



Independent News & Media PLC

APN NEWS & MEDIA LIMITED – RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

APN reports Net Profit of A\$94.2 million

- **Result in line with guidance**
- **Better last quarter in a challenging year**
- **Good cost performance – down 8%**
- **More positive start to 2010**

Dublin/London – 23rd February 2010: APN News & Media Ltd ['APN'], in which Independent News & Media PLC ['INM'] has a 32.2% shareholding, today released its Annual Result for the period ending 31 December 2009. Underlying revenue was A\$1,030.7m, Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was A\$230.2m, and Net Profit After Tax (before exceptional items and discontinued businesses) was A\$94.2m.

The Directors declared a fully franked final dividend of 4 cents per share, payable on 30 March 2010.

2009 Full Year Result

Unless otherwise stated, all figures are pre exceptional items and discontinued businesses (AUD million)	2009	2008	Change
Underlying Revenue*	1,030.7	1,193.4	(14%)
EBITDA	230.2	320.8	(28%)
EBIT	189.0	282.8	(33%)
Net Profit After Tax	94.2	143.1	(34%)
Earnings per share	17.0 cents	28.3 cents	(40%)
Net Profit after exceptional items & discontinued businesses	92.6	(24.0)	N/A

*excludes finance income

APN Chief Executive Brendan Hopkins said: "The result for the year was foreshadowed to the market in advance of APN's Investor Conference, held in Sydney at the end of November, and we are in line with the expectations for the year.

"The media industry experienced challenging conditions throughout 2009 and APN's markets were not immune from the Global Financial Crisis (GFC); however, through a combination of effective cost management and targeted sales campaigns, the Company was able to mitigate its full effects.

"Total costs were down A\$78m, furthering the Company's aim to improve operating leverage in all its markets, and putting in place a lower cost base from which to grow the business.

"The final quarter of 2009 gave some indication that business is returning to pre-GFC patterns. The 2010 year has started more positively. While there is still some inconsistency on a week-to-week basis, the broad trend is towards a resumption of normal trading patterns, although forward bookings remain short term.

"In New Zealand, the economic recovery has begun. New Zealand Publishing experienced a better fourth quarter, with some improvement in advertising revenue, particularly from retail and national clients. This, combined with ongoing cost management disciplines, produced a satisfactory result, especially for the final quarter.

“The radio market in New Zealand continues to be challenging, but good cost control and better progress on direct advertising sales have been highlights. In January, the market was in line with the prior year, providing an early sign of improving conditions for 2010.

“In Queensland, the economy was less affected by the economic downturn than in New Zealand, and has emerged earlier. Our Australian Publishing business recorded good sales in the retail and national categories. Commodity markets are now responding to improved orders from China and we are already experiencing positive advertising growth in the early weeks of 2010 compared with the prior corresponding period.

“The Radio industry in Australia proved resilient throughout 2009, down just 2.4% in APN's markets. The Australian Radio Network improved its share of direct advertising during the year and has started the new year under a new management team and a reinvigorated Mix format. Agency share continues to be a key focus.

“APN maintained its market leadership position in Outdoor in Australia in the face of challenging trading conditions. The return of traditional clients in motoring, telecommunications and finance in the first quarter of 2010 has been encouraging. The launch of MOVE (Measurement of Outdoor Visibility and Exposure) takes place today and will give the Outdoor medium greater accountability through accurate third-party audience measurement, and therefore give advertisers increased confidence when choosing Outdoor campaigns.

“The nzherald.co.nz website attracted record sales and traffic in 2009. Local and national advertisers are also supporting the fast-growing Regional News Network in New Zealand and Australia and the finda community sites in Australia.

