



Independent
News & Media PLC

INTERIM RESULTS 2011

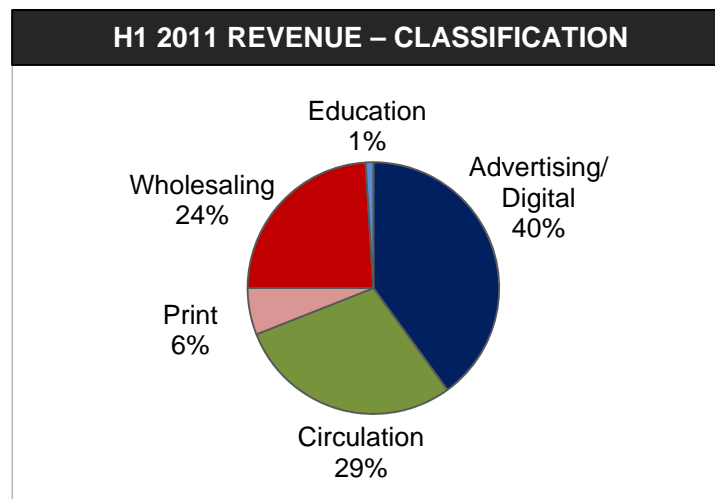
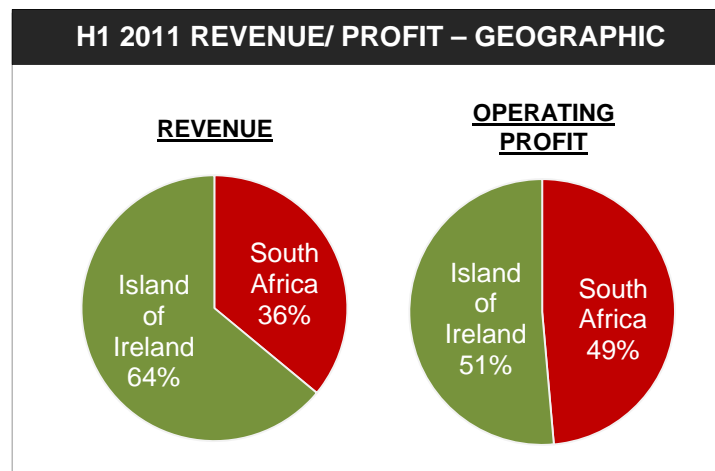
August 2011
www.inmplc.com

OVERVIEW/ OPERATIONS ANALYSIS

GK O'Reilly – Chief Executive Officer

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- INM Listed on ISEQ and LSE
- Geographically diversified and integrated media Group
- Market leaders with strong franchises:
 - No. 1 News Publisher in all our markets
 - Leading digital portals – editorial and classifieds
 - Diversified revenue streams
- Exposure to growth markets:
 - South Africa
 - Australasia – through 31% stake in APN News & Media
- Well invested asset base
- Continuing to deliver strong operating margins in difficult economic cycle



H1 Results reflect current extremely tough market conditions.

Despite such conditions:-

- Sturdy financial and operational results reported
- Continued progress in delivering on **Strategic Objectives**:

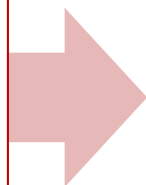
1. Maximising Asset Base	<ul style="list-style-type: none"> • All Publishing Units Profitable • Sturdy EBITDA 	☑
2. Focus on Market Share	<ul style="list-style-type: none"> • Market-Leading Positions 	☑
3. Operating Cost Reductions	<ul style="list-style-type: none"> • Operating Costs Down • Operating Margins Up 	☑
4. Digital Diversification	<ul style="list-style-type: none"> • Digital Growth 	☑
5. Free Cash Flow Generation	<ul style="list-style-type: none"> • All FCF applied to Net Debt Reduction 	☑
6. Net Debt Reduction	<ul style="list-style-type: none"> • Capital Ratios Improved further 	☑

H1 2011 UNDERLYING*

- Economic conditions remain extremely subdued – *particularly pronounced in Island of Ireland*
- Consumers not spending/ advertisers cautious
- Advertising market still contracting – albeit at lesser rate

