



## Independent News & Media PLC

### APN NEWS & MEDIA LIMITED – RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

APN reports Net Profit of A\$140.1 million before exceptional items

**Dublin/London – 25th February 2009:** APN News & Media Ltd [‘APN’], in which Independent News & Media PLC [‘INM’] has a 39.1% shareholding, today released its Annual Result for the period ending 31 December 2008. Underlying revenue was A\$1,226m, compared with A\$1,314m in the previous corresponding period, and Net Profit After Tax (before exceptional items) was A\$140.1m, compared with A\$169.5m in the prior year. Earnings before interest, tax, depreciation and amortisation (EBITDA) of A\$319.5m was broadly in line with market consensus.

Exceptional items of A\$164.1m include a non-cash impairment charge of A\$146.8m, which relates to the New Zealand assets acquired as part of the Wilson & Horton acquisition in November 2001. It should be noted that the current value of all other assets is well in excess of their book value. Accounting rules do not allow the offsetting of this excess value against the write-down.

The Directors today declared an unfranked final dividend of 12 cents per share, payable on 23 April 2009, taking the total dividend for the year to 22.5 cents per share. The reduction in overall dividend reflects prudent capital management in the current market and brings APN’s dividend in line with a more conventional payout ratio.

#### 2008 Full Year Result (pre-exceptionals)

(AUD million)	2008	2007	Change
Underlying Revenue*	1,226.4	1,314.2	(7%)
EBITDA	319.5	361.0	(11%)
Net Profit	140.1	169.5	(17%)
Diluted earnings per share	28.6	34.4	(17%)
Net (loss)/profit after exceptional items	(24.0)	167.4	

\*excludes finance and other income

APN Chief Executive Brendan Hopkins said: “The past year produced the most challenging trading conditions that APN has faced as a listed company. Given the uncertainty in the broader marketplace and the economic factors affecting our clients, we believe annual Net Profit After Tax prior to exceptionals of A\$140.1m to be a satisfactory result.

“The second half of 2008 was particularly challenging. As mentioned at the time of the interim result, the New Zealand businesses faced a sharp slowdown in the local economy. As expected, this flowed through to our advertising revenues and required significant restructuring of our costs. Costs in the New Zealand operations were down in local currency terms. In Australia, despite attempts by the Federal Government to stimulate consumer demand, the gathering momentum of the global financial crisis affected the confidence of our customers. This resulted in a number of national advertisers electing not to proceed with planned campaigns. This particularly affected our Outdoor and Australian Publishing businesses in November and December.

“In early November we reported that the restructuring and replanting programme commenced three years ago was complete. This programme positions APN well for these difficult times. All material capital expenditure programmes in connection with the restructuring are finalised and the vast majority of the one-off costs of restructuring are also behind us. As we face the new year we are seeing these benefits reflected in our cost base, albeit a couple of months later than we had anticipated. Total costs for the first quarter will be 7% less than in the same period last year.

“Forward bookings in March are in line with expectations after a slow start to the year. National and Retail advertising, which accounts for almost 80% of total advertising revenues and almost 60% in our Publishing divisions, is solid. Outdoor bookings are trending to levels achieved in 2008 and Radio is, as forecast, showing gains in advertising market share in Australia. Our Online business in New Zealand continues to lead its market. Strong organic growth is being achieved with our regional online advertising sales in Australia, where our *finda*-branded local community model has been launched in Toowoomba and the Sunshine Coast.

“APN has a strong balance sheet and is satisfied with its existing credit facilities, despite the difficult prevailing credit conditions. The company has no material debt facilities maturing until December 2009 with maturities extending to 2012. Overall debt levels remain satisfactory.

“The outlook for the year remains challenging, with the first half being set against a good performance in the prior period. The diversity in our revenue base will help us, given our exposure to a wider range of markets than most. Although there was a decline in revenue and EBIT, all of APN’s Divisions either grew or maintained market share in 2008. APN’s world class media assets serve their local markets well – markets that have shown in the past their resilience and ability to quickly respond to improvements in underlying economic conditions. This, coupled with our improved operating leverage as a result of the restructuring programme that is now implemented, means we will benefit from greater cost reductions as the year progresses.”

