



INDEPENDENT NEWS & MEDIA PLC

2013 INTERIM RESULTS

30 August 2013

INTERIM RESULTS | OVERVIEW



H1 2013 - Financial Summary for Continuing Group *

Euro millions	2013	2012	Δ	Δ%
Revenue	164.1	178.8	(14.7)	(8.2%)
Operating Costs	(148.9)	(164.8)	15.9	9.6%
EBIT**	15.2	14.0	1.2	8.6%
Operating Margin (%)	9.3%	7.8%	+150 bps	



Financial Performance for Continuing Group:

- EBIT up 8.6% to €15.2m
- Group Revenue of €164.1m, down 8.2%
- Strong cost reductions of €15.9m (9.6%), more than offset the revenue decline
- Operating Margin of 9.3% up 150 bps
- Digital Revenue Growth of 8.2%

* Excludes Independent News & Media South Africa

** before Exceptionals

DELIVERING ON 2013 AGENDA



STRATEGIC AND OPERATIONAL INITIATIVES AGENDA FOR 2013	STATUS	COMMENT
STRATEGIC		
Sell INM South Africa for R2 billion	✓	Completed
Agree restructuring of Bank Facilities	✓	Completed - maturity extended to 1 April 2018 on successful capital raise by year end 2013
Restructure Rep of Ireland's DB pension schemes	WIP	S. 50 submissions made for significant ROI Pension Schemes by Trustees to Irish Pensions Board
Capital Raise of €40 million to be applied to debt	WIP	Work has commenced - confident of implementation before year end deadline
Integrate publishing and digital editorial and commercial teams	✓	Stephen Rae appointed Editor in Chief and Fiona O'Carroll appointed as Managing Director, Digital
Launch a "leaky" paywall	WIP	Plan to launch by year end
OPERATIONAL		
Implement Project Resolute and associated €26 million of benefits	On target	Excellent progress being made, with over 85% implemented (as of 30 August)

- Newly appointed Managing Director of Digital – Fiona O’Carroll, who has a wealth of Digital experience
- Stephen Rae appointed Editor in Chief of the *Irish Independent*, *independent.ie*, *The Herald* and *Sunday Independent*
- Launch of “leaky” paywall by end of 2013
- Digital Revenues during the period increased by 8.2%
- *independent.ie* strengthened its position as No.1 news website (Comscore) with 5.1m unique visitors in July (up 39% on prior yr) and 59m page impressions (up 37% on prior yr)
- Belfast Telegraph continues to grow its online and print audience – up 8% to 470,000 readers (TGI) – clear No.1 in the NI market
- Print and digital editorial and commercial teams now fully integrated

DIGITAL – GRABONE



- Continues to grow rapidly and has increased market – share to c.20% - the clear No.1 Irish owned operator
- Recorded year-on-year revenue growth of over 35%
- Mobile penetration has doubled, with 30% of all transactions coming via mobile device
- Since launch, over 1 million Irish consumers have transacted with local SME's via GrabOne
- Key focus for H2 2013 is on continued growth of “GrabOne Store”, its online retail channel

GrabOne



DIGITAL VERTICAL



- Since 30 June, acquired a shareholding in *ClickandGo.com*, an online travel agent with a strategic alliance to Aer Lingus, which currently targets the Irish market
- *CarsIreland.ie* continues to grow and now the clear No.2 player in the ROI market
- *jobfinder.co.uk* continues to be one of the leading job portals in Northern Ireland
- *Propertynews.com* is Northern Ireland's No.1 property portal and has performed well in a difficult market

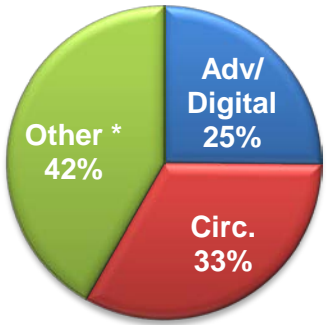


H1 2013 REVENUE – BY CATEGORY



Euro millions	2013	2012	Δ%
Advertising/ Digital	41.3	47.3	(12.7%)
Circulation	54.3	56.8	(4.4%)
Other *	68.5	74.7	(8.3%)
TOTAL REVENUE	164.1	178.8	(8.2%)