H1 GROUP REVENUES	DOWN -5.0%
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H1 ADVERTISING REVENUES	DOWN -7.3%
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H1 2011 STRATEGIC OUTCOMES

All Publishing Units Profitable	EBITDA (incl. dividends received) of €50.5 Million, only down 0.6%
Operating Costs - Underlying	Down 2.6%
Circulation & Market Share	New Product Development & Focus On Market Share Growth
Digital Diversification & Underlying Growth	Digital Revenues 4% of Adv. Revenues; Digital Revenue Growth Up 5.7%
Continued Debt Reduction	Down €91.1 Million (LTM) Down €21.5 Million (H1 2011)
Lower Finance Costs	Down 35.1%

* **“Underlying”** – where used in this presentation – is in Constant Currency, excluding London Independent, and compares 26 weeks in both periods

UNDERLYING OPERATING COSTS

By Region	2011 Costs €m	Movement €m	Change %
Island of Ireland	163.0	(8.1)	(4.8%)
South Africa	80.5	2.0	2.5%
Common Costs	4.8	(0.5)	(8.6%)
Underlying Cost	248.3	(6.6)	(2.6%)

By Classification (in order of magnitude)	Movement €m	Change %
Wholesaling/ Distribution	(4.0)	(5.1%)
Advertising/ Marketing/ Editorial/ Other	(2.7)	(3.9%)
Salaries & Wages	(1.9)	(3.2%)
Newsprint/ Ink/ Production	2.0	4.2%
Underlying Cost	(6.6)	(2.6%)

- Overall Underlying Cost savings of €6.6m achieved, despite significant cost pushes in:
 - Newsprint / Ink (price +30% YoY in Island of Ireland)
 - Fuel Costs
 - SA Inflation of c. 7%
- Proactive management of paginations and outputs results in a YoY Newsprint cost increase of only 6% (mitigating full newsprint price hit of €3.5m)
- Excluding newsprint price increase YoY, Underlying Costs would be down 4.0% (€10.1m)
- Tactical investment in Editorial/ Marketing & Digital
- Closure of Cape Town production facility (May 2011), with outsourcing of print requirements at lower cost and better quality

DIGITAL – UNDERLYING

By Region	€m	Change(%)	Digital Revenues as % of Ad Revenue
Island of Ireland	3.4	+2.1%	7%
South Africa	1.2	+17.8%	2%
Total GROUP	4.6	+5.7%	4%

- Digital Ad Revenues currently 4% of Group Adv. Revenues (7% Island of Ireland), with target of managed revenues of >15% in medium-term
- Strong growth in editorial website revenues partially offset by weaker classified revenue performance
- YoY audience and traffic growth:
 - Unique Users +16%
 - Page Impressions + 8%
- Successful launch of GrabOne.ie – achieving c. 10% market share of nascent daily “coupon” market in first 2 months
- Strong track record in developing and monetising online start-ups at a significant cash profit. Current investments include Imprezzeo (Image search) and Truphone (mobile VoIP).



GrabOne



ISLAND OF IRELAND

- Successful €1 price promotion in the *Irish Independent*
- New €1 pricing strategy in the *Evening Herald*
- Increased sales volumes in Sunday titles due to “NOTW” closure in July
- Closure of loss-making *Sunday Tribune* (29.9% shareholding) and *Irish Daily Star Sunday* (50% shareholding) titles

SOUTH AFRICA

- Successful launch of Sowetan edition of flagship title “*The Star*”
- New Editor of the *Daily Voice*
- New nationwide, centralised subscription call centre
- Upcoming launch of *ngoMgqibelo Isolezwe* (Saturday) edition of Zulu-language *Isolezwe*



CIRCULATION – UNDERLYING

By Region	€m	Change(%)
Island of Ireland	58.1	(3.3%)
South Africa	25.0	+1.0%
Total GROUP	83.1	(2.1%)

- H1 Circulation volumes impacted by removal of costly bulk sales

AUDIENCE ANALYSIS

Market Share	DUBLIN	BELFAST	S. AFRICA
Advertising*	> 51%	> 44%	> 33%
Circulation**	> 47%	> 47%	> 31%
Readership***	> 51%	> 44%	> 29%

