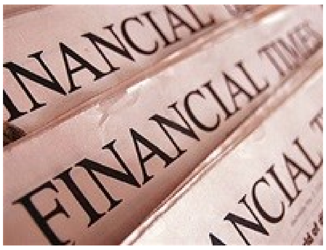
Pearson sells *Financial Times* to Japan's Nikkei

LONDON, UK: British publisher Pearson on Thursday said it had agreed to sell its salmon-pink flagship business newspaper the *Financial Times* to Japanese digital media group Nikkei.



Pearson said it was selling the FT Group, which also includes FT.com, for £844m ($1.31bn, 1.2bn euros) in cash. The agreement does not include FT Group's 50-percent stake in The Economist Group, owner of The Economist magazine, or the building where the paper is based in London.

"Pearson has been a proud proprietor of the FT for nearly 60 years," chief executive John Fallon said in a statement.

"But we've reached an inflection point in media, driven by the explosive growth of mobile and social. In this new environment, the best way to ensure the FT's journalistic and commercial success is for it to be part of a global, digital news company."

Tsuneo Kita, chairman and group CEO of Nikkei, said he was "extremely proud of teaming up with the *Financial Times*, one of the most prestigious news organizations in the world".

Nikkei Inc., publisher of the Nikkei business daily, is the largest independent business media group in Asia, according to the company.

Shortly before the announcement, Germany's Axel Springer newspaper group denied it was buying the FT.

The *Financial Times* has a combined paid print and digital circulation of 720,000, much of which is via its popular subscriber-only FT.com website.

Asked about the FT's appeal, Steve Schifferes, professor of financial journalism at London's City University, said: "The FT has made one of the more successful adaptations to the web, driven by its ability to sell online subscriptions based on its unique information.

"This subscription base also provides advertisers with the ability to reach high-value individuals," he told AFP.

"However, it still faces challenges from the large number of free business news websites, and its paywall may limit its future growth, compared to new web-based rivals."

Launched in 1888, the widely-respected FT business daily was purchased by Pearson in 1957.

The FT's European edition first hit the printing presses in Frankfurt in 1979. The paper is now printed all over the world, including in New York, Tokyo, Hong Kong and Dubai.

The paper has been printed on distinctive salmon-pink paper since 1893. The FT.com website -- which now accounts for 70 percent of total circulation -- was launched in 1995.

The newspaper's digital subscriptions overtook print circulation in 2012, while mobile -- tablets and smartphones -- account for about half of FT.com traffic.

"Pearson will now be 100 percent focused on our global education strategy," Fallon added.

Pearson, which earns 90 percent of sales from its education division, had previously denied persistent speculation that the FT was for sale.

"Rumours have been circulating for a while about a possible sale of the FT, which is not a good fit with the rest of Pearson's business, which mainly concentrates on the education sector," said Schifferes.

FT education products serve two-thirds of the world's top business schools, according to Pearson.

Back in February, Pearson forecast that group earnings could soar by a fifth this year, aided by cost-cutting and expanding online sales.

Earnings per share -- a key measure of company performance -- could rise to between 75 pence and 80 pence this year, compared with 66.7 pence in 2014.

Net profits slid 12.5 percent to £471m last year on restructuring costs and adverse foreign exchange moves.

Shares in Pearson were up 1.99 percent at 1,233 pence in late deals on London's benchmark FTSE 100 index, which was flat overall.

Source: AFP