



Independent News & Media PLC

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INDEPENDENT NEWS & MEDIA PLC

APN NEWS & MEDIA LIMITED - RESULTS FOR THE YEAR ENDED 31 DECEMBER 2004

Trans-Tasman growth markets drive APN 2004 Profit up 26% to a record A\$130.2m, including new product investments

APN News & Media Limited (APN), in which Independent News & Media PLC has a 39.7% shareholding, today announced a record net profit for the 12 months ended 31 December 2004 of A\$130.2 million, representing a 26% increase on the prior year, excluding non-recurring items (NRIs).

Earnings per share were 26.9 cents, up 17% from 22.9 cents in 2003. The Directors have declared a final dividend of 14.0 cents, increasing the full year dividend by 20.2% to 22.0 cents per share, franked at 30%.

Group revenue before NRIs increased 12% to A\$1,283 million and EBIT before NRIs increased 19% to A\$282 million. Net Profit After Tax before NRIs increased by 26% to A\$130.2 million, and after NRIs by 24% to an as-reported A\$128.3 million.

After allowing for the cost impact of new product initiatives and increases associated with other revenue gains, underlying cost growth was 3%.

There were a number of significant new product initiatives during the year, building on APN's core media assets, including:

- The Herald on Sunday in Auckland,
- A number of new regional non-daily newspapers into high growth markets in south east Queensland, including western Brisbane and the southern Gold Coast,
- Two major new radio formats in New Zealand, Coast and Flava,
- Tribe Outdoor, a new community-targeted poster network; and
- The ongoing development of the Aucklander.

The reported EBIT of A\$282 million is after expensing A\$6.8 million in relation to these initiatives.

APN continues to benefit from operating in the strongest markets in Australasia. Queensland and the northern half of the North Island of New Zealand once again recorded strong economic conditions, producing above national average growth rates and near record employment levels.

Registered in Ireland No. 2936. Registered Office: Independent House, 2023 Bianconi Avenue, Citywest Business Campus, Naas Road, Dublin 24, Ireland.

Directors: Dr. BJ Hillery (Chairman), Sir Anthony O'Reilly (Chief Executive), LP Healy (Deputy Chairman), DJ Buggy, PM Cosgrove (Aust), VC Crowley, CU Daly (USA), JC Davy, IG Fallon, VA Ferguson, Dr. MN Hayes, BMA Hopkins (UK), Baroness M Jay (UK), Dr. IE Kenny, BM Mulrone (Canada), F Murray, AC O'Reilly (Aust), AJ O'Reilly Jr., GK O'Reilly, BE Somers. Secretary: A Donagher

APN Chief Executive Brendan Hopkins said: “These are a very satisfactory set of results and demonstrate the continued strength of our core media businesses within their high growth markets and more than achieve our stated annual objective of double digit earnings growth.

“New product initiatives dominated the year. In particular, the Herald on Sunday was launched in Auckland, and continues to perform ahead of expectations. Circulation is over 100,000, with 80% of all sales now fully paid following the initial free subscription offer.

“In addition, new format launches in Radio in New Zealand and new launches in Regional Newspaper operations in Australia underline APN’s ability to continue to generate new revenue streams from our broad geographic spread of businesses.

“We were pleased with the performances of Radio and Outdoor in the second half. Australian Radio in particular recorded strong revenue and market share improvements principally from advertising agencies, in line with our strategic objective, and ended the year the clear leader in the targeted 25-54 demographic in Sydney and Melbourne.

“Each Division performed well and each showed a meaningful improvement over the prior year. We look forward with confidence to the year ahead and retain our objective of double digit earnings growth for our overall business.”

Divisional Summaries

APN Group EBIT (AUD million)	FY2004	FY2003	% var.
Publishing	203.1	169.4	20%
<i>New Zealand National Publishing</i>	<i>102.9</i>	<i>88.8</i>	<i>16%</i>
<i>Regional Newspapers</i>	<i>100.2</i>	<i>80.6</i>	<i>24%</i>
Radio	67.5	56.2	20%
Outdoor	21.6	19.0	14%
Print & Specialist	9.9	7.6	31%
Corporate	(13.6)	(15.1)	(10%)
New Product Initiatives	(6.8)	-	-
EBIT before Non-recurring Items	281.7	237.1	19%
Non-recurring Items	(1.9)	0.6	
Group EBIT	279.8	237.7	18%

New Zealand National Publishing

The New Zealand National Publishing Division includes The New Zealand Herald, the Herald on Sunday, The Aucklander and New Zealand Magazines.