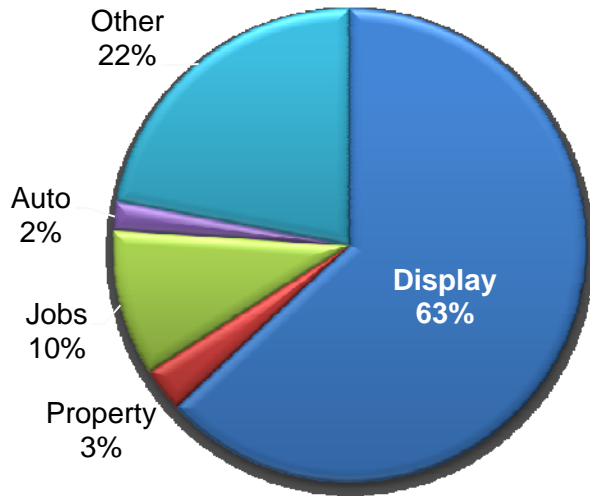
* Company estimate;

** ABC (2011);

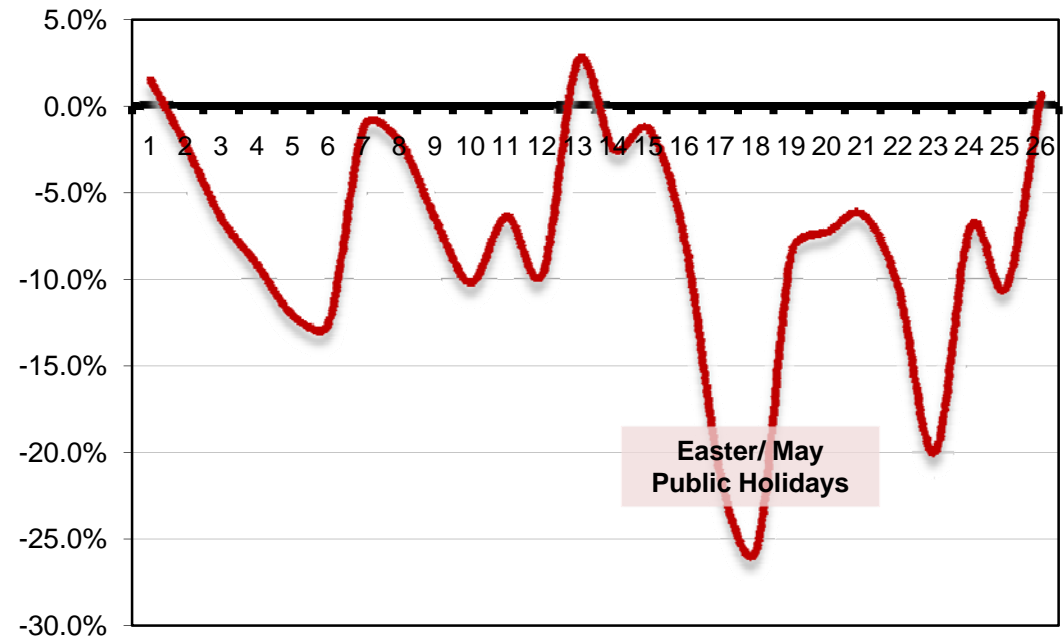
*** JNRS (2011)/ NI TGI (2011)/ AMPS (2011).