“APN's strength in local markets provides exciting cross-platform sales opportunities. Our unique ability to offer a multimedia solution to local advertisers enables us to broaden our revenue streams. We will increasingly introduce new product opportunities to our markets. To that end, APN has reached an in principal agreement with Fairfax Media to become the exclusive reseller of *www.domain.com.au*, *www.mycareer.com.au* and *www.drive.com.au* in APN's regional Australian markets. This venture will deliver significant value for APN's clients by capitalising on APN's knowledge of its local markets, utilising existing, strong sales relationships.

“In summary, trading year-to-date has been more positive. Market conditions have improved and with its access to a range of growth markets, a lower cost base and no major capital expenditure requirements, APN is well placed to benefit from the improvement in trading conditions.”

Revenue and Earnings Before Interest and Tax (EBIT) for the second half are shown in the chart below. These results compare with first half revenue of A\$507.1m and EBIT of A\$80.2m.

Divisional Results - H2	Revenue			EBIT		
	H2 2009	Change on pcp		H2 2009	Change on pcp	
		LC*	Reported		LC*	Reported
(AUD millions)						
Australian Publishing	140.6	(8%)	(8%)	33.7	(21%)	(21%)
NZ Publishing	164.3	(10%)	(13%)	36.4	(9%)	(11%)
Australian Radio	63.7	(5%)	(5%)	21.5	(15%)	(15%)
NZ Radio	43.4	(12%)	(15%)	7.7	(20%)	(22%)
Outdoor	115.5	(13%)	(16%)	12.5	(46%)	(47%)
Corporate	7.8			(3.0)		
Total	535.3	(9%)	(11%)	108.8	(24%)	(25%)

* Local currency

Publishing

Australia

APN Australian Publishing operates 14 regional daily newspapers and more than 60 non-daily and community titles across Queensland and northern New South Wales, as well as a range of magazines, local and community websites and is a leader in custom publishing.

APN's Queensland markets faced challenging conditions as the economic slowdown spread to regional centres. Retail advertising was resilient, however Real Estate advertising fell in line with lower activity in the housing market and Employment advertising came under pressure following uncertainty in demand for commodities, particularly in the mining sector. Towards the end of the year local economies showed signs of recovery and a number of new mining ventures have started recruiting.

Costs in Australian Publishing were down 3.5% year-on-year on the back of productivity improvements. The scale of cost reductions was lower than elsewhere in the group due to the decentralised nature of the Australian operations. Good progress was made with the introduction of a centralised page production service, based on the Sunshine Coast, which is now producing 2,000 pages per week across APN's network of regional newspapers.

Significant training is underway for sales teams to develop cross-platform selling across the Company's range of publishing and online products, enhancing our offering to the market and increasing our local multimedia opportunities, which will be expanded by the new Fairfax online products.

Trading in the early weeks of 2010 has been positive, with revenue ahead of the same period last year.

New Zealand

APN publishes *The New Zealand Herald*, the *Herald on Sunday*, nine regional daily titles, more than 30 community titles as well as New Zealand Magazines. APN is a leader in online in each of our local markets. The Division leads the Auckland market, with 7 out of 10 Aucklanders aged 15+ reading at least one APN newspaper or magazine each week, or viewing one of our many fast-growing websites.

The New Zealand business showed improved trends in the second half. Although revenue was down 10% for the half, fourth quarter revenues improved that trend, to be 6% down. The year-on-year trend has turned positive in recent weeks. Publishing costs were down 12% on a local currency basis for the year – a word class performance – and followed a good cost outcome in the previous year. This reflects the benefits of restructuring programmes introduced over the past two years.

In the latest readership figures (Jan-Dec 2009, Nielsen Media Research) *The New Zealand Herald* increased its daily brand audience across newspaper and online to 680,000 readers, with two out of three Aucklanders connecting with the Herald brand each week. The Herald is the most read daily newspaper in the country, with twice as many readers as any other metropolitan newspaper. *The Herald on Sunday* is the best-read Sunday newspaper in the northern region; nine out of ten weekend newspaper readers in Auckland read either the *Weekend Herald* or the *Herald on Sunday* each week.

