYT, providing institutional validation of the business model's durability.

However, at $80.42 the stock trades at its all-time high, commanding approximately 38x trailing earnings and 30x forward earnings on the company's $2.65 EPS guidance for 2026. While the quality is undeniable, this valuation compresses the total return profile to approximately 6.8% CAGR in our base case, which barely meets our inflation + 4% hurdle rate. The dividend yield of 1.14% provides minimal income cushion, and the stock's 52-week range of $44.83-$82.72 illustrates significant price volatility. For wealth preservation investors, the optimal entry lies 15-20% below current levels, where the margin of safety improves materially and the total return comfortably exceeds alternatives.

The primary risk to our thesis is that NYT's premium valuation is justified by its unique position as the dominant digital news subscription platform globally. AI disruption, advertising cyclicality, and subscriber growth deceleration represent the key bear case risks. On balance, this is a HOLD/WATCHLIST: a business we want to own at the right price.

1. BUSINESS QUALITY ASSESSMENT

Business Model: Diversified digital media platform generating revenue from subscriptions (~67%), advertising (~18%), and other sources including licensing, Wirecutter affiliate referrals, and live events (~15%). The company operates two segments: The New York Times Group and The Athletic. Products include flagship news (print and digital), Games (Wordle, crosswords), Cooking, Audio (podcasts), and Wirecutter (product reviews).

Competitive Moat

Moat Type	Evidence	Durability	WP Value
Brand Power	175-year trusted journalism brand, global reach	9/10	Excellent
Switching Costs	Bundled habits (news + games + cooking + sports)	8/10	Excellent
Network Effects	Social sharing, Wordle virality, community	7/10	Good
Content Scale	Largest newsroom in US; 5,900 employees	8/10	Excellent

Primary Moat: Brand Power + Switching Costs (Bundle Strategy) - Durability: 8.5/10. The combination of a trusted 175-year journalism brand with a multi-product digital bundle (news, games, cooking, sports, audio) creates high engagement and retention. Over 50% of digital subscribers are now on bundles, making churn significantly harder. **Moat Erosion Risk: MODERATE** - AI-generated news summaries represent the primary long-term threat, though NYT's investigative depth and curated lifestyle products are difficult to replicate algorithmically.

Market Position

Industry Ranking: #1 digital news subscription globally with 12.8 million subscribers. **Market Share:** Dominant in premium digital news; no direct peer at similar scale. **Pricing Power:** STRONG - demonstrated by ARPU growth to $9.72 (+0.7% YoY) through promotional-to-full-price transitions and tenured subscriber price increases. Bundle pricing recently increased from $25 to $30/month for tenured cohorts.

2. FINANCIAL FORTRESS ANALYSIS

Balance Sheet Strength

Metric	Value	Threshold	Assessment
Debt/Equity	0.00x (debt-free)	<1.0x	PASS
Interest Coverage	N/A (no debt)	>5.0x	PASS
Current Ratio	1.54x	>1.5x	PASS
Cash + Securities / Liabilities	121% ($1.1B / $907M)	>20%	PASS
FCF Positive (5Y)	5/5 years	5/5	PASS
Altman Z-Score	10.95	>2.99 safe zone	PASS

Solvency Verdict: FORTRESS. The New York Times is entirely debt-free with no outstanding borrowings under its $400 million revolving credit facility. Cash and marketable securities totaled approximately $1.1 billion as of Q3 2025 ($912M at year-end 2024). The Altman Z-Score of 10.95 places the company well into the "safe zone." This is among the strongest balance sheets in our coverage universe.

Profitability Metrics

Metric	FY2025	FY2024	FY2023	Trend
Revenue ($M)	$2,825	$2,586	$2,426	Up
Gross Margin	50.8%	49.3%	48.5%	Up
Operating Margin	15.9%	13.9%	12.0%	Up
Net Margin	12.2%	11.4%	9.6%	Up
FCF Margin	19.5%	14.7%	13.9%	Up
ROE	16.9%	15.3%	14.0%	Up
ROIC	13.7%	12.2%	10.8%	Up

Earnings Quality: HIGH. Operating cash flow of $584.5 million significantly exceeds net income of $344 million (1.7x ratio), confirming strong earnings quality. All profitability metrics are on improving trajectories. The company has delivered 8 consecutive quarters of earnings beats.