H1 SPLIT OF ADVERTISING REVENUES



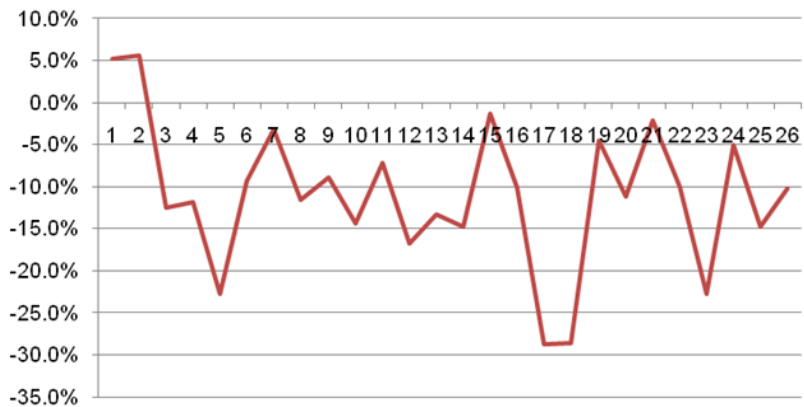
UNDERLYING H1 ADVERTISING REVENUES | YoY CHANGE



Underlying Advertising By Region	€m	Change(%)
Island of Ireland	51.5	(11.1%)
South Africa	62.9	(3.7%)
Total GROUP	114.4	(7.3%)

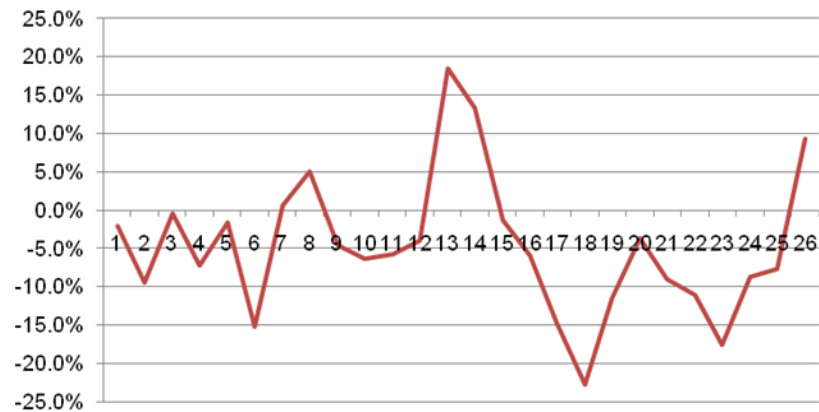
ISLAND OF IRELAND (H1 2011)

Island of Ireland YoY Advertising

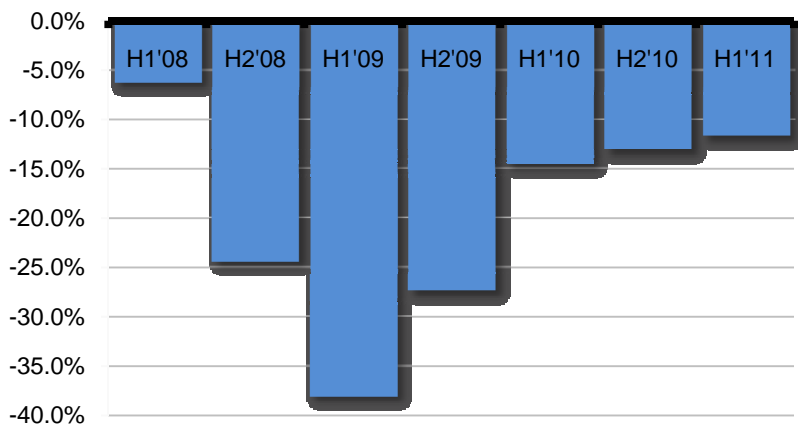


SOUTH AFRICA (H1 2011)

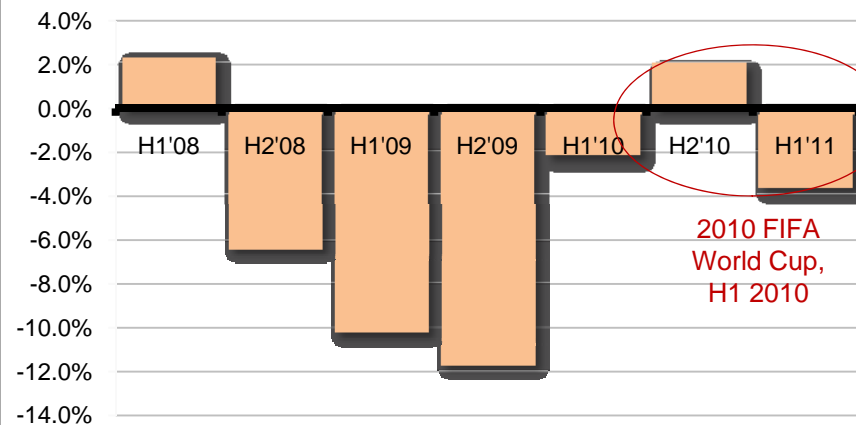
South Africa YoY Advertising



ISLAND OF IRELAND (HALF-ON-HALF TRENDS)