The *nzherald.co.nz* website improved its position as the most popular news website in New Zealand, attracting record traffic, strong advertiser support and improved profitability. Also, there has been a strong take-up of the Herald's mobile offering, with more than 30,000 unique users each week, underlining our ability to charge for content as the mobile news content market develops.

Readership of APN's regional newspaper portfolio increased its share of regional readers to 41%. While local economies were weak there was some growth in retail advertising. Again, we have noted an improvement in recent weeks.

New Zealand Magazines titles continue to lead their markets. The *New Zealand Woman's Weekly* grew readership to 795,000, retaining its position as the country's best-read weekly magazine. The *New Zealand Listener* is the best-read current affairs magazine, *Simply You* is the leading fashion magazine and *Crème* is the best selling youth magazine, growing readership to 162,000.

Regarding the Auckland heatset printing business, we confirm that we are in active discussions with a number of parties with a view to further restructuring. Based on such discussions, APN does not expect to continue to consolidate this business and has, as a result, treated this as a 'discontinued business' in these results, where the business recorded a loss of A\$1.8m.

Advertising trends have improved in New Zealand in recent weeks, with revenue now moving ahead of the same period last year.

Radio

Australia

The Australian Radio Network (ARN) broadcasts across 12 metropolitan FM and AM stations on two networks, Classic Hits and Mix, with a national audience of more than 4 million each week.

ARN's traditional strength in direct advertising improved in the year, although agency revenue remains a key focus. Ratings overall were steady, and finished ahead at the end of the year in the commercially important Sydney market. Costs were down 3.5%.

A new management team has been appointed to the network and considerable work is underway in improving the Mix music stream and reinforcing the brand strength of the Classic Hits network. New breakfast teams have been introduced for Mix in Sydney and Melbourne. A series of substantially redeveloped online sites is being introduced and cross-platform sales training is being rolled out across the network. There has already been good client support for a number of integrated radio and online campaigns.

New Zealand

The Radio Network (TRN) is the market leading radio broadcaster in New Zealand, with a 10+ national audience share of 46%, and the top rating stations in Auckland, Wellington and Christchurch. TRN broadcasts across more than 120 FM and AM frequencies over eight networks, reaching 1.4 million listeners each week.

The Radio market in New Zealand underperformed compared with the Australian radio market, contracting 10% in 2009. Tight cost management in TRN, with costs down 11% in local currency terms, helped offset the revenue shortfall. Whilst TRN lost share in the period, there has been an improvement in direct revenue, which represents 75% of the New Zealand radio advertising market.

Trading for January is in line with the prior corresponding period, providing an early sign of an improving market.

Outdoor

APN is the market leader in outdoor advertising in Australia and New Zealand, as well as a major operator in transit and large format in Hong Kong and large format in Indonesia.

The Outdoor market in Australia contracted 12% in 2009; however, APN maintained its market leadership in each of its categories. Strong cost management helped offset a fall in revenue and the division is well placed to benefit from the market recovery. Bookings in the fourth quarter saw a return to more normal trading patterns, with a year-on-year increase in the December month.

The New Zealand market was challenging in 2009 but there are positive signs that the contraction has not continued into the first half of 2010.

The sale of the Kurnia business in Malaysia was completed late in the year.

Trading has begun positively in the first quarter, with a number of traditional advertising categories returning. Revenue year-to-date is ahead of the prior corresponding period and forward orders are encouraging.

The MOVE (Measurement of Outdoor Visibility and Exposure) audience measurement system launches in Sydney today and will be rolled out across the major Australian markets over the next two weeks. The system will measure 60,000 panels Australiawide and provide advertisers with detailed audience data upon which to plan their outdoor campaigns. We are confident this measurement system will attract additional advertising to Outdoor as both existing and new clients gain confidence from the greater accountability of the medium.

