



## Independent News & Media PLC

### APN NEWS & MEDIA LIMITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

#### APN reports Interim Underlying Profit of A\$36.1 million

- **Challenging first half following strong outcome in H1 2008**
- **Strong cost performance – down 10% (constant currency)**
- **Successful capital raising strengthens Balance Sheet**
- **Early sign of New Zealand turnaround**
- **Slow start to H2 in Australia, but no further deterioration**

**Dublin/London – 21<sup>st</sup> August 2009:** APN News & Media Ltd [‘APN’], in which Independent News & Media PLC [‘INM’] has a 32.2% shareholding, today released its Interim Result for the period ending 30 June 2009. Underlying revenue was A\$516.7m, Net Profit After Tax (before exceptional items) was A\$36.1m and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was A\$100.8m.

APN Chief Executive Brendan Hopkins said:

*“As we indicated to the market in February, the first half of 2009 was likely to be challenging. Whilst we are disappointed with the outcome, given all the circumstances and the prevailing uncertainty that continues to affect our markets, we consider the results to be satisfactory.*”

*“We experienced difficult trading conditions towards the end of the first half; however, July and August have seen no further deterioration. September onwards looks a little better, particularly in New Zealand Publishing and Australian Outdoor, which has experienced a difficult period but where forward orders into quarter four are encouraging.*”

*“The Radio market in Australia remains resilient and our business improved market share in the important Sydney market for the half year. Conversely, our New Zealand Radio business continues to find conditions challenging.*”

*“Australian Publishing is currently not seeing any improvement in trading, although it is pleasing to report that retail revenues have proven resilient throughout the half.*”

*“The Outdoor market has been challenged by the advertising downturn, especially in June, and July/August is no different. October onwards looks more encouraging. In Asia, there are signs of some improvement in trading and the Outdoor business in Hong Kong has recently renewed its New World First Bus transit contract.*”

*“Our Online business continues to make significant strides in New Zealand, where we retain market leadership with nzherald.co.nz. The site is now profitable and users, page impressions and revenue all continue to grow strongly. We believe revenues will continue to grow organically for some time as the New Zealand online ad market matures.*

*“In both markets, while online audience and revenues are growing and growing strongly, we will actively look to supplement this growth by diversifying our online revenue sources. We are examining many options, including paid content, transactional and “club” models. We are actively considering trials of each approach in certain overseas markets before the year end.*

*“The Company continues to make good progress in cost control, with total costs down 10% on a constant currency basis. There was particular success in our New Zealand Publishing operations, where costs were down 14% in local currency terms. Also, the Australian Radio Network reduced costs by 9% at a time when revenue declined 7%.*

*“While cost control is an important aspect of our ongoing operations, it is not the sole focus. Revenue growth remains a priority across all divisions and we believe modest growth will lead to a significant turnaround in profitability, particularly benefitting 2010.*

*“Overall, in both Australia and New Zealand many economic indicators are now turning positive; however, there has been a lag in that sentiment converting to sustainable revenue growth. Market sentiment remains cautious but some encouraging signs are beginning to emerge. For example, earnings from the New Zealand Publishing division are currently ahead of the same time last year, and our publications are taking national advertising market share from television, radio and outdoor. Also, APN Outdoor’s weekly bookings have recently moved ahead of the same period in 2008. While it is still too early to say that the impact of the global slowdown is over, trading in the second half is already benefiting from less demanding comparables.*

*“In late June, the Company announced the successful completion of a A\$99m pro-rata entitlement offer, the proceeds of which were used to reduce debt and strengthen the Balance Sheet. The offer was well supported and was part of the Company’s ongoing programme of prudent capital management, which included the extension of the December 2009 debt maturities as previously anticipated.*

*“As foreshadowed at the time of the capital raising, the Board has decided not to pay an interim dividend this year.*

*“The capital raising, the decision not to pay an interim dividend, limited capital expenditure requirements and the lower cost base leave APN well positioned to benefit from improvements in underlying trading conditions.”*