Dilution Check

Shares Outstanding: 163.0 million (FY2025) vs. ~167 million (FY2022). The company is actively buying back shares, having repurchased $165 million in 2025 with $350 million remaining on its authorization. Net share count is declining approximately 0.7% annually. **Dilution Assessment: EXCELLENT.** Management has committed to returning at least 50% of free cash flow to shareholders via dividends and buybacks.

3. DIVIDEND ANALYSIS

Metric	Value	Assessment
Current Yield	1.14% ($0.92 annualized)	Below 2-4% sweet spot
Payout Ratio (EPS)	~34%	Excellent (<60%)
Payout Ratio (FCF)	~17%	Excellent (<70%)
Dividend Growth (5Y CAGR)	~24.6%	Outstanding (>5%)
Consecutive Years Increased	8 years	Acceptable (>10 pref.)
Dividend Coverage (FCF/Div)	5.0x	Excellent (>1.3x)
Maintained Through 2008-09?	No (cut/suspended)	Concern
Maintained Through 2020?	Yes	Positive

Dividend Sustainability: SUSTAINABLE (approaching Rock Solid). The payout ratio of just 34% on earnings and 17% on free cash flow provides exceptional cushion. The recent 28% increase from $0.18 to $0.23 per quarter signals management confidence. However, the yield of 1.14% is well below our 2-4% preferred range for wealth preservation, and the dividend was cut during the 2008-2009 crisis (when NYT was a fundamentally different, heavily-indebted print business). The company today is unrecognizably stronger.

Stress Test: If earnings dropped 40%, EPS would fall from $2.11 to ~$1.27. At the current $0.92 annual dividend, payout ratio would rise to ~72%. Dividend would be ADEQUATE but tight. Given the fortress balance sheet, the company could easily maintain the dividend through a severe recession even if earnings fell more dramatically.

4. VALUATION ANALYSIS

Relative Valuation

Metric	Current	3Y Avg	5Y Avg	Percentile	vs. History
P/E (TTM)	38.1x	31.4x	36.3x	>75th	Above Average
Forward P/E	30.3x	-	-	-	Moderate Premium
EV/EBITDA	20.6x	18x	21x	50th-75th	Near Average
P/FCF	23.6x	28x	35x	<25th	Favorable
Dividend Yield	1.14%	1.0%	0.9%	50th-75th	Near Average

Fair Value Calculation

Method 1 - Normalized Earnings: FY2025 EPS of $2.11 x fair P/E of 30x (conservative, below 5Y average) = **$63.30**. Method 2 - Forward Earnings: 2026E EPS of $2.65 x fair forward P/E of 28x = **$74.20**. Method 3 - FCF Yield: $551M FCF at 4% FCF yield = **$84.60 per share** ($13.78B market cap / 163M shares). Blended Fair Value Range: **$66 - $74**. Current Price: $80.42. Margin of Safety: **-8% to -18% (Negative)**.

Valuation Verdict: FULL TO EXPENSIVE. The stock trades at or above the top of our fair value range on most metrics. While P/FCF is favorable due to the massive $551M FCF year (boosted by one-time items including land sale and lower cash taxes), the P/E at 38x is demanding for a company growing earnings at ~12-13%. The stock is near its all-time high and has appreciated >75% from its 52-week low.

5. SCENARIO ANALYSIS

Scenario	Rev CAGR	EPS CAGR	Terminal P/E	10Y Price	Div Yield	Total CAGR	Weight
Bear	3.0%	4.0%	22x	$69	~2.5%	1.5%	25%
Base	7.0%	9.0%	28x	$140	~1.8%	6.8%	50%
Bull	10.0%	12.0%	32x	$210	~1.5%	12.5%	25%

Probability-Weighted Expected Total Return: 6.9% CAGR

Bear Case Assumptions (25% probability): Advertising recession, AI disruption slows subscriber growth to low single digits, margin compression as content costs rise, multiple contraction to 22x (recession trough). Revenue grows modestly to ~$3.8B by 2035. EPS reaches ~$3.15. At 22x, price target ~$69. Including ~1.5% cumulative dividend return, total CAGR of approximately 1.5%. Capital is barely preserved in real terms.

Base Case Assumptions (50% probability): Continued 7% revenue CAGR driven by subscriber growth (target: 15M+ by 2028) and ARPU expansion. Margins expand as digital scales. Revenue reaches ~$5.6B by 2035. EPS reaches ~$5.00. At 28x (slight premium for quality), price target ~$140. Total CAGR of approximately 6.8% including dividends.

