



# Independent News & Media PLC

## APN NEWS & MEDIA LIMITED – RESULTS RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

### APN reports 11% growth in Net Profit to A\$40 million

- **EBIT up 10% (+19% on like-for-like basis)**
- **Revenue recovery accelerates in Q2**
- **Australian markets returning to pre-GFC levels**
- **New Zealand recovery underway**
- **Encouraging start to second half**
- **Dividend of 5 cents per share**

**Dublin/London – 18<sup>th</sup> August 2010:** APN News & Media Ltd ['APN'], in which Independent News & Media PLC ['INM'] has a 32.0% shareholding, today released its interim result for the six months ending 30 June 2010. Revenue was A\$508.3m, Earnings Before Interest and Tax (EBIT) was A\$87.1m and Net Profit After Tax (before exceptional items and discontinued operations) was A\$40.0m, up 11%.

On a like-for-like (LFL) basis, revenue was up 5% and EBIT was 19% ahead of the prior corresponding period. The LFL basis reflects the impact of the sale of the Kurnia Outdoor business in Malaysia, and the cancellation of outdoor contracts taken in-house by the respective transit companies in New Zealand and Hong Kong.

The Directors declared an unfranked interim dividend of 5 cents per share, payable on 28 September 2010.

### 2010 Interim Result

Unless otherwise stated, all figures are pre exceptional and discontinued operations (AUD millions)	2010	2009	Change	Like-for-like change
Underlying revenue*	<b>508.3</b>	507.0	-	+5%
EBITDA	<b>108.6</b>	100.9	+8%	+14%
EBIT	<b>87.1</b>	79.1	+10%	+19%
<b>Net Profit After Tax</b>	<b>40.0</b>	36.0	+11%	
Earnings per share	<b>6.7 cents</b>	6.9 cents		
Net Profit after exceptional items & discontinued operations	<b>39.0</b>	37.2	+5%	

\*Excludes finance income

APN Chief Executive Brendan Hopkins said: “The advertising recovery is well and truly underway. The second quarter saw strong growth, with total revenue up 8% and EBIT up 22% on a like-for-like basis.

“In Australia we are already seeing our markets recovering from the Global Financial Crisis. The recovery in New Zealand is yet to achieve the same pace, however it is pleasing to report that the second quarter was significantly better than the first quarter and, looking ahead, we see encouraging trends for August and September.

”Across all of our operations, we believe the second half will continue the trends seen in the second quarter and anticipate a strong end to the year. The fourth quarter is traditionally our best period and forward bookings are encouraging.

“We have now established a group-wide multimedia content, product and strategy resource that focuses on each of our markets and will be the engine for future growth of our overall business. We continue to position ourselves as the leading multimedia operator in each of our local markets and are making good progress in convincing more and more advertisers that APN’s existing and future range of media products provides them with a unique way of communicating with their markets.”

Divisional Results – H1 (LFL)	Revenue			EBIT		
	2010	Change on pcp		2010	Change on pcp	
		Local Currency	Reported		Local Currency	Reported
(AUD millions)						
Australian Regional Media	<b>140.5</b>	6.8%	6.8%	<b>28.9</b>	12.0%	12.0%
New Zealand Media	<b>156.4</b>	0.0%	(0.7%)	<b>34.0</b>	14.6%	13.2%
Australian Radio	<b>61.0</b>	2.4%	2.4%	<b>21.3</b>	(4.0%)	(4.0%)
New Zealand Radio	<b>40.2</b>	(2.1%)	(3.4%)	<b>4.5</b>	(19.8%)	(20.8%)
Outdoor	<b>109.4</b>	17.7%	13.6%	<b>6.9</b>	5x	4x
Corporate	<b>0.8</b>			<b>(8.5)</b>		
<b>Total</b>	<b>508.3</b>	5.3%	4.2%	<b>87.1</b>	18.9%	19.0%

### Australian Regional Media

Australian Regional Media operates newspapers, online, community titles, magazines, custom publishing and events across some of Australia’s strongest economic regions.

After experiencing a significant fall in consumer confidence due to the Global Financial Crisis in 2009, the regional markets are recovering. Revenue was up 7% on the first half of 2009 and EBIT grew by 12%.

Advertising revenues recovered particularly well in May and June, up 13% and 14% respectively over the prior corresponding period. National advertising was strong and recorded double digit revenue growth.