Split of Revenues | H1 2013



* Other represents Distribution, Contract Print and Education

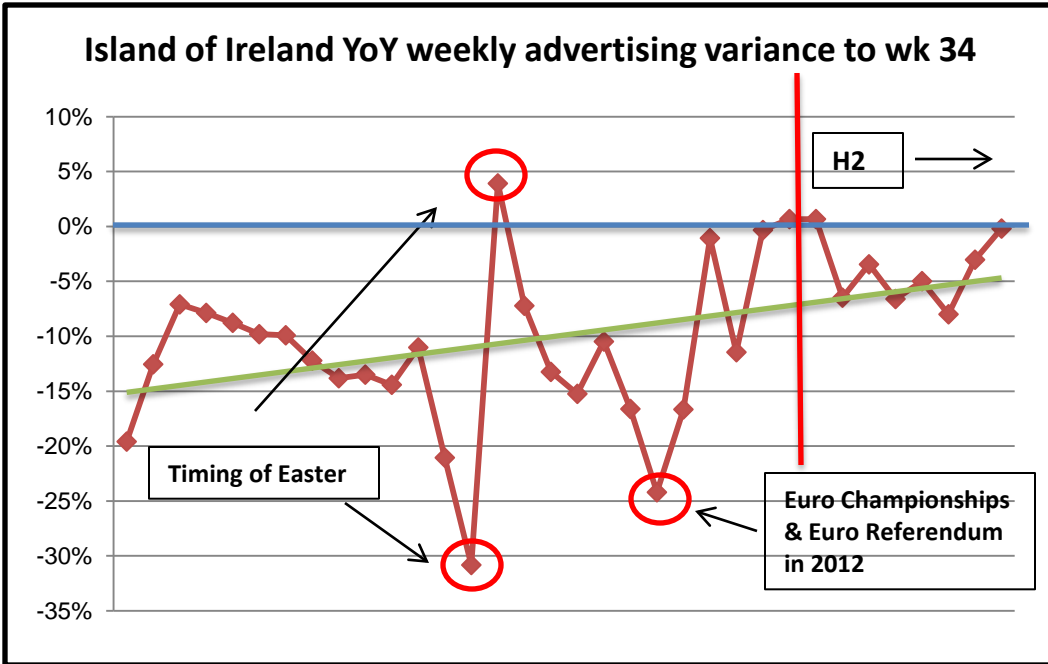
Total Revenues impacted by:

- Continued tough trading conditions on the island of Ireland
- Digital revenues increased by 8.2% on last year
- Retail/Run of paper category contributing most to the year-on-year advertising declines
- Circulation revenues reflect modest volume declines – see slide 9 for more details
- Other category decline mainly due to a reduction in wholesaling and contract print revenue

H1 2013 REVENUE – ADVERTISING



Euro millions	2013	2012	Δ%
Advertising (incl Digital)	41.3	47.3	(12.7%)



- Advertising performance during the period has been variable, but improving trend in Q2 –
 - Wk 1 to 22 down 13.3%
 - Wk 23 to 26 down 3.0%
 - Wk 27 to 34 down 4.0%
- Digital revenue growth of 8.2% in the first half of the year, while publishing advertising was down 14.7%
- Run of paper/Retail category showing the largest yoy decline up to wk 26, but since then has shown a lower level of decline when compared to last year
- Notable improvement in advertising trends in July and August (down 4%), but visibility remains short

H1 2013 REVENUE – CIRCULATION



Euro millions	2013	2012	Δ%
Circulation Revenue	54.3	56.8	(4.4%)

- Generally, circulation volumes for the first half have been good with market share gains by most of our titles
- *Irish Independent*, with an ABC* of 121,120 copies continues to dominate the quality morning market and increased market share tangibly against competitors
- The *Sunday Independent* continues to have the largest regular audience in Ireland across any advertising platform, recording an ABC* of 232,494 copies and increasing its market share
- The *Sunday World* continues to be Ireland's largest-selling and most-read tabloid newspaper, delivering an ABC* of 211,161 copies
- *The Herald* (rebranded) recorded an ABC* of 58,545 copies
- The Belfast Telegraph Group remains the dominant player in NI publishing market. The *Belfast Telegraph* recorded an ABC* of 49,228 copies, while *Sunday Life* recorded an ABC* of 45,768 copies