The Division increased overall revenue by 11% and EBIT by 16% on a comparable basis.

The New Zealand Herald remains by far the largest circulating daily newspaper in the country. Each week more than 1 million New Zealanders read the Herald. The ongoing focus on advertising yields continues to underpin revenue gains. In 2004, advertising volume in the Herald increased 1.7% while yield increased by 7.2%.

The Herald grew its subscriber base to more than 97,000 – over 47% of the total circulation of 208,000 – with 60% of subscribers signed to deals of six months or more. This committed subscriber base was a major factor in the successful launch of the Herald on Sunday. The existing relationship with Herald subscribers and the Herald's positive reputation with advertisers enabled the Herald on Sunday to launch with an average weekly circulation of more than 100,000 copies, of which 50,000 are regular subscribers.

Work on doubling the colour capacity at the Ellerslie print centre press is well advanced, with a press reconfiguration underway to allow for 96 broadsheet pages of back-to-back colour. The project is due for completion at the end of 2005.

The Aucklander continued to make good progress, with a strong improvement in revenue over the previous year. The Aucklander was also able to take advantage of the Herald's world-class distribution system and develop its own total market coverage delivery profile that this type of free weekly publication demands.

New Zealand Magazines redesigned the New Zealand Woman's Weekly and The NZ Listener, consolidating their market positions. The New Zealand Woman's Weekly remains the most read weekly magazine in the country, and had another record year.

The New Zealand economy remained buoyant throughout 2004. The unemployment rate for New Zealand in the December Quarter 2004 was 3.6% – the lowest level since the national job survey began in March 1986. The unemployment rate in Auckland was 3.3%, with strong levels of job advertising across the year. The property market was also resilient: consents for 31,423 new dwelling units were issued in New Zealand in the year ended December 2004, up 5 per cent from the prior year and the largest total for a December year since 1974.

Overall, business conditions in New Zealand remain positive and we look forward to another successful year.

Regional Newspapers

Regional newspapers in Australia and New Zealand continued to perform ahead of expectation in the second half, underpinned by buoyant real estate and employment advertising markets. Advertising yields strengthened in 2004, increasing in Australia by 9.7% and in New Zealand by 5.1% over the previous year. Overall, divisional revenues were up 9% and underlying EBIT increased 24% to A\$100 million.

Overall circulation revenue increased 4% to A\$61 million, with particularly good circulation volume gains in Australia. Audit Bureau of Circulation figures for the six months to December 2004 show that APN publishes the five fastest growing newspapers in Australia. In New Zealand, APN published the four fastest growing regional daily newspapers in the audit period to March 2004.

The continuing strength of APN's local economies produced very good growth in employment, real estate and motoring advertising. In Australia, employment advertising grew 39% and real estate advertising 27%. In New Zealand, employment advertising was up 30% and real estate advertising was up 23%.

The A\$35 million Yandina press centre on Queensland's Sunshine Coast is well underway. This new state of the art MAN Roland 'Regioman' press provides for back-to-back colour, including heat-set colour capability. The increased pagination and enhanced colour availability will allow the production of a range of new publications targeted to high-growth advertising categories such as real estate and retail.

The Queensland economy continues to outperform the rest of Australia. In the 12 months to September 2004, Queensland Gross State Product grew 3.7%, compared with 3.1% for the rest of the country. Queensland has now exceeded economic growth in the rest of Australia for 16 of the past 18 financial years, averaging 4.6% compared with 3.2% for the rest of Australia. In terms of jobs, Queensland recorded its lowest unemployment rate in at least 26 years in December 2004, at 4.7%. This compares with the national rate of 5.1%. In the 12 months to June 2004, Queensland again recorded the highest annual population growth rate in Australia, at 2.1%.