Employment rebounded well, producing good revenue gains. The renewed growth in employment advertising in APN’s markets again underlines the essentially cyclical nature of this advertising category. Real estate volumes also experienced double digit growth as confidence returned to the property market in Queensland. Both outcomes underline that APN’s broad suite of multimedia products are ideal platforms for local advertisers.

The online Regional News Network substantially increased traffic to its sites during the half, with more than double the number of unique browsers accessing the network than for the same period in 2009. The popularity of the sites has led to an increase in cross platform advertising sales opportunities as clients benefit from the expanded audience base.

The benefits to APN clients were expanded further during the period with an agreement to combine the Fairfax Media brands Drive.com.au, Domain.com.au and MyCareer.com.au with APN's more than 90 publications and regional online sites. The multimedia sales teams commenced selling MyCareer last week and will be offering Drive and Domain in coming weeks.

Trading in the second half to date is ahead of the prior year and provides encouraging indicators for the balance of the year.

### **New Zealand Media**

APN is the largest media company in New Zealand, encompassing metro publishing, online, regional publishing, magazines, custom publishing and events. APN products lead the Auckland market, with more than 7 out of 10 Aucklanders aged 15+ reading at least one APN publishing or online product each week.

After a slow start to the year, trading in New Zealand improved across the half, with a particularly good outcome in the second quarter on the back of improved momentum from National and Retail advertising. EBIT for the New Zealand business increased 14.6% in local currency terms to A\$34m during the period.

Close relationships with key clients led to a significant increase in multimedia advertising deals across the business, utilising APN's combination of media assets to provide advertisers with a unique opportunity to reach the New Zealand market on a daily basis.

*The New Zealand Herald* continues to develop as an overarching communications brand through product extensions now being offered online, through smart phones and new tablet-style devices such as the Apple iPad. The average weekly audience for the *nzherald.co.nz* website was 28% higher than for the first half of 2009, and the site continues to improve clients' advertising reach and effectiveness. The Herald's iPad app was the first news application on the New Zealand market, and achieved 10,000 downloads in the first weeks of operations. By establishing itself as the news leader across a range of communications channels, *The New Zealand Herald* has underlined its strong brand leadership position in the marketplace.

*The New Zealand Herald* and the *Herald on Sunday* both achieved milestone readership results in the 12 months to June 2010. Readership for the daily newspaper reached 602,000 people aged over 15, its best result in seven years and an increase of 5.1% over the prior 12 months. Combined with the Herald's online readers, its daily brand audience grew 12% year-on-year to 753,000 a day. Circulation trends remain strong, with full paid sales increasing year-on-year, driven by a number of successful subscription initiatives.

The *Herald on Sunday* recorded its highest readership result, up 6.5% to 396,000, as well as its highest circulation outcome since its launch in 2004, of 95,762, up 6.1% on the previous six months. In Auckland, the newspaper has 54,000 more readers than any other Sunday newspaper. In recent weeks, circulation has exceeded 100,000 copies.

*nzherald.co.nz* remains the number one news site, read by one million people each week, with over 30% of the weekly audience accessing the site from outside New Zealand. We continue to review opportunities to charge for online content and this is especially relevant to new distribution channels such as the iPad and smartphones. However, it is important to note that the *nzherald.co.nz* site is already highly profitable, with advertising revenues in excess of A\$1m per month.

## **Australian Radio**

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 people each week.

ARN continues to invest in its programmes across its stations and achieved solid ratings gains in the target audience of 25-54 year-olds during the first half, growing listener numbers and time spent listening. New on-air talent and a fresh approach to music programming have helped reinvigorate the product and attracted new clients.

Advertising market share has stabilised and trading in the beginning of the second half has been strong, particularly in National advertising, with good growth in the finance, entertainment and supermarket categories.

Advertisers are seeing the benefits of the renewed focus on content across multiple platforms, including digital brand extensions of existing stations. ARN launched a smartphone application that allows users to access any of the network's suite of stations through either their Nokia, Android or iPhone mobile telephone. The application has been downloaded more than 30,000 times, and provides additional distribution of the network's digital programming.

## **New Zealand Radio**

The Radio Network (TRN) is the market leading radio broadcaster in New Zealand, with a 10+ national audience share of 46%, and the two top rating stations in the main markets of Auckland and Wellington.

TRN broadcasts across 129 FM and AM stations over eight networks, reaching 1.4m listeners each week.