Bull Case Assumptions (25% probability): Successful video expansion, international subscriber breakout, AI-proof content moat, advertising growth re-accelerates. Revenue reaches ~$7.3B. EPS reaches ~$6.60. At 32x, price target ~$210. Total CAGR of approximately 12.5%.

Critical Downside Check

Check	Result
Bear Case Total Return	1.5% CAGR (marginally positive)
Is capital preserved in downside?	YES (barely, -14% price but div cushion)
Max estimated drawdown from current	~35-40% (based on 52-week range)
Probability of >50% permanent loss	<5%

6. RISK ASSESSMENT

Risk Category	Score (1-10)	Key Concern	Mitigation
Balance Sheet	1	None - debt free	Fortress cash position
Earnings Volatility	4	Advertising cyclicality	67% subscription revenue
Competitive Threat	5	AI news aggregation	Premium brand, bundle lock-in
Regulatory Risk	3	AI copyright disputes	Active litigation vs OpenAI
Management Risk	2	Execution dependency	Strong track record since 2020
Valuation Risk	8	All-time high, 38x P/E	Limited margin of safety
Aggregate Risk	3.8		Quality offsets but valuation elevated

Recession Stress Test

2008-2009: The pre-digital NYT was severely impacted. Revenue fell ~20%, the company took on emergency debt ($250M loan from Carlos Slim at 14%), cut the dividend entirely, and the stock dropped from ~$24 to below $4 (~84% decline). However, the 2008 NYT was fundamentally a different business: heavily dependent on print advertising with significant debt. **2020 COVID:** Revenue dipped only ~3%, digital subscriptions surged, dividend was maintained and increased, stock recovered within months. Peak-to-trough decline was ~30%. **Recession Profile: SENSITIVE (Improved).** Today's NYT with 67% subscription revenue, zero debt, and $1.1B in cash is far more resilient than the 2008 version, but the advertising segment (~18% of revenue) provides some cyclical exposure.

7. MANAGEMENT & GOVERNANCE

CEO: Meredith Kopit Levien (since September 2020). Levien has executed the digital transformation strategy with remarkable discipline, growing digital subscribers from ~7M to 12.8M, surpassing $2B in digital revenue, and expanding adjusted operating margins from ~14% to ~19.5%. Under her leadership, the company acquired The Athletic (2022) and integrated it into the bundle strategy. Insider ownership is modest but aligned through performance-based compensation.

Capital Allocation (FY2025)

Action	Amount	Assessment
Dividend Growth	$110M total; +28% increase to $0.23/Q	Excellent
Share Buybacks	$165M; ~883K shares in Q4 alone	Accretive (below IV?)
CapEx	$34M (light; asset-light model)	Prudent
Debt Management	Zero debt maintained	Excellent
Total Shareholder Return	~$275M (~50% of FCF)	Aligned with stated policy

Management Quality: EXCELLENT. Capital Allocation Track Record: **STRONG.** Notable that Berkshire Hathaway initiated a position in NYT in Q4 2025, providing external validation from the most respected capital allocator in history.

8. PEER COMPARISON

Direct peers are limited given NYT's unique position as a premium digital news subscription platform. We compare against adjacent media companies:

Metric	NYT	News Corp (NWS)	Gannett (GCI)	Best for WP
Debt/Equity	0.00x	0.45x	>2.0x	NYT
Dividend Yield	1.14%	0.7%	None	NYT
Payout Ratio	34%	~25%	N/A	NYT
ROIC	13.7%	~5%	Negative	NYT
FCF Margin	19.5%	~8%	~5%	NYT
Revenue Growth (YoY)	9.2%	~5%	-2%	NYT
WP Suitability	HIGH	MODERATE	LOW	NYT

Why NYT is the preferred media holding: NYT dominates its peer set on every wealth preservation metric. It is the only debt-free media company at scale, has the highest ROIC, strongest FCF generation, and fastest growth. The only concern is valuation, where NWS trades at a significantly lower multiple but with inferior economics.