## 2009 Interim Result (pre-exceptionals)

(AUD million)	H1 2009	H1 2008	Change
Underlying Revenue*	<b>516.7</b>	630.5	(18%)
EBITDA	<b>100.8</b>	158.1	(36%)
EBIT	<b>78.8</b>	139.0	(43%)
<b>Net Profit After Tax</b>	<b>36.1</b>	72.3	(50%)
Earnings per share**	<b>6.5 cents</b>	14.2 cents	(54%)
Net Profit after exceptional items	<b>33.6</b>	71.9	(53%)

\* excludes finance income

\*\* prior year EPS adjusted for bonus element of pro-rata entitlement offer

## Divisional Results

(AUD millions)	Revenue		EBIT	
	June 30 2009	Reported Growth	June 30 2009	Reported Growth
Australian Publishing	<b>131.4</b>	(14%)	<b>25.8</b>	(37%)
NZ Publishing	<b>166.8</b>	(25%)	<b>26.6</b>	(47%)
Australian Radio	<b>59.5</b>	(7%)	<b>22.2</b>	(4%)
NZ Radio	<b>41.5</b>	(23%)	<b>5.7</b>	(47%)
Outdoor	<b>115.3</b>	(9%)	<b>3.6</b>	(77%)
Corporate	<b>2.2</b>		<b>(5.1)</b>	
<b>Total</b>	<b>516.7</b>	(18%)	<b>78.8</b>	(43%)

## 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.

After a period of being seemingly quarantined from the full impact of the global slowdown, APN's regional markets experienced a significant reduction in employment and real estate advertising. However, this was offset partly by resilient retail and national advertising, with local retail revenue holding up particularly well.

Circulation revenues and readership remained steady, emphasising the ongoing community support for the Company's titles.

Cost initiatives produced satisfactory results; however, because of the decentralised nature of the operations in this division, cost reductions were lower than those achieved elsewhere in the Company.

### *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. The Division leads the Auckland market, with 8 out of 10 Aucklanders aged 15+ reading at least one APN publishing product each week.

The New Zealand media market recorded sharp declines in the first half, compared with a strong outcome in the prior corresponding period. However, APN's publishing assets secured

market share from television and radio and trading to date in the second half is ahead of the same period last year. Volume market share gains were achieved in retail and national advertising.

Cost management projects undertaken over the past two years delivered good results, reducing costs in the first half by 14% in local currency terms. This lower cost base positions the division well for expected growth in the second half.

*The New Zealand Herald* and the *Herald on Sunday* maintained readership audiences in the 12 months to June 2009, with the daily recording an average of 573,000 readers and the *Weekend Herald* is the most-read newspaper in New Zealand, with 613,000 readers (Nielsen Media Research, National Readership Survey).

New Zealand Magazines performed well in a challenging environment. The *New Zealand Woman's Weekly* remains the most read consumer magazine in the country. The *New Zealand Listener* is the leading current affairs magazine, with twice the circulation of its nearest rival. *Creme* is now established as the top-selling teen magazine in New Zealand. *Simply You* also continues to perform well. It is New Zealand's leading fashion magazine, selling 68% more copies than its nearest rival.

## **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.

Radio has proven more resilient than almost all other media sectors, taking share from print, television and outdoor in the half. ARN has experienced satisfactory results from its traditional markets, with both agency and direct sales holding up well.

ARN continues to manage costs down and has improved its ratings in the important Sydney market, together with good listenership outcomes in Brisbane and Adelaide.

Work continues on improving the performance of its Melbourne stations which has impacted our overall market share. Digital radio has launched in Australia and ARN has rolled out its youth Edge station to a national audience, and is simulcasting its Mix and Classic Hits networks on the new platform.

### ***New Zealand***

The Radio Network (TRN) is the market leading radio broadcaster in New Zealand, with a 10+ national audience share of 47%, and the two top rating stations in both Auckland and Wellington.

TRN broadcasts across more than 120 FM and AM frequencies over eight networks, reaching 1.4 million listeners each week. The radio industry in New Zealand continues to face challenging conditions, with a particularly weak outcome from agency sales in Auckland.