SOUTH AFRICA (HALF-ON-HALF TRENDS)



FINANCIAL ANALYSIS

DJ Buggy – Chief Financial Officer

H1 2011 | INCOME STATEMENT

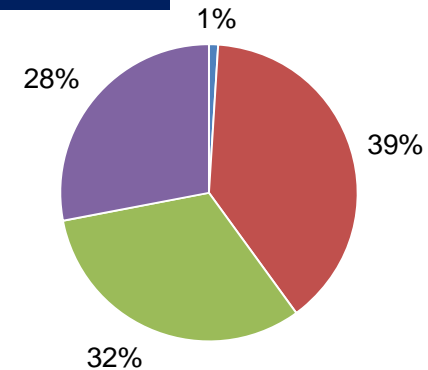


€m	6 months ended 30 June 2011			6 months ended 30 June 2010		
	Before Exceptional Items	Exceptional Items	Total	Before Exceptional Items	Exceptional Items	Total
REVENUE	284.6	-	284.6	324.5	-	324.5
OPERATING PROFIT	34.5	(11.4)	23.1	36.8	9.5	46.3
Share of Associates & JVs	6.0	(28.7)	(22.7)	1.0	-	1.0
Net Finance Charges	(16.8)	-	(16.8)	(25.9)	-	(25.9)
PROFIT/(LOSS) BEFORE TAX	23.7	(40.1)	(16.4)	11.9	9.5	21.4
Taxation (Charge)/Credit	(3.7)	2.4	(1.3)	(4.4)	1.4	(3.0)
Profit/(Loss) from Continuing Operations	20.0	(37.7)	(17.7)	7.5	10.9	18.4
Profit/(Loss) from Discontinued Operations	-	-	-	33.5	(0.6)	32.9
	20.0	(37.7)	(17.7)	41.0	10.3	51.3
Non-controlling interests	0.2	-	0.2	(24.5)	0.2	(24.3)
Attributable to Equity Holders of the Parent	20.2	(37.7)	(17.5)	16.5	10.5	27.0
Basic & Diluted EPS	3.7c		(3.2c)	3.3c		5.4c

- Operating Profit (pre Exceptionals) of €34.5m marginally down on H1 2010
- APN reported as an Associate in 2011 (Discontinued Operation in 2010)
- Exceptionals mainly non-cash masthead impairments in NZ (within APN) and Belfast
- Finance Costs down 35.1% due to reduced Net Debt and reduced margins
- Effective Tax Rate (excl. Exceptionals & Associates) of 20.9%
- Profit to Equity Holders (excl. exceptionals) of €20.2m (up 22.4%)
- EPS (excl. Exceptionals) of 3.7 cent (up 12.1%)

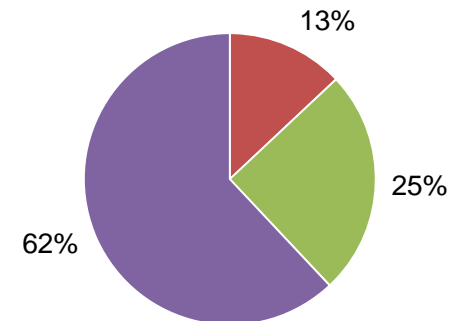
ANALYSIS OF REVENUES BY REGION

ISLAND OF IRELAND



■ Education ■ Print/ Dist.
■ Circulation ■ Advertising

SOUTH AFRICA



Revenues (€m)	2011	2010	Change (%)
Island of Ireland	183.2	204.1	(10.2%)
South Africa	101.4	99.6	1.8%
TOTAL - excluding London	284.6	303.7	(6.3%)
Disposed of Businesses			
- UK Nationals - Sold April '10	0.0	20.8	n/a
TOTAL REVENUES	284.6	324.5	(12.3%)