Dividend

Against the background of no interim dividend having been paid, a final 2009 dividend of 4 cents per share, involving a payout of A\$23.8m, or 25% of full year earnings and 42% of H2 earnings, has been declared. The dividend is fully franked, although Directors note the franking does not represent a resumption of franking on a regular basis.

APN has made good progress with its debt reduction program, having reduced net debt during the year by A\$150m, and advertising market conditions have stabilised or improved from the mid 2009 lows. Accordingly, the Directors consider that dividends can be resumed.

The Directors believe that improving APN's key credit metrics remains a priority and as a result expect to maintain a conservative payout ratio. Based on current expectations, the group's debt/EBITDA ratio should reduce and going forward, APN will assess its dividend payment strategy in light of the prevailing climate of capital markets, advertising conditions and its capital requirements.

Outlook

The Directors have seen an improvement in trading over the fourth quarter and in the early weeks of the New Year that provides confidence that 2010 will be a better year.

As a leading diversified media company, APN operates in some of the most attractive markets in one of the world's better performing economic areas. With an expected return to revenue growth and a demonstrated ability to manage costs, APN is well positioned to take advantage of the improvement in trading presently being experienced.

ENDS.

Tuesday, 23rd February 2010

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About APN

APN News & Media Limited [ASX, NZX:APN] is the largest media company in New Zealand, where it owns *The New Zealand Herald*, the country's largest newspaper. APN is the largest radio and outdoor advertising operator in Australasia as well as one of Australia's leading regional publishers. In Asia, the Company has market leading Outdoor positions in Hong Kong and Indonesia. APN is a leader in online in both New Zealand and in Queensland and has been listed on the Australian Stock Exchange since 1992, and on the New Zealand Stock Exchange since June 2004.

APN NEWS & MEDIA LIMITED
PRELIMINARY PROFITS ANNOUNCEMENT

	A\$000 31 December 2009	A\$000 31 December 2008	€000 31 December 2009	€000 31 December 2008
Revenue	<u>1,030,666</u>	<u>1,193,398</u>	<u>581,312</u>	<u>684,327</u>
Operating Profit				
– Continuing Operations	185,699	276,281	104,737	158,427
– Exceptional Items	<u>(5,482)</u>	<u>(192,181)</u>	<u>(3,092)</u>	<u>(110,202)</u>
Profit from Continuing Operations	180,217	84,100	101,645	48,225
Net Finance Charge	(50,545)	(75,533)	(28,508)	(43,313)
Share of Profit of Associates	<u>3,254</u>	<u>6,484</u>	<u>1,835</u>	<u>3,718</u>
Profit on Ordinary Activities before Taxation	132,926	15,051	74,972	8,630
Taxation	<u>(14,624)</u>	<u>(6,275)</u>	<u>(8,248)</u>	<u>(3,598)</u>
Profit from continuing operations	118,302	8,776	66,724	5,032
Loss from discontinued operations	<u>(1,830)</u>	<u>(2,954)</u>	<u>(1,032)</u>	<u>(1,694)</u>
Profit for the year	116,472	5,822	65,692	3,338
Minority Interests	<u>(23,844)</u>	<u>(29,794)</u>	<u>(13,448)</u>	<u>(17,085)</u>
Profit/(Loss) Attributable to Owners of the Parent Entity	<u>92,628</u>	<u>(23,972)</u>	<u>52,244</u>	<u>(13,747)</u>
Continuing operations (cents)				
Basic Earnings/(Loss) per Share	<u>17.0</u>	<u>(4.2)</u>	<u>9.6</u>	<u>(2.4)</u>
Diluted Earnings/(Loss) Per Share	<u>17.0</u>	<u>(4.2)</u>	<u>9.6</u>	<u>(2.4)</u>
Continuing and discontinued operations (cents)				
Basic Earnings/(Loss) per Share	<u>16.7</u>	<u>(4.7)</u>	<u>9.4</u>	<u>(2.7)</u>
Diluted Earnings/(Loss) Per Share	<u>16.7</u>	<u>(4.7)</u>	<u>9.4</u>	<u>(2.7)</u>