A number of tactical initiatives are underway to address the decline in revenue. Costs are down 11% in local currency terms following restructuring in 2008 and the productive application of technology.

While the radio industry as a whole is trading through difficult conditions in New Zealand, TRN operates in markets where there are a limited number of media options, which will benefit from improvements to local economic conditions.

## **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 Malaysia and Indonesia.

The Australian market declined 13% in the first half and APN's revenue was down broadly in line with this result. The division experienced similar declines in its other markets.

The underlying cost reductions (5% in local currency terms) achieved in the half will produce recurring savings. Combined with the exiting of unprofitable contracts across all business segments, the division is well positioned to benefit from any market recovery.

The Retail category has emerged as a growth sector following an industry-wide investment in inventory. APN has chosen not to participate in this category but has otherwise maintained its overall market share.

The division renewed an important transit contract in Hong Kong, where APN remains the leading operator in this dynamic sector of the market.

The industry's MOVE audience measurement system continues in its trial phase in Australia and is expected to be launched later this year.

## **Online**

APN operates a suite of online community sites as well as New Zealand's most popular news website, *nzherald.co.nz*. The Herald website grew revenue 16% on the prior corresponding period and again increased profitability. The site now averages 835,000 unique browsers and generates more than 14m page impressions a week.

The regional community hub *finda.com.au* continues to enhance its offering to Australian regional centres. Combined with the Regional News Network, traffic to the sites in June was up 66% over the same period last year, with page impressions up 68%. APN has a significant competitive advantage in developing regionally targeted information portals and will continue to invest in this complementary channel to our traditional markets.

## **Capital Management**

At the time of the capital raising, the Company advised it was confident that certain debt facilities maturing in December 2009 would be extended in the near future. This has been achieved, with the December maturities, together with other 2010 maturities, being extended to late 2012.

At present, the Company has A\$250m in undrawn commitments and only A\$50m of facilities maturing in the next 12 months.

Together with the capital raising, this has strengthened the Company's credit and Balance Sheet ratios and established a sound framework for the future.

## Outlook

The Directors note that it is difficult to look forward with any certainty to the full year result in an environment where key indicators remain mixed in both Australia and New Zealand.

Trading over the past three months has been challenging; however, the Directors are encouraged that more recently trading has stabilised, and for the first time this year, New Zealand Publishing earnings and Australian Outdoor bookings are ahead of last year.

While 2009 will undoubtedly be a tough year, APN remains well positioned as a leading diversified media company with solid growth prospects when normal economic conditions return.

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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**  
**INTERIM PROFITS ANNOUNCEMENT**

	A\$000	A\$000	€000	€000
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
Revenue	<u>490,791</u>	<u>599,836</u>	<u>261,421</u>	<u>362,132</u>
Operating Profit				
– Continuing Operations	77,673	136,826	41,373	82,604
– Exceptional Items	<u>(6,672)</u>	<u>(4,615)</u>	<u>(3,554)</u>	<u>(2,786)</u>
Profit from Continuing Operations	71,001	132,211	37,819	79,818
Net Finance Charge	(25,523)	(37,294)	(13,595)	(22,515)
Share of Profit of Associates	<u>1,141</u>	<u>2,133</u>	<u>608</u>	<u>1,288</u>
Profit on Ordinary Activities before Taxation	46,619	97,050	24,832	58,591
Taxation	<u>(1,684)</u>	<u>(10,662)</u>	<u>(897)</u>	<u>(6,437)</u>
Profit on Ordinary Activities after Taxation	44,935	86,388	23,935	52,154
Minority Interests	<u>(11,333)</u>	<u>(14,448)</u>	<u>(6,037)</u>	<u>(8,723)</u>
Profit Attributable to Members of the Parent Entity	<u>33,602</u>	<u>71,940</u>	<u>17,898</u>	<u>43,431</u>
Basic Earnings per Share (cents)	<u>6.5</u>	<u>14.2</u>	<u>3.5</u>	<u>8.6</u>
Diluted Earnings Per Share (cents)	<u>6.5</u>	<u>14.2</u>	<u>3.5</u>	<u>8.6</u>