Operating Profit Before Exceptionals (€m)	2011	2010	Change (%)
Island of Ireland	20.2	26.5	(23.8%)
South Africa	19.1	21.0	(9.0%)
LESS: Common Costs	(4.8)	(5.5)	12.7%
TOTAL - excluding London	34.5	42.0	(17.9%)
Disposed of Businesses			
- UK Nationals - Sold April '10	0.0	(5.2)	n/a
TOTAL OPERATING PROFIT	34.5	36.8	(6.3%)

APN NEWS & MEDIA LIMITED

APN Reported	H1 2011 A\$m	H1 2010 A\$m
Net Profit After Tax (pre Exceptionals)	21.8	39.5
Exceptionals (net of tax)	(120.1)	(0.5)
Net (Loss)/ Profit After Tax (post Exceptionals)	(98.3)	39.0
INM Share	€m	€m
Net Profit After Tax (pre Exceptionals)	4.9	8.9
Exceptionals (net of tax)	(27.7)	(0.4)
Net (Loss)/ Profit After Tax (post Exceptionals)	(22.8)	8.5

- Exceptional Charge relates primarily to non-cash impairment charge in respect of the New Zealand mastheads
- Fully franked interim dividend of 3.5c, payable in September 2011 (INM share €4.9m), which together with Final 2010 dividend received in March 2011, delivers dividend receipts to INM in FY 2011 of €14.6m

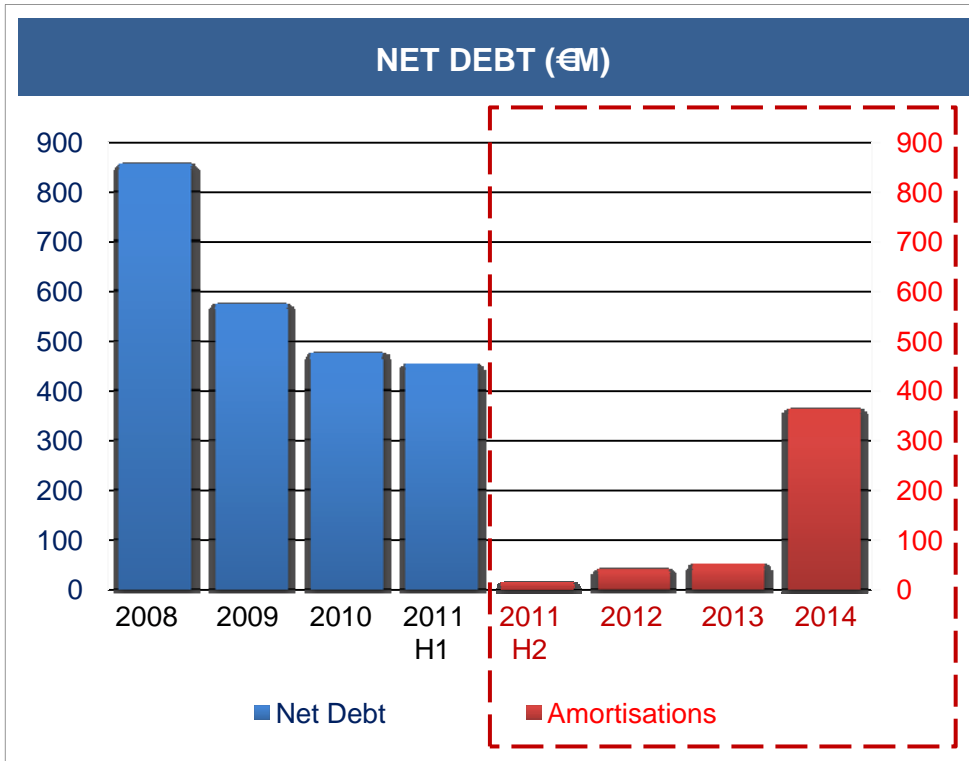
- Australian and New Zealand Publishing results severely impacted by floods in Queensland and earthquakes in Christchurch
- Extremely strong Outdoor performance – EBIT up 80%
- Steady Radio performance with EBIT growth in New Zealand
- Strong Digital performance
 - **GrabOne:** 60% market share in New Zealand and roll-out in Australia
 - **Two acquisitions announced:** CC Media (online catalogues) and Jimungo (online sports tipping)
- INM's 31% equity stake in APN worth c. €110m – based on current share price

