



## INM ISSUES INTERIM MANAGEMENT STATEMENT

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

*Dublin/London – 29<sup>th</sup> October 2009:* Independent News & Media PLC [‘INM’ or ‘Group’] today issued its Interim Management Statement [‘IMS’] in accordance with the Transparency Regulations 2007. This IMS is an update on INM’s trading performance for the year to date, and in particular for the period since 1<sup>st</sup> July 2009 and includes an outlook for the year.

### **Year to Date Performance**

The Interim Results Announcement on 28<sup>th</sup> August 2009 noted that the Group reported a resilient performance in a global market that was experiencing adverse economic pressures and unprecedented advertising weakness. Group revenues for the 1<sup>st</sup> half of 2009 were down 14.9%, in constant currency, with Group advertising revenues down 19.6% and Group circulation revenues down 0.1% (both in constant currencies).

To date in 2009 (i.e. 43 weeks to 23<sup>rd</sup> October 2009), INM’s total revenues in constant currency are estimated to be approx. 14% behind last year, with:

- Group advertising revenue down by approx. 19%; and
- Group circulation revenue down by approx. 2%.

This marginally improved year-to-date revenue performance compared to the trend for the 1<sup>st</sup> half of 2009 demonstrates a stabilising advertising revenue trend, with each region experiencing similar advertising trends to H1 2009.

Group operating profit before exceptional items (in constant currency) for the year to date is estimated to be approx. 37% behind last year, compared to 44.8% down in the 1<sup>st</sup> half of 2009. This improved operating profit performance on the 1<sup>st</sup> half resulted from the stabilisation in advertising revenue and continued strong cost management across all regions. Year to date operating costs (in constant currency) are estimated to be down approx. 9% on the same period last year, compared to 7.5% down in the 1<sup>st</sup> half of 2009.

### **Key Events to Date since 1<sup>st</sup> July 2009**

The following key events occurred within the Group during the period from 1<sup>st</sup> July 2009 to date:

- In July 2009, successfully disposed of stake in Cashcade, UK’s leading online bingo operator, for €15.2 million;
- In July 2009, sold 7.3% of Indian newspaper publisher Jagran Prakashan Limited [‘JPL’] for €21.7 million. INM still retains a 13.5% shareholding in JPL, currently worth approx. €66 million;

- In August 2009, agreed to dispose of 100% of INM Outdoor ['INMO'], INM's South African outdoor media company, to a pan-African private equity investor group led by Helios Investment Partners. This disposal will realise gross cash proceeds of ZAR 1,100 million (approx. €98 million) for the Company and is expected to complete before the end of 2009. The disposal is subject, inter alia, to approval by INM's shareholders as a Class 1 transaction (EGM will be convened shortly) and approval by the South African Competition Authority;
- The 4th part of INM's previously announced €150 million asset disposal programme is the sale of the Group's stake in Verivox, the German online utility price comparator business. This disposal is ongoing and is expected to complete shortly;
- The service sharing agreement with DMGT under which INM's UK National titles moved premises to DMGT's offices in London was implemented in H1 2009, with cost savings achieved in the first half and further cost savings being delivered in H2 2009.
- INM announced that its Irish daily freesheet newspaper, *herald am*, would merge with *Metro* to form Ireland's leading daily freesheet and INM will own one third of the merged entity. This merger remains subject to Competition Authority approval; and
- As previously announced, due to the difficult credit markets and ongoing economic turbulence, the Group was unable to meet its repayment obligations in relation to the maturity of its Bonds on 18th May 2009. In addition, as at 30th June 2009, the Group was unable to comply with certain covenant tests contained within its core bank debt facilities. On 16th May 2009, in advance of the maturity of the Bonds, and in advance of the covenant testing date in respect of the Group's core debt facilities, the Company agreed a financial standstill with the Bondholders and its Banks, whereby all parties agreed to forbear from taking any action to enforce any claim for any payment during the financial standstill period and this has subsequently been extended. The current standstill period extends until 30th October 2009 and a further extension is currently being negotiated.

During the period of the financial standstill, the Company has been engaged in discussions with its Banks and the Ad Hoc Committee of Bondholders with the objective of agreeing a consensual restructuring solution, capable of implementation outside of a court administered process, and which would recognise the economic interests of, and preserve value for, all stakeholders in the business. On 7th October 2009, the Group announced that it had entered into an agreement with an Ad Hoc Committee of Bondholders (whose holdings represent in aggregate approximately 39% of the outstanding principal of Bonds) in relation to the proposed financial restructuring ['Restructuring'] of the Group's balance sheet.