Radio in New Zealand has experienced extremely difficult trading conditions for the past 24 months, and the beginning of this year was no exception. However, trading in the initial weeks of the second half has been more positive, with a resurgence in National advertising in particular. Growth in the Banking, Insurance, Retail and Supermarkets categories has been positive and bookings are beginning to lengthen, providing cautious optimism of a stronger end to the year.

## **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 Australian outdoor market rebounded well in the first half, up 15% on the prior corresponding period, with double digit growth in each of the major formats. There were significant increases in bookings from Retail advertisers, as well as from Travel and Government.

Outdoor bookings taken in Australia to the end of last week are 16% ahead of the same period in 2009. The Division is seeing benefits from the cost management undertaken in 2009, with strong growth in EBIT. The Kurnia Outdoor business was sold in 2009, and bus advertising contracts in New Zealand and Hong Kong were cancelled after being taken in-house by the respective transit operators. Allowing for these changes, on a LFL basis, revenue for the Division was up 18% in local currency terms, and EBIT improved almost five-fold to A\$6.9m.

The rollout of digital billboards continues, with several new sites at Sydney Airport, adding to the stock of quality inventory at one of the nation's busiest transport hubs.

APN Outdoor and joint venture partners Adshel were key supporters of the introduction of the MOVE system – the Measurement of Outdoor Visibility and Exposure – which was launched

during the first half. More than 60,000 advertising panels have been measured for a 'likelihood to see', with data available to media buyers and clients to help plan Outdoor campaigns. The system has been well received by the industry and will be a positive factor in the resurgence of the Outdoor category.

The recovery in advertising seen throughout the half has continued into the third quarter and forward bookings indicate a strong second half performance.

### **Capital Management**

The programme of debt reduction continues, with Net Debt now below A\$700m, and Net Debt/EBITDA below 3x. Planning is well advanced for the 2011 debt maturities and extensions are expected to be completed by year-end.

### **Dividend**

An unfranked interim dividend of 5 cents per share has been declared and is payable on 28 September 2010. The record date is 7 September 2010.

Shareholders wishing to participate in the Dividend Reinvestment Plan (the current rate of discount of which is 2.5%) who have not already lodged their election must do so on or before 7 September 2010 in order to participate. Registrable transfers received by the Company up to the close of business on 7 September 2010 will be registered before entitlements to the dividend are determined.

### **Outlook**

The Directors continue to see trading improvement both in Australia and New Zealand. The second quarter performed significantly better than the first quarter and the Directors expect the second half to record an improvement over the first half, in line with more traditional trading patterns.

As a leading multimedia company with a broad product focus and unique access to some of the region's most attractive markets, the Board continues to believe that the year as a whole will record a significant improvement in profitability over the prior year.

**ENDS.**

**Wednesday, 18th August 2010**

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<b>About APN</b>
APN News & Media Limited [ASX, NZX:APN] is the largest media company in New Zealand, where it owns <i>The New Zealand Herald</i> , 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 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 2010	30 June 2009	30 June 2010	30 June 2009
Revenue	<u>508,320</u>	<u>507,092</u>	<u>342,096</u>	<u>270,103</u>
Operating Profit				
– Continuing Operations	86,503	77,954	58,216	41,522
– Exceptional Items	<u>351</u>	<u>(79)</u>	<u>236</u>	<u>(42)</u>
Profit from Continuing Operations	86,854	77,875	58,452	41,480
Net Finance Charge	(24,931)	(25,523)	(16,778)	(13,595)
Share of Profit of Associates	<u>641</u>	<u>1,141</u>	<u>431</u>	<u>608</u>
Profit on Ordinary Activities before Taxation	62,564	53,493	42,105	28,493
Taxation	<u>(13,096)</u>	<u>(4,064)</u>	<u>(8,814)</u>	<u>(2,165)</u>
Profit from continuing operations	49,468	49,429	33,291	26,328
Loss from discontinued operations	<u>(510)</u>	<u>(937)</u>	<u>(343)</u>	<u>(499)</u>
Profit for the year	48,958	48,492	32,948	25,829
Minority Interests	<u>(9,976)</u>	<u>(11,333)</u>	<u>(6,714)</u>	<u>(6,037)</u>
Profit Attributable to Owners of the Parent Entity	<u>38,982</u>	<u>37,159</u>	<u>26,234</u>	<u>19,792</u>
<b>Continuing operations (cents)</b>				
Basic/Diluted Earnings per Share	<u>6.6</u>	<u>7.3</u>	<u>4.4</u>	<u>3.9</u>
<b>Continuing and discontinued operations (cents)</b>				
Basic/Diluted Earnings per Share	<u>6.5</u>	<u>7.2</u>	<u>4.4</u>	<u>3.8</u>