Whilst it would be unlikely that recently achieved advertising growth rates continue, it is pleasing to report that advertising revenues continue to record solid increases on the equivalent period in 2004 in both Australia and New Zealand.

Radio

Both Australian and New Zealand radio operations performed well, growing revenue by 14% to A\$243 million, and EBIT by 20% to A\$67.5 million before the effect of the new radio licences in New Zealand. Strong audience survey results in both markets led to increased share of agency advertising, as well as continued gains in direct advertising.

In Australia, the Australian Radio Network (ARN) improved audience and revenue market share throughout the year. The final survey of 2004 saw strong gains in the commercially important 25-54 year-old demographic, where ARN is now the market leader in Sydney and Melbourne. ARN increased revenue by 20% and EBIT by 22% in 2004, as well as improving operating margin to 31.5%. We continue to increase support for our brands and advertising budgets have been strengthened again for 2005.

In New Zealand, APN's radio assets – operated through The Radio Network (TRN) – lead the market in audience share. More than 53% of New Zealanders aged 10 and above listen to a TRN station each week. In the key markets of Auckland, Wellington and Christchurch, TRN holds leading ratings positions. Two new formats were launched in 2004 – Flava and Coast – which had debut audience shares in Auckland that were well ahead of expectations. TRN commissioned 14 new stations throughout the year in the rollout of its eight networks across the country, taking the total number of stations at the end of 2004 to 111. TRN increased underlying revenue by 8% and EBIT by 18% in 2004, and improved operating margin to 22.5%.

Outdoor

The benefits from the restructure of APN Outdoor gained momentum, with an increase in revenue by 22% to A\$227 million and underlying EBIT up 14% to A\$21.6 million.

In Australia, operations were consolidated from 17 locations down to seven and a new sales structure implemented. New transit contract wins in Adelaide and Melbourne late in the year, both on advantageous terms, reinforced national sales networks for APN's

Buspak business. Buspak also secured important bus advertising contracts in New Zealand and in Hong Kong.

In New Zealand, the rollout of the Adshel street furniture network continued, with more than 2800 illuminated panels now installed nationally.

Late in 2004, 2000 high visibility sites from the Australian Posters network were re-launched under the Tribe brand, opening new revenue opportunities for the Group.

APN Outdoor has joined a Joint Industry Committee to oversee the introduction of an audience measurement system for the Outdoor Advertising industry, which is expected to be introduced early in 2006.

Trading in the first Quarter has been positive and forward bookings for the Division across Australia, New Zealand and Asia are encouraging.

Print and Specialist Publishing

The Print and Specialist Publishing Division produced a strong result, lifting revenue by 6% and EBIT by 31%. Gains from the restructure undertaken over the past 18 months are now showing progress, in particular in commercial printing, where operational and sales efficiencies are producing good results. Additional printing capacity was introduced in the last quarter with the installation of a 32-page press in Manukau, which has opened new revenue opportunities as well as reduced costs.

Outlook

The Board of APN is pleased with trading at present in both Australia and New Zealand, which remains in line with expectations and ahead of the same period last year. Given a continuation of current trading conditions, the consensus full year profit estimates currently in the market appear likely to be met.

The final dividend of 14.0 cents per share is payable on 18 April 2005. Registrable transfers received by the Company up to the close of business on 7 April 2005 will be registered before entitlements to dividends are determined. Books will close on 7 April 2005. Shareholders wishing to participate in the Dividend Reinvestment Plan who have not already lodged their election must do so on or before 7 April 2005 in order to participate.

Note: Unless otherwise stated, all dollar amounts are in Australian dollars.

-- ENDS --

22 February 2005

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About APN

APN News & Media Limited is the publisher of *The New Zealand Herald* and is the largest operator of regional newspapers, radio broadcasting and outdoor advertising in Australasia. APN has been listed on the Australian Stock Exchange since 1992, and on the New Zealand Exchange since June 2004.

