

# So SFC/Hearst Can't Afford To Be Fair?

- **“The paper lost money for 12 years ... hemorrhaging \$50 million or more per year in 2008 and 2009... (Hearst’s) team engineered a complete turnaround.”**
- **“Revenue is growing at a rate of about 4 percent per year, says Publisher Jeff Johnson.**
- **Since 2013, “the paper has been profitable every year.”**
- **“The new profitability comes from both revenue growth and spending cuts, including editorial layoffs and outsourcing the printing operation. The cuts appear to be in the past, while the cash coming in the door continues to grow.”**
- **“Digital advertising revenue has been particularly strong, and now makes up 52 percent of the paper’s revenue...”**
- **“The basic strategy is the same at the other large Hearst papers, which are also profitable, says Mark Aldam, the president of the company’s newspaper division. But the Chronicle has been the star lately.” (Note: Johnson has replaced Aldam as head of the division, which has had seven straight years of profit growth, the Chronicle reported on February 9.)**
- **“Chronicle executives are also excited about the early performance of 46Mile... It had \$2 million in sales in its first year, \$4 million in its second, and is projected to have \$6 million in its third, Johnson says. ‘We hope it will grow to be about a \$20 million revenue stream, which would be significant to us.’”**
- **“Printing and delivery is no longer a loss leader, and the print business should be a sustainable niche even as it declines in popularity.”**
- **“A&E Networks is a private New York company owned by Hearst and Disney that operates a portfolio of cable channels, including History, Lifetime and A&E. ... Ad revenue at A&E (just the one network) grew from \$366 million to \$477 million in 2012. During that same period, ad revenue at History grew from \$310 million to \$499 million. A&E Networks generates roughly \$1.2 billion of profit on 43.6 billion of annual revenue, according to a network source.”**
- **“Hearst and Disney have a history of successful partnerships, including ESPN, owned 20 percent by Hearst. (Last year, the two bought out Comcast’s 15.8 percent stake in A&E Networks for \$3 billion in deal that valued the company at \$19.2 billion.)”**

Sources: Columbia Journalism Review, Bloomberg News, SF Chronicle