9. WEALTH PRESERVATION SCORE BREAKDOWN

Component	Max	Score	Detail
Balance Sheet Fortress	40	40	Zero debt, $1.1B cash, FCF positive 5/5 years
Income Reliability	30	21	Low yield (1.14%) but exceptional growth & payout
Capital Efficiency	15	12	ROIC 13.7% (good), improving trend
Valuation	15	0	Trading >75th percentile of 5Y range
TOTAL WP QUALITY SCORE	100	73	

Component	Weight	Score	Weighted
Downside Protection	45%	75	33.8
Return Adequacy	30%	50	15.0
Quality	25%	73	18.3
COMPOSITE WP SCORE			67 / 100

Absolute Requirements Check

Requirement	Result	Status
Bear case total return >= 0%	1.5% CAGR	PASS (marginal)
Base case total return >= 7%	6.8% CAGR	MARGINAL FAIL
Solvency: FORTRESS or ADEQUATE	FORTRESS	PASS
Dividend sustainability	SUSTAINABLE	PASS
Prob. of >50% permanent loss <10%	<5%	PASS

Decision: The base case total return of 6.8% marginally misses our 7% hurdle rate at current prices. Combined with the negative margin of safety, this results in a HOLD recommendation. At $65-$70, the base case return would rise to 8-10% and meet all absolute requirements comfortably, triggering a BUY upgrade.

10. MONITORING CHECKLIST & EXIT TRIGGERS

Quarterly Review

Monitor: net digital subscriber additions (target: 300K+/quarter), digital ARPU trajectory, advertising growth rate, operating margin expansion, free cash flow generation, buyback activity, and dividend growth. Watch for AI-related disruption signals including traffic declines from search referrals.

Upgrade Triggers (HOLD to BUY)

Trigger	Threshold	Rationale
Price decline	$65-$70 (-13% to -19%)	Margin of safety turns positive
Earnings acceleration	EPS guidance >$3.00 for 2027	Justifies higher P/E
Dividend yield rises	>1.5% through price decline	Income floor improves

Trigger	Threshold	Rationale
Market correction	Broad selloff creating opportunity	Relative value improves

Exit Triggers (if owned)

Condition	Action
Subscriber growth turns negative for 2+ quarters	Reassess; likely sell
AI disruption causes >15% traffic decline	Reassess thesis
Management changes capital allocation (large M&A)	Reassess leverage impact
Dividend cut	Sell immediately
Forward return <5% at elevated valuation	Trim / reallocate

FINAL RECOMMENDATION

RECOMMENDATION: HOLD / WATCHLIST

Current Price: $80.42 | Target Entry Price: $65 - $70 | WP Score: 67/100

Why HOLD, not BUY: The New York Times is an exceptional business that checks nearly every box in our quality framework: debt-free fortress balance sheet, growing recurring revenue, expanding margins, rising ROIC, disciplined capital allocation, and the imprimatur of Berkshire Hathaway as a recent investor. However, at $80.42 (all-time high), the stock offers a negative margin of safety relative to our $66-$74 fair value estimate. The probability-weighted return of 6.9% CAGR falls marginally short of our 7% hurdle rate, and the dividend yield of 1.14% provides insufficient income cushion for wealth preservation.

What Would Change Our Assessment: A 15-20% pullback to the $65-$70 range would transform the risk/reward profile. At $67.50 (midpoint), trailing P/E falls to ~32x, forward P/E to ~25.5x, dividend yield rises to ~1.4%, and the probability-weighted total return exceeds 9% CAGR. Combined with the fortress balance sheet, this would meet all absolute requirements with meaningful margin of safety. We would upgrade to BUY at that level.

Expected Outcome at Target Entry ($67.50)

Metric	Value
Total Return (Base Case, 10Y)	~9.5% CAGR
Cumulative Return	~148%
EUR 100 becomes	~EUR 248
vs. Alternatives:	
HYSA (4%)	EUR 100 -> EUR 148
NYT at $67.50 entry	EUR 100 -> EUR 248
Outperformance	~EUR 100 over 10 years

ANALYST NOTES

Key Assumptions & Sensitivities: (1) Digital subscriber growth continues at 1M+ annually through 2028; a deceleration to <500K/year would reduce base case return by ~1.5%. (2) ARPU growth of 3-5% annually is sustained through price increases and bundle upselling. (3) Advertising remains cyclical but digital advertising share grows, partially offsetting print decline. (4) AI disruption does not materially reduce news consumption demand; NYT successfully defends its IP through litigation and licensing agreements.

Limitations: (1) No European exchange listing available; USD-denominated only, introducing FX risk for EUR-based investors. (2) The Sulzberger family controls voting power through Class B shares, limiting shareholder influence. (3) Limited recession data for the "new" digital NYT; the 2008 comparison is of limited relevance. (4) One-time items (land sale, lower cash taxes) inflated 2025 FCF, which may not be sustainable at

$551M.

Confidence Level: MEDIUM-HIGH. High confidence in business quality and balance sheet assessment. Medium confidence in valuation given the stock's sustained premium multiple and the difficulty of predicting AI's long-term impact on premium news content.

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