APN NEWS & MEDIA LIMITED
PRELIMINARY PROFITS ANNOUNCEMENT

	A\$000	A\$000	€000	€000
	31 December 2004	31 December 2003	31 December 2004	31 December 2003
Turnover – Continuing Operations	<u>1,262,386</u>	<u>1,117,451</u>	<u>747,107</u>	<u>642,693</u>
Operating Profit				
– Continuing Operations	281,660	237,108	166,692	136,371
– Exceptional Items	<u>(1,868)</u>	<u>557</u>	<u>(1,105)</u>	<u>320</u>
Profit on Ordinary Activities	279,792	237,665	165,587	136,691
Net Interest Charge	<u>(62,478)</u>	<u>(66,712)</u>	<u>(36,976)</u>	<u>(38,369)</u>
Profit on Ordinary Activities before Taxation	217,314	170,953	128,611	98,322
Taxation	<u>(57,634)</u>	<u>(39,532)</u>	<u>(34,109)</u>	<u>(22,737)</u>
Profit on Ordinary Activities after Taxation	159,680	131,421	94,502	75,585
Minority Interests	<u>(31,411)</u>	<u>(27,872)</u>	<u>(18,590)</u>	<u>(16,030)</u>
Profit for the Financial Year	<u>128,269</u>	<u>103,549</u>	<u>75,912</u>	<u>59,555</u>
Earnings per Share (cents)	<u>26.9</u>	<u>22.9</u>	<u>15.9</u>	<u>13.2</u>

Profit & Loss Accounts translated at Average Rates
Average Exchange Rate 2003 €1 = A\$1.7387
Average Exchange Rate 2004 €1 = A\$1.6897

APN NEWS & MEDIA LIMITED
GROUP BALANCE SHEET

	A\$000	A\$000	€000	€000
	31 December	31 December	31 December	31 December
	2004	2003	2004	2003
Fixed Assets				
Intangible Assets	1,961,295	1,901,659	1,121,381	1,132,412
Tangible Assets	296,586	286,047	169,575	170,337
Financial Assets	<u>66,796</u>	<u>74,462</u>	<u>38,191</u>	<u>44,341</u>
	<u>2,324,677</u>	<u>2,262,168</u>	<u>1,329,147</u>	<u>1,347,090</u>
Current Assets				
Stocks	24,296	25,800	13,891	15,364
Debtors	334,750	287,971	191,395	171,483
Cash at bank and in hand	<u>108,292</u>	<u>160,475</u>	<u>61,917</u>	<u>95,560</u>
	<u>467,338</u>	<u>474,246</u>	<u>267,203</u>	<u>282,407</u>
Creditors – amounts falling due within one year	<u>(227,626)</u>	<u>(244,427)</u>	<u>(130,146)</u>	<u>(145,553)</u>
Net Current Assets	<u>239,712</u>	<u>229,819</u>	<u>137,057</u>	<u>136,854</u>
	<u>2,564,389</u>	<u>2,491,987</u>	<u>1,466,204</u>	<u>1,483,944</u>
Creditors – amounts falling due after more than one year	865,410	915,993	494,803	545,461
Provisions for Liabilities and Charges	<u>24,389</u>	<u>19,418</u>	<u>13,945</u>	<u>11,563</u>
	<u>889,799</u>	<u>935,411</u>	<u>508,748</u>	<u>557,024</u>
Capital and Reserves				
Share Capital	963,565	926,630	550,923	551,795
Capital Reserves	224,381	189,167	128,291	112,646
Profit & Loss Account	<u>212,191</u>	<u>170,538</u>	<u>121,322</u>	<u>101,554</u>
Equity Shareholders' Funds	<u>1,400,137</u>	<u>1,286,335</u>	<u>800,536</u>	<u>765,995</u>
Minority Interests in Subsidiaries	<u>274,453</u>	<u>270,241</u>	<u>156,920</u>	<u>160,925</u>
	<u>2,564,389</u>	<u>2,491,987</u>	<u>1,466,204</u>	<u>1,483,944</u>

Balance Sheets translated at closing rates
Closing Exchange Rate 2003 €1 = A\$1.6793
Closing Exchange Rate 2004 €1 = A\$1.7490