## Divisional EBIT Results

(AUD millions)	Revenue		EBIT	
	Dec 31 2008	Reported Growth	Dec 31 2008	Reported Growth
Publishing	<b>730.9</b>	(7.2%)	<b>170.9</b>	(19.5%)
- Australian	<b>303.4</b>	0.1%	<b>84.3</b>	(11.3%)
- NZ Regional	<b>117.9</b>	(10.5%)	<b>20.4</b>	(32.8%)
- NZ National	<b>291.9</b>	(14.4%)	<b>71.1</b>	(25.8%)
- Online	<b>17.7</b>	54.6%	<b>(4.9)</b>	44.8%
Radio	<b>235.2</b>	(9.1%)	<b>68.9</b>	(18.8%)
Outdoor	<b>264.9</b>	(1.4%)	<b>39.5</b>	6.7%
Corporate & other	<b>13.2</b>	20.8%	<b>(0.7)</b>	(92.8%)
<b>Total</b>	<b>1,244.2</b>	(6.1%)	<b>278.6</b>	(13.9%)

Note: On a constant currency basis, the year-on-year performance of our NZ operations improves approx. 3%

## Australia

### Regional Publishing

**APN Australian Publishing** operates 14 regional daily newspapers and more than 60 non-daily and community titles across Queensland and northern New South Wales.

Ongoing readership gains across the regional network of publications produced solid advertising bookings from national clients. National advertising is emerging as an increasingly important category, which, together with Retail advertising, now represents almost 60% of total advertising revenue for the Division.

Despite the impact of the global financial crisis, the real estate and employment pillars again recorded growth over the prior period.

While the result was affected by widespread floods in Central Queensland in the first quarter, the more recent flooding in North Queensland has not disrupted APN markets. Good rainfalls across central and southern Queensland will bolster local agricultural industries, which are also benefitting from a lower Australian dollar, assisting exports.

Efficiency programmes are producing good cost savings and improved leverage. Almost 30% of common editorial pages are now shared across the network, eliminating double handling and increasing productivity. Upgraded press facilities in Ballina, Rockhampton, Bundaberg and Mackay, together with the state of the art press centre at Yandina on the Sunshine Coast, are producing high quality gloss and cold set colour publications that are being well supported by advertisers.

## **Radio**

**The Australian Radio Network (ARN)** broadcasts across 12 metropolitan FM and AM stations on two networks: Classic Hits and Mix. In Australia, ARN ended the year strongly, with its Sydney stations combining to be the number one network for both the 10+ demographic and ARN's target audience of 25-54. Together with solid results in Melbourne, ARN is the top network for 25-54 in the combined markets of Sydney and Melbourne – Australia's two largest radio centres.

Advertising remains competitive across Australia but is showing some resilience despite the economic slowdown. Having lost some share in the first half, since September ARN has made good gains, particularly in the Direct sales category. ARN has a long tradition of strength in Direct sales and a renewed focus in this area is producing dividends. Sydney sales have been encouraging and a new sales structure in Melbourne is showing early signs of success.

Planning for the launch of digital radio in Australia is complete, which will give ARN the opportunity to simulcast existing FM and AM stations on digital spectrum, as well as test new formats. The networks have also had good success with online developments and a new suite of sites are being developed to enhance clients' interactions with listeners.

## **Outdoor**

**APN Outdoor** is the market leader in each of the main outdoor advertising categories in Australia.

The Division produced a strong result, maintaining revenue on a constant currency basis and growing EBIT. This outcome was despite a challenging fourth quarter, where a number of agency client proposals for campaigns were withdrawn. The first quarter of 2009 has also been challenging, however forward bookings into the end of March have improved and are now in line with last year.

APN Outdoor launched the country's largest digital billboard on one of the best outdoor sites in Melbourne – the Young and Jackson building opposite Flinders Street Station. With high vehicle and pedestrian traffic, the digital site is now generating significantly greater revenue than a comparable static site. The digital technology allows advertisers to change creative quickly and economically and also to target messages by day part. The site is strongly booked for 2009. The rationalisation of poster sites continues, with new formats and select locations upgrading the offering to advertisers. The Adshel street furniture business retained important contracts and rolled out a programme of new facings in Canberra. While the economic slowdown has had an impact on revenue, it is also allowing the renegotiation of leases on more advantageous terms.

