As advertising slides, this is no times of a dividend.

Finance, Investment

Name: Course: Instructor: Date: As Advertising Slides, This Is No Times of a Dividend. New York Co. has been slimming down and the question remains, is it healthy enough to start paying out? In the past two years, the company has been selling its regional papers and the remaining stake is in the owner of Boston Red Sox. Recently, it has sold About. com and a stake of Indeed. com for $470 million ending the third quarter with net debt of $163 million and now it sits on a healthy net cash position.

Proponents say the Times must keep up publishing the peers like Genneth and Meredith, whose stock offer dividends yields of 4. 8% and 51% respectively. Paying dividends would also create a backstop for the company's stock price.

According to UBS, with a potential payout of 40% to 50% of estimated free cash flow, the Times could pay dividends annually in the range of 30 cents to 40 cents a share. For instance, in the four quarters, the operating cash flow after capital expenditure was $103million. Currently, there is a period of major un-certainty in the newspaper business as the Times reported a third quarter loss from the continuing operations. Advertising revenue fell from continuing operations down to 8. 9%, and could later fall another 5% or 6% in 2013 according to Huber Research Partners if the market moves on the current trend. Times pension, plans were under funded to about $522 million at the end of 2012 since it has no debt repayment schedule over the next two years and will have to pay $100 million by 2012 in cash towards pensions.

However, it is not clear how much of a boost adding dividends would provide for the Times stocks price. Dividends could become counterproductive. For instance, if the Times were to have a string of rough quarters, investors might again start to focus on the risks to the dividends. Moreover, preserving the payouts might have to come at the expense of needed investment elsewhere at the company.