Income Statements translated at Average Rates
Average Exchange Rate 2008 €1 = A\$1.7439
Average Exchange Rate 2009 €1 = A\$1.7730

APN NEWS & MEDIA LIMITED
GROUP BALANCE SHEET

	A\$000	A\$000	€000	€000
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
Current Assets				
Cash and Cash Equivalents	32,727	58,721	20,508	29,654
Receivables	176,640	195,980	110,691	98,970
Inventories	9,569	20,476	5,996	10,340
Tax Assets	754	906	472	458
Other	<u>23,967</u>	<u>31,964</u>	<u>15,019</u>	<u>16,141</u>
	243,657	308,047	152,686	155,563
Assets Held For Sale	<u>15,072</u>	-	<u>9,445</u>	-
Total Current Assets	<u>258,729</u>	<u>308,047</u>	<u>162,131</u>	<u>155,563</u>
Non-Current Assets				
Receivables	4,224	4,895	2,647	2,472
Other Financial Assets	27,130	22,628	17,001	11,427
Investments Accounted for Using the Equity Method	39,190	35,384	24,558	17,869
Property, Plant and Equipment	266,934	290,909	167,273	146,909
Intangible Assets	<u>1,604,436</u>	<u>1,661,603</u>	<u>1,005,412</u>	<u>839,109</u>
Total Non-Current Assets	<u>1,941,914</u>	<u>2,015,419</u>	<u>1,216,891</u>	<u>1,017,786</u>
Total Assets	<u>2,200,643</u>	<u>2,323,466</u>	<u>1,379,022</u>	<u>1,173,349</u>
Current Liabilities				
Payables	118,327	150,298	74,149	75,899
Derivative Financial Instruments	814	5,770	510	2,914
Interest Bearing Liabilities	20,280	155,620	12,708	78,588
Current Tax Provisions	6,267	6,480	3,927	3,272
Provisions	<u>7,760</u>	<u>20,639</u>	<u>4,863</u>	<u>10,423</u>
	153,448	338,807	96,157	171,096
Liabilities Directly Associated With Assets Held For Sale	<u>10,356</u>	-	<u>6,490</u>	-
Total Current Liabilities	<u>163,804</u>	<u>338,807</u>	<u>102,647</u>	<u>171,096</u>
Non-Current Liabilities				
Payables	3,272	4,528	2,050	2,287
Interest Bearing Liabilities	762,700	807,567	477,942	407,821
Deferred Tax Liabilities	113,310	121,586	71,005	61,401
Provisions	<u>1,021</u>	<u>1,586</u>	<u>640</u>	<u>801</u>
Total Non-Current Liabilities	<u>880,303</u>	<u>935,267</u>	<u>551,637</u>	<u>472,310</u>
Total Liabilities	<u>1,044,107</u>	<u>1,274,074</u>	<u>654,284</u>	<u>643,406</u>
Net Assets	<u>1,156,536</u>	<u>1,049,392</u>	<u>724,738</u>	<u>529,943</u>
Equity				
Contributed Equity	1,024,815	920,802	642,196	465,005
Other Reserves	(43,550)	(28,268)	(27,290)	(14,275)
Retained Losses	<u>(48,172)</u>	<u>(76,375)</u>	<u>(30,187)</u>	<u>(38,569)</u>
Total Parent Entity Interest	933,093	816,159	584,719	412,161
Minority Interests	<u>223,443</u>	<u>233,233</u>	<u>140,019</u>	<u>117,782</u>
Total Equity	<u>1,156,536</u>	<u>1,049,392</u>	<u>724,738</u>	<u>529,943</u>

Balance Sheets translated at Closing Rates

Closing Exchange Rate December 2008 €1 = A\$1.9802

Closing Exchange Rate December 2009 €1 = A\$1.5958