The key features of the Restructuring are:

- €123 million of the outstanding principal amount of the Bonds to be exchanged for 723.2 million New Ordinary Shares representing 46% of the Then Issued Share Capital, with the balance of the Bondholders' claim (including accrued but unpaid interest) being applied to underwrite a Rights Issue;

- INM existing Shareholders to be offered an opportunity to participate in the Restructuring by means of a Rights Issue of up to €94 million at a Rights Issue Price of €0.05 per Rights Issue Share;
- INM existing Shareholders able to retain approximately 52% equity interest (assuming Shareholders take up their full rights entitlements); and
- Proposed Senior Debt Facilities based upon a 4 ½ year maturity and revised financial covenants to provide adequate headroom to accommodate prevailing trading conditions and expectations.

The Restructuring involves a number of conditions and steps to implementation, including Bondholder consent (75% approval by value), Bank credit committee approvals and subsequent facility agreements having been entered into, and requisite Shareholder approvals. A meeting of the Bondholders, at which their consent to the Restructuring will be sought, has been convened to be held on 10<sup>th</sup> November 2009 and requisite meetings of Shareholders will also be convened in due course.

- On foot of requisition notices served by Mr. Denis O'Brien, the Company has also convened two extraordinary general meetings for 3 November 2009 and 13 November 2009.

### **Outlook for Remainder of 2009**

Based on still limited visibility, the advertising trends experienced in September and October remain challenging and are expected to continue for the remainder of 2009. As a result, assuming a continuation of these trends and seasonal factors, the full year operating profit before exceptionals forecast for 2009 is expected to be in the range €170 million to €190 million.

The Group believes that a successful outcome to the Restructuring, on the basis outlined above and if all conditions to implementation are delivered, will provide INM with a capital structure and maturity profile that should allow a restoration of equity value and optimally position the business for future growth. Assuming a successful conclusion and implementation of this Restructuring, INM will achieve a significant reduction in net debt (the combination of the equitisation of the Bonds, the rights issue and the Group's previously announced disposal programme resulting in deleveraging of approx. €350 million, with further debt reduction anticipated in 2010) and a stabilised financial position.

With economic fundamentals expected to recover over the medium term, INM's market-leading assets are very well positioned to benefit from any cyclical economic recovery. The Group's strong operating leverage, as a result of significant operating cost reductions over the past two years and continuing business process improvements, should facilitate incremental revenue growth substantially translating into a much improved operating profit performance as markets improve.

**Notes:**

**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.

**Other**

Defined terms used in this announcement have the same meaning as in the announcement issued by the Group dated 28<sup>th</sup> September 2009 unless otherwise stated. Financial results referred to in this announcement as being 'estimated' are based on weekly management financial information. All such estimates are unaudited. The statement as to expected full year operating profit before exceptionals takes into account, *inter alia*, the Outlook Statement issued by APN News & Media Limited on 13<sup>th</sup> October 2009. For the purposes of this IMS, the full year operating profit before exceptionals has not been the subject of an independent review.

ENDS

29<sup>th</sup> October 2009

**For further information, please contact:**

**Gavin O'Reilly**  
**Dónal Buggy**

**Chief Executive Officer**  
**Chief Financial Officer**

**+353 1 466 3200**  
**+353 1 466 3200**

**Media**

Pat Walsh  
Murray Consultants (Dublin)  
Tel: +353 1 498 0300

Rory Godson/Paul Durman  
Powerscourt (London)  
Tel: +44 20 7250 1446

**Investors and Analysts**

Mark Kenny/Jonathan Neilan  
K Capital Source (Dublin)  
Tel: +353 1 663 3680  
Email: [INM@kcapitalsource.com](mailto:INM@kcapitalsource.com)



**ABOUT INDEPENDENT NEWS & MEDIA PLC**

**– CORPORATE PROFILE –**

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 22 individual countries, INM has market-leading newspaper positions in Australia (regional), India, Indonesia, 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 200 newspaper and magazine titles, delivering a combined weekly circulation of 32 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, classified and transactional 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 €2.2 billion, revenue of €1.4 billion and employs approximately 8,700 people worldwide. Further information is available on the Group's website [www.inmplc.com](http://www.inmplc.com).