Profit & Loss Accounts translated at Average Rates  
Average Exchange Rate 2008 €1 = A\$1.6564  
Average Exchange Rate 2009 €1 = A\$1.8774

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

	A\$000	A\$000	€000	€000
	30 June 2009	31 December 2008	30 June 2009	31 December 2008
<b>Current Assets</b>				
Cash and Cash Equivalents	30,002	58,721	17,244	29,654
Receivables	161,265	195,980	92,686	98,970
Inventories	16,254	20,476	9,342	10,340
Tax Assets	1,395	906	802	458
Other	<u>32,733</u>	<u>31,964</u>	<u>18,813</u>	<u>16,141</u>
Total Current Assets	<u>241,649</u>	<u>308,047</u>	<u>138,887</u>	<u>155,563</u>
<b>Non-Current Assets</b>				
Receivables	4,558	4,895	2,620	2,472
Other Financial Assets	24,722	22,628	14,209	11,427
Investments Accounted for Using the Equity Method	37,649	35,384	21,639	17,869
Property, Plant and Equipment	275,334	290,909	158,247	146,909
Intangible Assets	<u>1,588,878</u>	<u>1,661,603</u>	<u>913,200</u>	<u>839,109</u>
Total Non-Current Assets	<u>1,931,141</u>	<u>2,015,419</u>	<u>1,109,915</u>	<u>1,017,786</u>
<b>Total Assets</b>	<b><u>2,172,790</u></b>	<b><u>2,323,466</u></b>	<b><u>1,248,802</u></b>	<b><u>1,173,349</u></b>
<b>Current Liabilities</b>				
Payables	118,595	150,298	68,162	75,899
Derivative Financial Instruments	3,650	5,770	2,098	2,914
Interest Bearing Liabilities	17,043	155,620	9,795	78,588
Current Tax Provisions	13,777	6,480	7,918	3,272
Provisions	<u>16,461</u>	<u>20,639</u>	<u>9,461</u>	<u>10,423</u>
Total Current Liabilities	<u>169,526</u>	<u>338,807</u>	<u>97,434</u>	<u>171,096</u>
<b>Non-Current Liabilities</b>				
Payables	3,678	4,528	2,114	2,287
Interest Bearing Liabilities	814,187	807,567	467,950	407,821
Deferred Tax Liabilities	101,409	121,586	58,284	61,401
Provisions	<u>1,675</u>	<u>1,586</u>	<u>963</u>	<u>801</u>
Total Non-Current Liabilities	<u>920,949</u>	<u>935,267</u>	<u>529,311</u>	<u>472,310</u>
<b>Total Liabilities</b>	<b><u>1,090,475</u></b>	<b><u>1,274,074</u></b>	<b><u>626,745</u></b>	<b><u>643,406</u></b>
<b>Net Assets</b>	<b><u>1,082,315</u></b>	<b><u>1,049,392</u></b>	<b><u>622,057</u></b>	<b><u>529,943</u></b>
<b>Equity</b>				
Contributed Equity	1,024,110	920,802	588,603	465,005
Other Reserves	(63,474)	(28,268)	(36,481)	(14,275)
Retained Losses	<u>(101,608)</u>	<u>(76,375)</u>	<u>(58,398)</u>	<u>(38,569)</u>
Total Parent Entity Interest	859,028	816,159	493,724	412,161
Minority Interests	<u>223,287</u>	<u>233,233</u>	<u>128,333</u>	<u>117,782</u>
<b>Total Equity</b>	<b><u>1,082,315</u></b>	<b><u>1,049,392</u></b>	<b><u>622,057</u></b>	<b><u>529,943</u></b>

Balance Sheets translated at Closing Rates  
Closing Exchange Rate December 2008 €1 = A\$1.9802  
Closing Exchange Rate June 2009 €1 = A\$1.7399