



# Independent News & Media PLC

## 2006 FULL YEAR PRE-CLOSE TRADING UPDATE

Ticker: (Reuters) INWS.I / INWS.L and (Bloomberg) INWS ID / INWS LN

---

*Dublin/ London – 22<sup>nd</sup> December 2006:* Independent News & Media PLC [**‘INM’** or the **‘Group’**], a leading international media and communications group, today issued its pre-close trading update for the year ended 31<sup>st</sup> December 2006.

This update is intended to provide broad guidance on the Group’s financial and operating performance in 2006 and reflects the actual performance for the 11 months ended 30<sup>th</sup> November 2006.

INM’s 2006 full year results are scheduled for release on 21<sup>st</sup> March 2007.

---

### **SUMMARY HIGHLIGHTS – 2006:**

- Group newspaper circulation revenues forecast to be up by over 5%.\*
- Group newspaper advertising revenues forecast to be up by over 4%.\*
- Online developments continue to contribute to the overall advertising and classified performance.
- Operating costs continue to be well managed globally and the Group is on-target to deliver a Group operating margin of 20% in 2006.
- Recent acquisitions performing to plan.
- Earnings (Adjusted EPS) expected to be ahead year-on-year by over 10% – in line with current market consensus forecasts.

*\* in constant currency*

---

The Group has seen good underlying growth in advertising and circulation revenues. This solid performance reflects the continued strength of the Group’s market-leading positions in diverse and growing economies, and follows an equally strong performance in the same period in 2005.

### **REVENUES**

#### ● **Advertising**

The Group’s advertising revenues continue to show growth across the major advertising categories of ROP, colour display, retail and classifieds. Newspaper advertising revenues for 2006 are expected to show underlying growth of over 4% – against strong comparators for the same period in 2005. In Ireland and South Africa, the strong 1<sup>st</sup> half revenue performance continued in the 2<sup>nd</sup> half. In the United Kingdom, the Group’s National titles (*The Independent/ Independent on Sunday*) achieved growth year-on-year, in contrast to INM’s peer group which is reporting general advertising declines with little discernable improvement. The Belfast division is also ahead of last year in the second half and improving further in the 4<sup>th</sup> quarter. Within Australasia, the New Zealand economy is showing early signs of recovery, whilst the Australian Regional newspaper division continues its strong trend.

- **Online**

Online revenues continue to show strong double-digit advertising growth, particularly across the main classified pillars, complementing in-paper volumes. *PropertyNews.com* (acquired in May 2006), the largest property portal on the island of Ireland, continues to expand rapidly, while the Irish classified offering, *Loadza.com*, has been further augmented by the Q4 launch of *LoadzaTravel.ie* and *LoadzaCars.ie*. Similarly, the new *Search4* and *Worksearch* online brands have been successfully launched in New Zealand and Australia respectively.

- **Circulation**

The Group's circulation revenues are expected to be up by over 5% in constant currencies, based on underlying volume and price increases. The Group's most recently-launched titles *Isolezwe* and *Daily Voice* in South Africa, and the *Herald on Sunday* in New Zealand, are continuing their successful expansion, with sales volume continuing to grow strongly. The Group's free commuter title in Dublin, *herald am*, has outperformed its competition in the Dublin market, and will further expand its reach during 2007.

## **OPERATING COSTS**

In 2006, the Group continued to make significant progress towards its goal of being the low-cost operator, despite significant newsprint price increases of c. 7% in its European operations. Moreover, the benefits of strong cost control and effective restructuring should enable the Group to achieve a Group operating margin of 20% for 2006, in line with our previously stated target.

## **GROUP DEVELOPMENTS**

- INM's Indian associate Jagran Prakashan Limited ('JPL') – publisher of India's largest selling newspaper, *Dainik Jagran* – has traded very well, with first-half (6-months to end-September) net profits up 244.3% on the back of very strong increases in circulation and advertising revenues. This strong performance follows the hugely successful IPO of JPL in February 2006, which more than doubled the value of INM's initial investment in JPL in 2005.

Capitalising on the Indian economic boom, JPL has expanded into outdoor advertising during 2006. In a separate venture, INM, in conjunction with the Gupta family, secured eight radio licences in 2006 and expects to have these licences operational in 2007.

- In September, the Group acquired 100% of Wholesale Newspaper Services ('WNS'), Northern Ireland's largest wholesale distributor of newspapers and magazines. This acquisition provides the Group with significant opportunities to expand its distribution business on the island of Ireland.
- On 24<sup>th</sup> November, INM confirmed the termination of the Consortium's approach (which INM was party to) to the Board of APN News & Media Limited ('APN'), regarding a possible leveraged buy-out of the entire issued share capital of APN. However INM – in conjunction with APN – continues to examine the many opportunities in the Australian market with a view to maximising value for all INM shareholders.

## OUTLOOK

The Group's Chief Executive Officer, Sir Anthony O'Reilly, stated:

*"INM's strong, diverse and sustainable media franchises – across publishing, online, radio and outdoor – continue to deliver superior performance and to differentiate the Group from its peers.*

*"Another year of advertising growth, circulation growth, active product innovation, and a low-cost ethos have combined to ensure that INM is on-target to deliver double-digit earnings growth for 2006. The Group is extremely well positioned for continuing strong growth for the future, in line with current market expectations."*

**Ends.**

**Friday, 22<sup>nd</sup> December 2006**

**For further information, please contact:**

<b>Gavin O'Reilly</b>	<b>Chief Operating Officer</b>	<b>+353 1 466 3200</b>
<b>Donal Buggy</b>	<b>Chief Financial Officer</b>	<b>+353 1 466 3200</b>

<b>Media</b>		
Pat Walsh Murray Consultants (Dublin) Tel: +353 1 498 0300	Rory Godson Powerscourt Media (London) Tel: +44 207 236 5619	Paul Keary Financial Dynamics (New York) Tel: +1 212 850 5600
<b>Investors and Analysts</b>		
Mark Kenny/ Jonathan Neilan K Capital Source (Dublin) Tel: +353 1 631 5500 Email: <a href="mailto:INM@kcapitalsource.com">INM@kcapitalsource.com</a>		



## INDEPENDENT NEWS & MEDIA PLC

### – CORPORATE PROFILE –

Independent News & Media PLC ['INM'] is a leading international newspaper and communications group, with its main interests in Australia, India, Ireland, New Zealand, South Africa and the United Kingdom. Spanning four continents and 21 individual countries, INM has market-leading newspaper positions in Australia (regional), India, Ireland, New Zealand and South Africa. In the United Kingdom, it publishes the flagship national title, *The Independent*, as well as being the largest newspaper group in Northern Ireland.

Across these regions, the Group publishes over 175 newspaper and magazine titles, delivering a combined weekly circulation of over 31 million copies with a weekly audience of over 100 million consumers and includes the world's largest read newspaper, *Dainik Jagran*, in India. The Group has established a strong and growing online presence, with over 70 editorial and classified sites.

INM is the largest radio operator – 132 stations and an audience exceeding five million people – and outdoor advertising operator in Australasia and also has leading outdoor advertising positions in Hong Kong, Malaysia, India, Indonesia and across Africa.

The Group has grown consistently over the last 15 years by building a geographically unique and diverse portfolio of market-leading brands, and today manages gross assets of €4.0 billion, revenue of €1.8 billion and employs approximately 10,300 people worldwide. Further information is available on the Group's website [www.inmplc.com](http://www.inmplc.com).