* ABC Jan to June 2013



H1 2013 REVENUE – C. PRINT, W/SALING AND EDUCATION

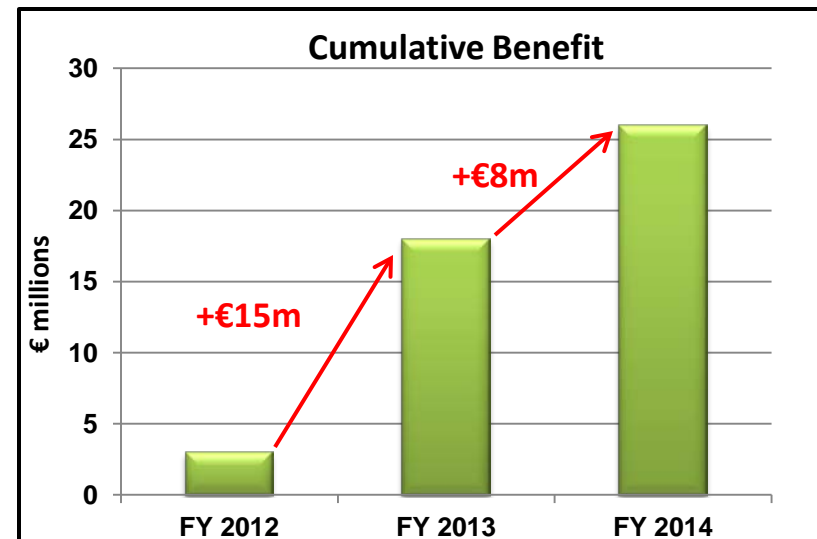
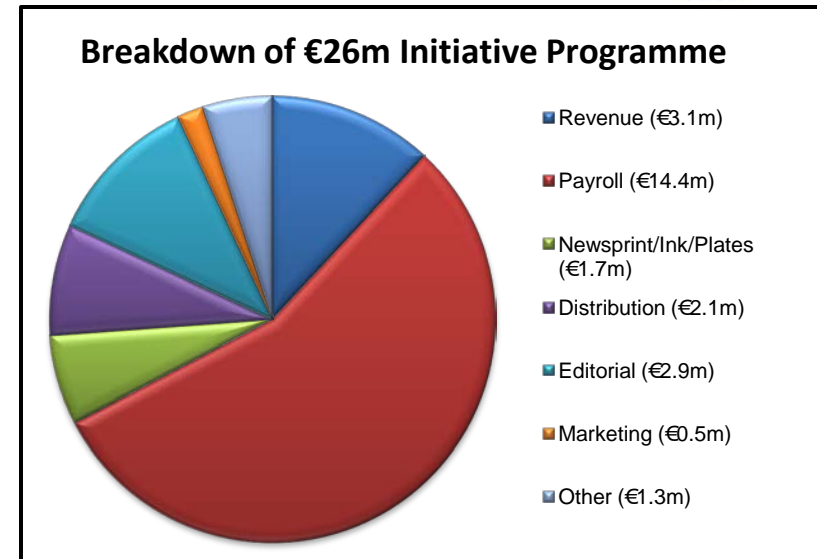


Euro millions	2013	2012	Δ%
Contract Print, Wholesaling and Education	68.5	74.7	(8.3%)

- The Group's Contract Print business is the largest on the island of Ireland, with printing facilities in Dublin, Newry and Belfast
- 3rd Party Contract Print revenue declined by 19.5% - mainly due to the loss of a UK magazine printing contract
- Newsread, the Group's wholesaling distribution business is the largest distributor of Irish and UK newspapers, magazines and periodicals
- 3rd Party Wholesaling revenue in Newsread decreased by 6.3% - mainly due to reducing 3rd party newspaper sales – wholesaling costs reduced accordingly. Profit increase of €0.2m
- Newsread's diversification strategy progressing well as it successfully leverages off its extensive distribution network
- The Group's Education business reduced its losses despite tough overseas market conditions



- Project Resolute identified €26m of initiatives to improve Operating Profit
- On track to deliver all initiatives by year end
- Total implementation cost of Project Resolute will be €18.7m



H1 2013 INCOME STATEMENT



Euro millions	Six months ended 30 June 2013			Six months ended 30 June 2012		
	Before Exceptional Items	Exceptional Items	Total	Before Exceptional Items	Exceptional Items	Total
Continuing Operations						
Revenue	164.1	-	164.1	178.8	-	178.8
Operating Costs	(148.9)	(6.1)	(155.0)	(164.8)	(51.7)	(216.5)
Operating Profit/(Loss)	15.2	(6.1)	9.1	14.0	(51.7)	(37.7)
Share of results of associates & joint ventures	4.2	(1.0)	3.2	5.1	(108.0)	(102.9)
Net Finance Charges	(18.7)	(3.2)	(21.9)	(17.0)	(3.6)	(20.6)
Profit/ (Loss) Before Tax	0.7	(10.3)	(9.6)	2.1	(163.3)	(161.2)
Taxation Charge	(0.6)	-	(0.6)	(3.3)	-	(3.3)
Profit/(Loss) from Continuing Operations	0.1	(10.3)	(10.2)	(1.2)	(163.3)	(164.5)
Discontinued Operations - South Africa	6.8	(8.2)	(1.4)	12.6	(0.4)	12.2
Profit/(Loss) for the period	6.9	(18.5)	(11.6)	11.4	(163.7)	(152.3)
Continuing Group* - Basic & Diluted EPS (cent)	0.03c		(1.85c)	(0.22c)		(29.87c)

- Finance charge of €18.7m – following the restructuring of the Group’s bank facilities, the interest cost will be approx. €20m for FY 2013 – going forward annual interest charge expected to be approx. €7m pa (based on current interest rates)

