

INDEPENDENT NEWS & MEDIA PLC

Worldwide Restructuring Plan



GLOBAL VISION



LOCAL CONTENT

Introduction:

Following the Group's announcement of a worldwide restructuring, the following slides outline the plan in more detail.

17th December 2003



Booz | Allen | Hamilton

Independent News & Media PLC is undertaking a worldwide restructuring to reposition the Group for continued profitable growth

- ▶ IN&M's acquisition-driven growth and unique country-oriented structure provide opportunities to further exploit cross-operations' synergies in the following areas
 - Clerical/ Back-office / support functions currently unconsolidated across businesses
 - Greater Procurement opportunities across operations
 - Duplication of editorial/ prepress activities and capabilities both within and across geographies in current structure

- ▶ Although IN&M's operating margins are amongst the highest in the industry, internal benchmarking has shown marked differences in operating costs and practices across the Group worldwide operations
 - High unit labour costs and restrictive terms of employment in certain regions
 - Lower, more competitive labour rates – particularly in the UK and South Africa



Independent News & Media PLC is undertaking a worldwide restructuring to reposition the Group for continued profitable growth

- ▶ This restructuring provides an opportunity for the Group to
 - ✓ **drive profit growth**
 - ✓ **enhance market competitiveness**in a challenging business environment, without compromising short term performance

- ▶ Through restructuring the Group will
 - Pursue fundamental and lasting change within and for each business unit
 - Separate the costs of changing the business from the costs of doing business
 - Allow management to tackle and focus on more strategic actions with longer term returns



The restructuring plan is built on initiatives that have been developed or vetted by management and is achievable

- ▶ The plan incorporates substantial initiatives that have been developed by local management over the past 6 – 9 months
- ▶ It involves 564 net redundancies or approximately 5% of IN&M's total employee base
- ▶ Booz Allen Hamilton have worked closely with management teams to quantify and verify the opportunities, requiring decisions across existing organisational boundaries
- ▶ The Group's business units and Booz Allen Hamilton have fully reviewed initiatives, stress tested them, and refined them to improve financial and operational payback/ attractiveness going forward
- ▶ The programme has already commenced and is expected to be substantially completed by the end of 2004



Investment in technology, improved work practices and outsourcing will drive much of the restructuring

Major Themes

Examples

Leverage cross-operations scale and expertise

- ▶ Establish shared finance back-office across operations
- ▶ Launch procurement activities across operations on a global basis

Improve operational process and work flow

- ▶ Use technology to standardise archiving and increase sharing of copy across all group publications
- ▶ Streamline editorial and pre-press processes
- ▶ Streamline Irish & South African distribution and circulation processes
- ▶ Enhance production efficiencies in South Africa

Eliminate poor working practices and high cost

- ▶ Eliminate inefficient working practices
- ▶ Relocate to lower cost locations

Better leverage outsourcing capabilities

- ▶ Use outsourced staff where appropriate
- ▶ Centralised call management services



Progressive roll-out of plan and headcount reductions will deliver annualised savings of €18.9 million on a charge of €53.5 million