## **Online**

APN remains committed to becoming the leader in Online in each of its local markets. Regional Australia represents a significant business opportunity as internet users increasingly seek out local information online. APN's regional resources are uniquely placed to provide that information in each of their markets.

The development of an APN Regional News Network based around upgraded masthead websites is well advanced, and is attracting good traffic and advertising revenue. The sites are being developed in tandem with a suite of *finda*-branded online businesses, which will provide local communities with extensive listings and directory information for their specific

region. Sites have been launched in Toowoomba and the Sunshine Coast, with strong response from local advertisers and audiences. The complementary news and finda sites will offer advertisers access to significant local audiences which they are currently unable to reach through other online offerings.

## **New Zealand**

### **National Publishing**

APN publishes The New Zealand Herald, Herald on Sunday, nine regional daily titles, more than 30 community titles and New Zealand Magazines. The Division leads the Auckland market, with 8 out of 10 Aucklanders aged 15+ reading at least one APN title each week.

In line with the New Zealand economy as a whole, trading conditions were challenging throughout the year. Low business and consumer confidence in the face of the global financial crisis has reduced advertising spend across most categories. However, reasonable results were achieved in the fourth quarter through packaging of advertising across newspapers and magazines.

Efficiencies continue to be achieved through the outsourcing of production to a central facility in Auckland, with about 1,000 pages a week now produced across all titles.

After two years of consistent readership growth, The New Zealand Herald added a further 10,000 readers in the most recent readership survey (Nielsen National Readership Survey Jan-Dec 2008) to reach an average of 583,000 readers each day. The Monday (572,000 readers), Wednesday (625,000), Thursday (583,000) and Weekend Herald (615,000) editions remain the most read newspapers in the country. The Herald on Sunday also continued to win significant market share, adding 37,000 readers on the prior year, achieving a record total of 382,000 readers, just four years after its launch. The continued support of Herald readers enables advertisers to penetrate all market segments and augurs well for any improvement in economic activity.

### **Magazines**

**New Zealand Magazines** are also growing market share. The New Zealand Woman's Weekly remains the most read mass market magazine in the country, with 863,000 readers – 58,000 more readers than its nearest competitor. The New Zealand Listener remains the number one selling current affairs magazine and Crème has secured its position as the best selling teen title, with readership up 36% to 164,000 readers. The Simply You fashion title circulation of 37,413 is 42% higher than its nearest competitor. The magazines also benefit from strong subscriber support, where, for example, 67% of the circulation of The New Zealand Listener is subscriber-based.

### **Regional Publishing**

Economic conditions in regional markets were subdued throughout the year. The lower New Zealand dollar has provided an offset to weakening international demand for New Zealand exports and has offered some relief for the agricultural sector in APN markets.

Cost management is a key focus for the Division. Editorial production of individual regional titles was transferred to a single outsourced facility in Auckland, which has improved quality as well as reduced costs. Equally, marketing and logistics have been centralised to make better use of resources.

The regional newspapers remain well placed to take advantage of any improvements in local economic conditions.

## **Radio**

**The Radio Network** (TRN) in New Zealand broadcasts across more than 120 FM and AM frequencies around the country, reaching 1.5 million listeners each week. TRN, despite having a difficult year, remains the market leader in New Zealand radio, growing its total market leadership to a record 10+ audience share of 47.3% across the country. NewstalkZB is the number one national network, with a 12.9% audience share. It is now the top station in the three major metropolitan cities of Auckland, Wellington and Christchurch. In Auckland, TRN finished the year with four of the top five stations in the city.

## **Outdoor**

APN is the largest Outdoor operator in New Zealand, with market leading positions in all of the major Outdoor categories. Trading was challenging throughout 2008, with a particularly challenging fourth quarter. During the year, APN acquired the operations of Media 1, the third largest billboard company in New Zealand. The acquisition added 130 premium sites to APN's existing national portfolio of 500 billboard sites, covering all major markets.