Income Statements translated at Average Rates  
Average Exchange Rate 2009 €1 = A\$1.8774  
Average Exchange Rate 2010 €1 = A\$1.4859

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

	A\$000	A\$000	€000	€000
	30 June	31 December	30 June	31 December
	2010	2009	2010	2009
<b>Current Assets</b>				
Cash and Cash Equivalents	41,633	32,727	27,940	20,508
Receivables	163,708	176,640	109,864	110,691
Inventories	8,960	9,569	6,013	5,996
Tax Assets	1,046	754	702	472
Other	<u>26,181</u>	<u>23,967</u>	<u>17,570</u>	<u>15,019</u>
	241,528	243,657	162,089	152,686
Assets Held For Sale	<u>12,207</u>	<u>15,072</u>	<u>8,192</u>	<u>9,445</u>
<b>Total Current Assets</b>	<b><u>253,735</u></b>	<b><u>258,729</u></b>	<b><u>170,281</u></b>	<b><u>162,131</u></b>
<b>Non-Current Assets</b>				
Receivables	5,316	4,224	3,568	2,647
Other Financial Assets	26,510	27,130	17,791	17,001
Investments Accounted for Using the Equity Method	40,239	39,190	27,004	24,558
Property, Plant and Equipment	259,809	266,934	174,357	167,273
Intangible Assets	<u>1,617,692</u>	<u>1,604,436</u>	<u>1,085,626</u>	<u>1,005,412</u>
<b>Total Non-Current Assets</b>	<b><u>1,949,566</u></b>	<b><u>1,941,914</u></b>	<b><u>1,308,346</u></b>	<b><u>1,216,891</u></b>
<b>Total Assets</b>	<b><u>2,203,301</u></b>	<b><u>2,200,643</u></b>	<b><u>1,478,627</u></b>	<b><u>1,379,022</u></b>
<b>Current Liabilities</b>				
Payables	120,996	118,327	81,200	74,149
Derivative Financial Instruments	2,030	814	1,362	510
Interest Bearing Liabilities	21,244	20,280	14,257	12,708
Current Tax Provisions	10,816	6,267	7,259	3,927
Provisions	<u>6,043</u>	<u>7,760</u>	<u>4,055</u>	<u>4,863</u>
	161,129	153,448	108,133	96,157
Liabilities Directly Associated With Assets Held For Sale	<u>12,005</u>	<u>10,356</u>	<u>8,057</u>	<u>6,490</u>
<b>Total Current Liabilities</b>	<b><u>173,134</u></b>	<b><u>163,804</u></b>	<b><u>116,190</u></b>	<b><u>102,647</u></b>
<b>Non-Current Liabilities</b>				
Payables	2,934	3,272	1,969	2,050
Interest Bearing Liabilities	717,663	762,700	481,621	477,942
Deferred Tax Liabilities	119,342	113,310	80,090	71,005
Provisions	<u>1,026</u>	<u>1,021</u>	<u>689</u>	<u>640</u>
<b>Total Non-Current Liabilities</b>	<b><u>840,965</u></b>	<b><u>880,303</u></b>	<b><u>564,369</u></b>	<b><u>551,637</u></b>
<b>Total Liabilities</b>	<b><u>1,014,099</u></b>	<b><u>1,044,107</u></b>	<b><u>680,559</u></b>	<b><u>654,284</u></b>
<b>Net Assets</b>	<b><u>1,189,202</u></b>	<b><u>1,156,536</u></b>	<b><u>798,068</u></b>	<b><u>724,738</u></b>
<b>Equity</b>				
Contributed Equity	1,032,803	1,024,815	693,110	642,196
Other Reserves	(35,882)	(43,550)	(24,080)	(27,290)
Retained Losses	<u>(33,002)</u>	<u>(48,172)</u>	<u>(22,148)</u>	<u>(30,187)</u>
Total Parent Entity Interest	963,919	933,093	646,882	584,719
Minority Interests	<u>225,283</u>	<u>223,443</u>	<u>151,186</u>	<u>140,019</u>
<b>Total Equity</b>	<b><u>1,189,202</u></b>	<b><u>1,156,536</u></b>	<b><u>798,068</u></b>	<b><u>724,738</u></b>

Balance Sheets translated at Closing Rates

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

Closing Exchange Rate June 2010 €1 = A\$1.4901