€m	H1 2011	H1 2010
EBIT	34.5	36.8
Depreciation & Amortisation	5.6	7.7
Dividends Received	10.4	6.3
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EBITDA (incl. Dividends)	50.5	50.8
Working Capital & Provisions	(2.3)	(8.9)
Capex (net)	(2.9)	(2.3)
Net Interest Paid	(15.0)	(17.4)
Tax Paid (excl. tax on disposals)	(7.3)	(6.2)
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Ongoing Free Cash Flow	23.0	16.0
Cash Exceptionals	(3.5)	(12.6)
Disposals/(Investments)	3.1	42.2
Tax Paid on Disposals	-	(11.5)
FX Movement	(1.1)	(3.5)
<hr/>		
Net Debt Movement	21.5	30.6

- EBITDA (incl. Dividends received) of €50.5m
- Well invested asset base
 - Capex well below annual depreciation and set to remain that way for next few years
- Ongoing Free Cash Flow of €23.0m
- Free Cash Flow Yield (LTM):
 - 17.4% at 30 June 2011
 - 28.5% at current share price
- Net Debt reduced by €21.5m (LTM: €91.1m)
- Priority continues to be Debt pay-down, with all Cash Flow applied to Net Debt reduction

€m	30 June 2011	31 Dec 2010	Change
Intangible Assets	248.8	277.2	(28.4)
Tangible Assets	135.7	142.3	(6.6)
Investment in associates and joint ventures	246.4	286.9	(40.5)
Other Net Assets/Liabilities	(39.7)	(48.7)	9.0
Retirement Benefit Obligations	(127.1)	(132.0)	4.9
Defined Benefit Pension - Liability	(95.4)	(95.9)	0.5
SA Medical Aid Liability	(31.7)	(36.1)	4.4
Net Debt	(452.1)	(473.6)	21.5
Total Net Assets	<u>12.0</u>	<u>52.1</u>	<u>(40.1)</u>

- Intangible Assets – reduction due to Belfast impairment and FX
- Investment in Associates & JVs – reduction due mainly to APN impairment and FX
- Pension deficit – agreement between Trustees and staff to restructure Pension Fund; will significantly reduce deficit – awaiting Irish Government policy clarification
- Net Debt reduction as per Cash Flow



- Net Debt reduced by €21.5m since 31 Dec 2010
- Successful redemption of PIK Note has significantly reduced interest cost
- Maximisation of Free Cash Flow and continued deleveraging:
 - H1 2011 EBITDA €50.5m
 - Strong Working Capital management
 - Low capex requirements
- Debt repayments ahead of Plan and comfortably complied with all financial covenants

- No significant maturities until May 2014
- Well-invested asset base – no material future capex requirements
- Net Debt reduced by over €400m since 2008