## **Online**

APN continues to invest in New Zealand online, which is recording strong organic growth. The New Zealand Herald website, [nzherald.co.nz](http://nzherald.co.nz), remains the most popular news website in New Zealand and has generated a nearly 300% increase in revenue and traffic in the past two years. The site now averages 730,000 unique browsers and 11.8m page impressions a week and is generating profits. As announced on 5 February 2009, APN sold its online business directory [finda.co.nz](http://finda.co.nz) to the New Zealand Yellow Pages Group (YPG). APN's community-based strategy for online had developed to the point where the finda New Zealand business was no longer a strategic fit and a profitable sale to YPG was a good outcome for both parties. APN has retained the separate *finda* brand name for Australia, where it is developing locally targeted community portals.

## **Asia**

### **Hong Kong**

APN is the leading transit advertising operator in Hong Kong and a major operator of premium billboards. The transit business in Hong Kong continues to grow, with clients typically taking 12 month contracts, providing longer term guaranteed revenue streams. The 2008 Beijing Olympics, in which Hong Kong hosted the equestrian events, provided a modest increase in advertising revenue.

### **Malaysia and Indonesia**

APN is the leading operator of premium billboards in Malaysia and Indonesia. The south Asian economies performed relatively better than their northern neighbours and good sales were achieved and prominent sites continued to attract good support from brand advertisers.

## **Exceptional items**

The exceptional charge of A\$164.1m includes a non-cash impairment charge of A\$146.8m. This relates specifically to the New Zealand assets acquired as part of the acquisition of Wilson and Horton in November 2001. In contrast, the current value of all other assets, particularly those in Australia, is well in excess of their book value. Accounting rules do not allow the Company to offset this excess against the write-down.

## **Funding**

APN's funding lines comprise term loans from a tight group of long standing key relationship banks. As at year end, APN had access to cash and undrawn credit lines of almost A\$100m.

APN has been active in managing the maturity profile of its funding lines. During the 2008 year, A\$330m in maturities were extended from 2010 to 2011 and since the end of the year a further A\$50m in maturities were also extended to 2011.

APN now has less than 25% of its funding lines which mature inside the next two years, with no material maturities until December 2009. Planning for these maturities has commenced and APN is confident that extensions or alternative arrangements will be concluded well in advance.

APN is satisfied with the progress made in relation to its funding arrangements, is within its covenants and is confident it will remain so.

## **Dividend**

An unfranked final dividend of 12 cents per share will be payable on 23 April 2009, taking the total dividend for the year to 22.5 cents per share. The record date for the dividend is 24 March 2009.

## **Outlook**

The Directors note that it is extremely difficult to forecast against the background of world market conditions but wish to provide investors with the Company's current expectations for the year. For 2009 we expect Net Profit After Tax to be in line with market consensus of A\$120 million, with almost all the shortfall against the 2008 year occurring in the first half.

**ENDS.**

**Wednesday, 25th February 2009**

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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, Malaysia 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 2008	A\$000 31 December 2007	€000 31 December 2008	€000 31 December 2007
Revenue	<u>1,171,519</u>	<u>1,258,492</u>	<u>671,781</u>	<u>769,438</u>
Operating Profit				
– Continuing Operations	272,060	316,789	156,007	193,684
– Exceptional Items	<u>(192,181)</u>	<u>(8,529)</u>	<u>(110,202)</u>	<u>(5,215)</u>
Profit from Continuing Operations	79,879	308,260	45,805	188,469
Net Finance Charge	(75,533)	(63,359)	(43,313)	(38,737)
Share of Profit of Associates	<u>6,484</u>	<u>6,829</u>	<u>3,718</u>	<u>4,175</u>
Profit on Ordinary Activities before Taxation	10,830	251,730	6,210	153,907
Taxation	<u>(5,008)</u>	<u>(45,723)</u>	<u>(2,872)</u>	<u>(27,955)</u>
Profit on Ordinary Activities after Taxation	5,822	206,007	3,338	125,952
Minority Interests	<u>(29,794)</u>	<u>(38,571)</u>	<u>(17,085)</u>	<u>(23,582)</u>
(Loss)/Profit Attributable to Members of the Parent Entity	<u>(23,972)</u>	<u>167,436</u>	<u>(13,747)</u>	<u>102,370</u>
Basic Earnings per Share (cents)	(4.9)	34.5	(2.8)	21.1
Diluted Earnings Per Share (cents)	(4.9)	34.0	(2.8)	20.8