- INMSA’s results for the period classified as “Discontinued Operations”
- Operating profit of €15.2m, up €1.2m (8.6%) on the prior year
- Revenue of €164.1m, down €14.7m (8.2%) on the prior year
- Significant cost reduction of €15.9m (9.6%) on the prior year
- Total exceptionals of €18.5m are analysed on slide 13

* Excludes Independent News & Media South Africa

H1 2013 Exceptional Costs



Euro millions	Total
Island of Ireland	6.1
Share of results of associates and joint ventures	1.0
Net finance charges	3.2
	<hr/>
	10.3
Discontinued operations - S Africa	8.2
	<hr/>
	18.5

- The Island of Ireland costs of €6.1m mainly relate to redundancy costs
- The €1m of costs relating to share of results of associates and joint ventures is due to restructuring costs in APN and in the Star
- Net finance exceptional costs of €3.2m are refinancing related costs
- The €8.2m of exceptional costs relating to INMSA are made up of €7.2m of FX on an intergroup loan, which is booked to profit & loss due to classification of INMSA as “held for sale”, with the balance relating to disposal costs



H1 2013

INM Share

Euro millions	2013	2012
NPAT (pre-exceptionals)	3.6	4.4
Exceptionals	<u>(0.8)</u>	<u>(80.3)</u>
Net Profit/(Loss) After Tax (post Exceptionals)	<u>2.8</u>	<u>(75.9)</u>
Cash Dividends Received by INM	<u>Nil</u>	7.6

- Consistent with its net debt reduction strategy, APN did not declare an interim dividend

- Revenues for the first half of the year of A\$426.5m, up 5% on the prior year

- APN have indicated that they are on track to reduce net debt by A\$40m to A\$50m by the end of 2013

- Exceptional costs in the prior year primarily relate to a non-cash impairment on its New Zealand mastheads

H1 2013 CASH FLOW EXCL. INMSA



Euro millions	2013	2012
Group EBIT	15.2	14.0
Depreciation & Amortisation	4.0	5.0
Working Capital	(1.1)	(4.0)
Provisions	(4.7)	(5.6)
	13.4	9.4
Dividends Received	0.4	8.0
Capex	(2.2)	(2.6)
Net Interest Paid	(7.8)	(15.0)
Tax Paid	0.0	(1.0)
Cash Exceptionals	(3.3)	(4.4)
Finance Exceptionals	(3.2)	(3.6)
Investments	(0.1)	(0.1)
	(2.8)	(9.3)
Cash from South Africa	5.7	10.1
Capitalised PIK/Other	(6.1)	(1.0)
Net Debt movement (excl INMSA)	(3.2)	(0.2)

- Provision movement mainly relates to unwind of legacy costs/onerous contracts
- Reduced dividends due to no dividends from APN
- Reduced interest payment due to restructuring of bank facilities
- Cash from S Africa represents interest and dividends

BALANCE SHEET & NET DEBT



	30-Jun 2013	31-Dec 2012	Δ
Euro millions			
Intangible Assets	46.3	121.9	(75.6)
Tangible Assets	51.0	63.7	(12.7)
Investment in Associates & JVs	105.8	117.5	(11.7)
Assets/ Liabilities classified as held for sale	68.1	0.0	68.1
Other Net Assets/ Liabilities	(3.8)	1.2	(5.0)
Retirement Benefit Obligations	(199.0)	(190.2)	(8.8)
Net Debt*	(434.6)	(422.4)	(12.2)
	(366.2)	(308.3)	(57.9)

* excluding South Africa cash and cash equivalents in 2013 only

Net Debt excl. INMSA	30-Jun 2013	31-Dec 2012	Δ
Euro millions			
Net Debt per above	(434.6)	(422.4)	(12.2)
Exclude INMSA (in 2012)	N/A	9.0	9.0
Net Debt excl. INMSA	(434.6)	(431.4)	(3.2)

- Assets and liabilities relating to INMSA grouped together and disclosed as “Assets/Liabilities classified as held for sale”
- Variance mainly driven by INMSA reclassification
- Reduction in Investments in Associates & JVs primarily FX related (on APN investment)
- Increase in Retirement Benefit Obligations of €8.8m, relates to an increase in ROI pension deficit of €28.1m (due to reduced corporate bond yields) partially offset by reclassification of INMSA Medical Aid Liability of €19.3m



- Good H1 2013 performance, with revenue declines more than offset by cost reductions
- Accelerated roll-out of our Digital strategy on the Island of Ireland
- Continued focus on delivery of Project Resolute €26m
- Prior to 31 December 2013, implement a €40m Capital Raise to enable further debt pay-down and to reduce core debt to €118m with €10m of other facilities and credit lines, in addition to €10m placed in escrow to cover future potential warranty claims relating to the sale of INMSA