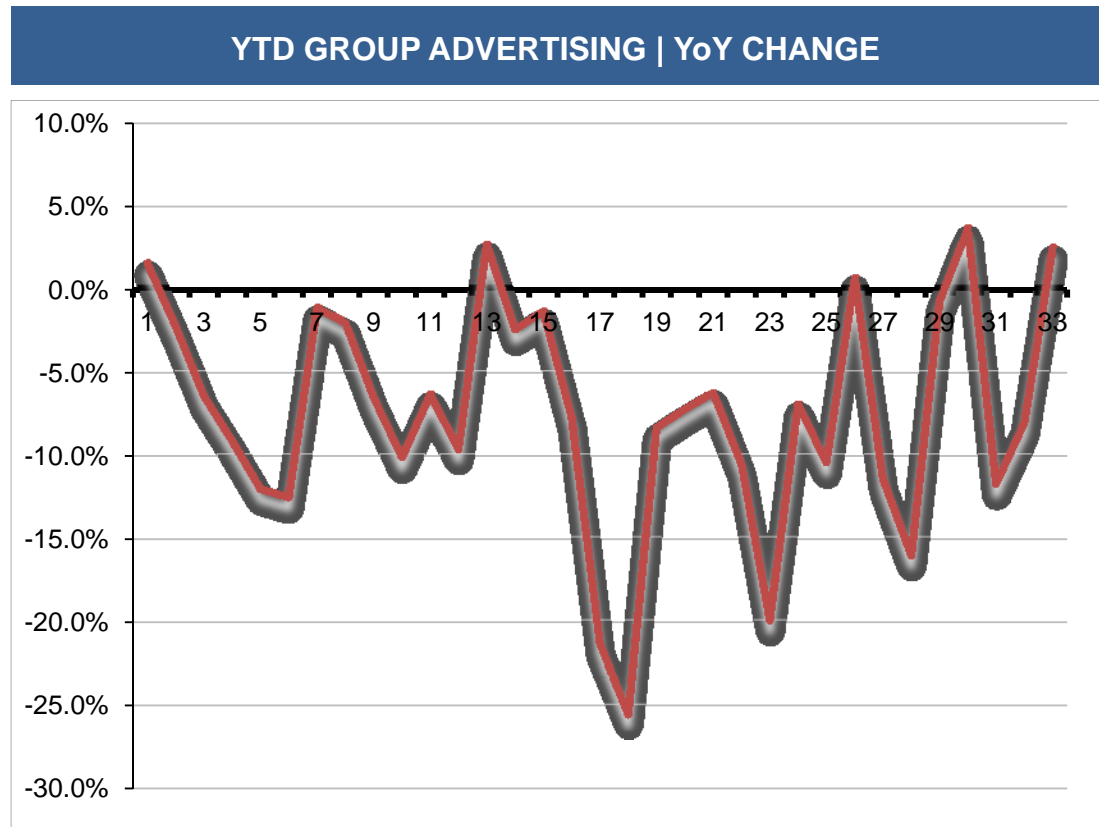
CREDIT RATIOS			
	LTM H1 2011	FY 2010	LTM H1 2010
Net Debt/ EBITDA*	4.1x	4.3x	5.1x
EBITDA*/ Interest Cover	2.8x	2.3x	2.4x

** Including Dividends*

SUMMARY/ OUTLOOK

GK O'Reilly – Chief Executive Officer

- Macro-economic conditions continue to remain subdued
- Strategy to maintain leading market shares
- All Publishing units remain profitable – most competitors (Ireland) loss-making
- Advertising revenues, excl. Digital, (38% of Group Revenues) still negative, but rate of decline slowing
- Good Digital growth – and now 7% of Irish Advertising Revenues



While H2 2011 presents easier advertising comps (and flatters trend-lines) –

- Advertising remains very volatile week by week
- No clear underlying trend emerging

- Continued Focus on FCF and Debt Pay Down
- Continuing Cost reductions, despite very substantial newsprint price increases
- Macro market factors presumed to be repeated in H2, with marginally improving Advertising (against easier comps) and better cost profile
- OUTLOOK FOR FY 2011: Targeting: FY 2011 EBIT Range: €78m - €83m
- FY 2011 targeting continued delivery of **Strategic Objectives**:

1. Maximising Asset Base	<ul style="list-style-type: none"> • All Publishing Units to remain Profitable • Sturdy EBITDA
2. Focus on Market Share	<ul style="list-style-type: none"> • Maintain Market-Leading Positions
3. Operating Cost Reductions	<ul style="list-style-type: none"> • Operating Costs to be Down • Operating Margins to be Up
4. Digital Diversification	<ul style="list-style-type: none"> • Further Development and Growth
5. Free Cash Flow Generation	<ul style="list-style-type: none"> • All FCF applied to Net Debt Reduction
6. Net Debt Reduction	<ul style="list-style-type: none"> • Further improvement in Capital Ratios