Profit & Loss Accounts translated at Average Rates

Average Exchange Rate 2007 €1 = A\$1.6356

Average Exchange Rate 2008 €1 = A\$1.7439

**APN NEWS & MEDIA LIMITED**  
**GROUP BALANCE SHEET**

	A\$000	A\$000	€000	€000
	31 December	31 December	31 December	31 December
	2008	2007	2008	2007
<b>Current Assets</b>				
Cash and Cash Equivalents	58,721	88,814	29,654	53,403
Receivables	195,980	246,380	98,970	148,145
Inventories	20,476	21,988	10,340	13,221
Tax Assets	906	5,628	458	3,384
Other	<u>31,964</u>	<u>29,998</u>	<u>16,141</u>	<u>18,036</u>
Total Current Assets	<u>308,047</u>	<u>392,808</u>	<u>155,563</u>	<u>236,189</u>
<b>Non-Current Assets</b>				
Receivables	4,895	9,289	2,472	5,585
Other Financial Assets	22,628	37,334	11,427	22,448
Investments Accounted for Using the Equity Method	35,384	29,155	17,869	17,531
Property, Plant and Equipment	290,909	298,863	146,909	179,702
Intangible Assets	<u>1,661,603</u>	<u>1,813,369</u>	<u>839,109</u>	<u>1,090,355</u>
Total Non-Current Assets	<u>2,015,419</u>	<u>2,188,010</u>	<u>1,017,786</u>	<u>1,315,621</u>
<b>Total Assets</b>	<b><u>2,323,466</u></b>	<b><u>2,580,818</u></b>	<b><u>1,173,349</u></b>	<b><u>1,551,810</u></b>
<b>Current Liabilities</b>				
Payables	150,298	178,296	75,899	107,206
Derivative Financial Instruments	5,770	2,093	2,914	1,258
Interest Bearing Liabilities	155,620	94,768	78,588	56,983
Current Tax Provisions	6,480	18,941	3,272	11,389
Provisions	<u>20,639</u>	<u>7,530</u>	<u>10,423</u>	<u>4,528</u>
Total Current Liabilities	<u>338,807</u>	<u>301,628</u>	<u>171,096</u>	<u>181,364</u>
<b>Non-Current Liabilities</b>				
Payables	4,528	5,162	2,287	3,104
Interest Bearing Liabilities	807,567	840,905	407,821	505,625
Deferred Tax Liabilities	121,586	156,001	61,401	93,801
Provisions	<u>1,586</u>	<u>1,352</u>	<u>801</u>	<u>813</u>
Total Non-Current Liabilities	<u>935,267</u>	<u>1,003,420</u>	<u>472,310</u>	<u>603,343</u>
<b>Total Liabilities</b>	<b><u>1,274,074</u></b>	<b><u>1,305,048</u></b>	<b><u>643,406</u></b>	<b><u>784,707</u></b>
<b>Net Assets</b>	<b><u>1,049,392</u></b>	<b><u>1,275,770</u></b>	<b><u>529,943</u></b>	<b><u>767,103</u></b>
<b>Equity</b>				
Contributed Equity	920,802	916,572	465,005	551,123
Other Reserves	(28,268)	13,467	(14,275)	8,097
Retained (Losses)/Profits	<u>(76,375)</u>	<u>101,772</u>	<u>(38,569)</u>	<u>61,194</u>
Total Parent Entity Interest	816,159	1,031,811	412,161	620,414
Minority Interests	<u>233,233</u>	<u>243,959</u>	<u>117,782</u>	<u>146,689</u>
<b>Total Equity</b>	<b><u>1,049,392</u></b>	<b><u>1,275,770</u></b>	<b><u>529,943</u></b>	<b><u>767,103</u></b>
Balance Sheets translated at Closing Rates				
Closing Exchange Rate December 2007 €1 = A\$1.6631				
Closing Exchange Rate December 2008 €1 = A\$1.9802				