



# Independent News & Media PLC

## **2007 FULL YEAR PRE-CLOSE TRADING UPDATE**

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

*Dublin/ London, 12<sup>th</sup> December 2007:* 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 ending 31<sup>st</sup> December 2007.

This pre-close trading update is intended to provide all market participants with broad guidance on the Group’s financial and operating performance during 2007, and reflects the actual performance for the 11 months ended 30<sup>th</sup> November 2007. INM’s 2007 full year results are scheduled for release on 19<sup>th</sup> March 2008.

### **SUMMARY HIGHLIGHTS | FY 2007 \***

- Good top-line growth, with record Group revenue expected to be achieved and ahead year-on-year by c. 3%.
- Group Publishing (newspapers & online) advertising revenues forecast to be up by c. 4%.
- Online revenues (including the Group’s share of associates) forecast to be up by c. 70%.
- Group newspaper circulation revenues forecast to be up by c.1%.
- All markets showing advertising growth in publishing and online
- Online associates (Verivox and Cashcade) performing substantially ahead of plan.
- Continued efficiencies achieved in all operating units as a result of new technology investments and new workflows.
- Indian associate, Jagran Prakashan Limited [‘JPL’], continues to perform very strongly.
- In the Education sector, Independent College was launched in Ireland in H2 2007 and the Group is currently reviewing further global opportunities in this area.

*\* in constant currency terms*

### **REVENUES | FY 2007**

During 2007, the Group saw good underlying year-on-year growth in both advertising and circulation revenues, reflecting the continued vigour of the Group’s market-leading positions across publishing and online, radio and outdoor. Total revenues for the Group for the 12 months to 31<sup>st</sup> December 2007 are expected to be up by approx. 3%, in constant currencies, compared to the record revenues achieved in 2006.

- **Advertising – Publishing**

The Group's advertising revenue in the publishing division is forecast to grow by approx. 4%, with all markets (Australasia, Ireland, South Africa and the United Kingdom) ahead year-on-year, against particularly strong comparators in H2 2006. Throughout 2007, Retail, ROP/ National and Classified advertising was consistently strong and property advertising in total across the Group was ahead of 2006, despite a sharp slowdown in Irish property advertising. However, the broad range of sources of the Group's Irish advertising revenues are such that it is expected to show high single digit percentage growth in total in 2007.

- **Advertising – Online**

Like-for-like online revenues (including the Group's share of associates) are expected to be up by approx. 70%, again with all markets ahead strongly year-on-year in constant currency terms. This growth – which is exceeding market growth in most of our regions – emanates from good classified volumes and pricing, and very strong display and affiliate advertising on the Group's leading newspaper and classified portal sites and has been enhanced by the strong performance of the Group's other strategic online investments.

- **Advertising – Radio and Outdoor**

Both our market-leading Radio and Outdoor Advertising divisions are forecast to perform in line with expectations in 2007.

- **Circulation**

The Group's circulation revenues are expected to be up by approx. 1% in constant currency terms, as a result of volume initiatives and selective cover price increases in most markets.

## **OPERATING COSTS**

2007 has seen a major realignment of INM's cost base across all of its main divisions, with significant efficiencies achieved in the area of headcount and internal work flows. The Group's restructuring programme for 2007 is virtually complete and in line with the targets outlined in the Interim Results announcement.

Operating costs continued to be well-managed, in spite of newsprint price increases in 2007, which are expected to reverse in 2008. Additionally, the installation of our new Group-wide Atex editorial system has facilitated further enhancements in page production efficiencies and real-time editorial copy sharing across the Group's network of titles, with particular reference to the foreign bureau service of *The Independent* in London.

## **ASSOCIATES**

- India: Our 20.8%-owned associate, Jagran Prakashan Limited ['JPL'] recently announced record revenues and record PAT, up over 40% for the half year to 30<sup>th</sup> September 2007. At the current share price, our investment value has increased by approx. 400% in just over 2 years.

- Online:
  - **Verivox:** our 49%-owned associate is now the largest utility price comparator business in Germany. It is forecasting a significant increase in profitability in 2007 and continued strong growth in 2008.
  - **Cashcade:** our 20%-owned associate, one of the largest online bingo operators in the United Kingdom, is currently being expanded into other INM markets. Cashcade is forecasting strong profit growth in 2007 and 2008.

## **CAPITAL MANAGEMENT**

On 30<sup>th</sup> November 2007, the New Zealand Cumulative Exchangeable Preference Shares (“CEPS”) matured, with holders of 52,291,119 CEPS electing to exchange for ordinary shares in INM. To date in 2007, as part of its efficient capital management policy, the Group has purchased 40,600,363 ordinary shares which limited the dilutive impact of the CEPS conversion on INM shareholders to approx. 1.5%. The combined effect of these is to further strengthen the Group’s Balance Sheet.

## **OUTLOOK**

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

*"Your Group's diverse and international portfolio of uniquely strong brands across publishing and online, radio and outdoor advertising continues to deliver consistent growth in revenues, profits and dividends. This growth - through constant product innovation and our unrelenting attention to detail - continues to yield significant returns for all shareholders.*

*"We are pleased to say that, despite the global turmoil experienced in the 2<sup>nd</sup> half of 2007, your Group is trading in line with expectations and remains well positioned for continued growth."*

This pre-close trading update has been brought forward from the original planned date of 20<sup>th</sup> December 2007 in order to confirm to the market INM's strong trading performance in 2007, following recent negative commentary on global advertising in general and certain aspects of the Irish advertising market in particular.

**Ends**

**12<sup>th</sup> December 2007**

## Note Regarding Forward-Looking Statements

Some statements in this announcement are forward-looking. They represent our expectations for our business, and involve risks and uncertainties. We have based these forward-looking statements on our current expectations and projections about future events. We believe that our expectations and assumptions with respect to these forward-looking statements are reasonable. However, because they involve known and unknown risks, uncertainties and other factors, which are in some cases beyond our control, our actual results or performance, may differ materially from those expressed or implied by such forward-looking statements. These forward-looking statements speak only as of the date of this document and no obligation is undertaken, save as required by law or by the Listing Rules of the Irish Stock Exchange and/or the UK Listing Authority to reflect new information, future events or otherwise.

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## 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, 10 major markets 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 180 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 100 editorial and classified sites.

INM is the largest radio operator – over 130 stations and an audience of almost six 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 €4.1 billion and revenues of €1.8 billion.

Further information is available on the Group's website [www.inmplc.com](http://www.inmplc.com).