



Independent
News & Media PLC

2008 FIRST HALF RESULTS

27th August 2008



Independent News & Media PLC

OPERATING REVIEW

Gavin K. O'Reilly
Group COO

- Operational Strategy
- Summary Highlights
- Global Business Portfolio
- Segments | By Business Classification
- Revenue Growth by Market
- H1 Advertising Performance/ Publishing
- Stimulating Advertising & Growth Opportunities
- Expanding Multi-Media Platforms | Online
- H1 Cost Performance - Analysis

OPERATIONAL STRATEGY

To ensure that the Group's core business model – global diversification, exposure to multi-media platforms, leading brands and striving to be the low cost operator – continues to provide resilience against the current economic downturn and to position the Group well to benefit from any improvements in general market conditions:

OPERATING OBJECTIVES & STRATEGY

- To aggressively face this current economic down-turn head on, while continuing to develop each of our brands and extending their market reach
- To expand multi-media audience through organic development in print and online, radio and outdoor
- To accelerate our geographic expansion in emerging markets
- To be the industry low cost operator, and continue to actively pursue new publishing operating strategies, guided by the principle of outsourcing what we can without diminishing points of brand differentiation
- To deliver “best in class” returns for our shareholders

SUMMARY HIGHLIGHTS *

- **Group Revenue up + 3.0%**, reflecting an impressive operating performance in challenging advertising markets
- **Group advertising up + 2.8%**
- **Group Circulation revenues up + 2.0%**
- A robust performance by all regions and lower exceptional charges drove **Operating Profit up + 8.9%**
- INM's proven strategy of global diversification, innovation and cost efficiency delivers superior performance, ahead of peer group
- **Net Profit up 31.1%**, reflecting solid operating performances and lower exceptional charges

** all figures in constant FX*

GLOBAL BUSINESS PORTFOLIO

DELIVERING A WEEKLY AUDIENCE OF OVER 100 MILLION CONSUMERS



> **200 NEWSPAPERS & MAGAZINES**

Australia, India, Indonesia, Ireland, New Zealand, South Africa, U.K.

> **100 ONLINE SITES**

Australia, Germany, India, Indonesia, Ireland, New Zealand, South Africa, U.K.

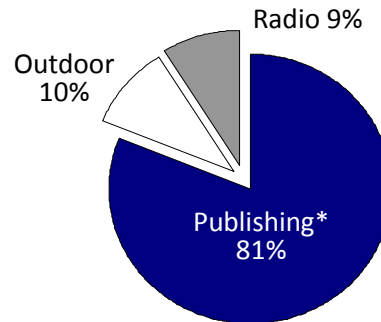
> **75,000 OUTDOOR PANELS**

Africa, Australia, Hong Kong, India, Indonesia, Malaysia, New Zealand, South Africa

> **138 RADIO STATIONS**

Australia, India, New Zealand

> **REVENUE BY SEGMENT**

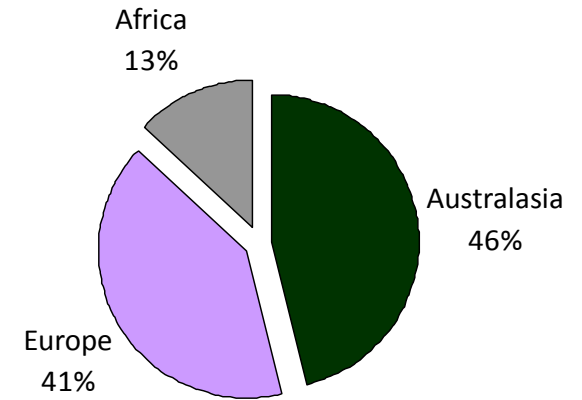


* includes online, print, distribution

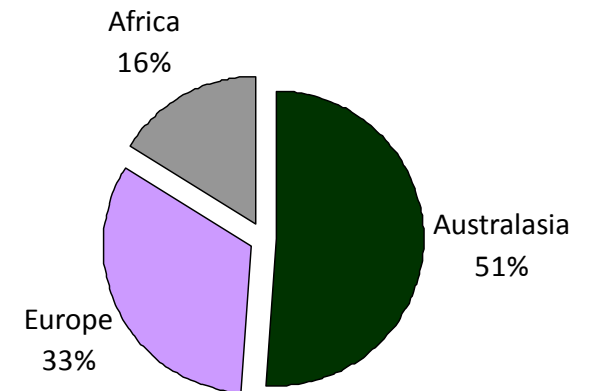
> **A GROWING GLOBAL PRESENCE IN 22 COUNTRIES WORLDWIDE**



> **REVENUE BY REGION**



> **PROFITS BY REGION ****



** excluding common costs

SEGMENTS | BY BUSINESS CLASSIFICATION

H1 2008 BY CLASS OF BUSINESS								
€ millions	Revenues				Operating Profit*			
	2008	2007	%	cFX (%)	2008	2007	%	cFX (%)
Publishing & Online	632.2	673.1	(6.1%)	0.8%	129.0	135.3	(4.7%)	(2.4%)
Radio	67.1	71.8	(6.5%)	(3.9%)	20.3	22.2	(8.6%)	(6.5%)
Outdoor	81.1	65.6	23.6%	32.7%	11.0	3.8	189.5%	207.2%
Less: Common Costs					(6.5)	(6.7)	3.0%	3.0%
Group Total	780.4	810.5	(3.7%)	3.0%	153.8	154.6	(0.5%)	2.1%

- Group revenues up 3.0% in constant currency, yielding operating profit increase of 2.1% in constant currency
- Performance led by strong Outdoor performance in Australasia and the acquisition of CCI in South Africa
- Underlying Publishing revenues growing despite weak economic backdrop, reflecting strength and diversity of product portfolio and strong pricing strategy – offsetting weaker volumes
- Australasian Radio division operating in challenging markets, but showing good market share gains in Q2

**before Exceptional Items*

REVENUE GROWTH BY MARKET

H1 2008 | REVENUE GROWTH BY PRIMARY MARKET (Constant FX)

% -age Growth YoY	PUBLISHING			OUTDOOR Advertising	RADIO Advertising	TOTAL REVENUES
	Circulation	Advertising/ Online	Print & Distribution			
Australasia	1.5%	2.9%	(12.0%)	15.1%	(3.9%)	2.7%
Ireland	5.9%	(5.7%)	6.1%	-	-	0.5%
South Africa	7.0%	2.3%	3.2%	14.5% *	-	5.1%
United Kingdom	(5.4%)	(7.7%)	16.3%	-	-	(1.3%)
Total - Subsidiaries	2.0%	(0.9%)	5.1%	14.9%	(3.9%)	1.9%
Total: Associates & JVs (INM Share)	5.7%	49.3%	-	22.7%	-	29.8%
TOTAL GROUP **	2.3%	1.5%	5.1%	16.1%	(3.9%)	3.3%

* Includes Clear Channel Independent Outdoor for 6 months in both 2007 and 2008

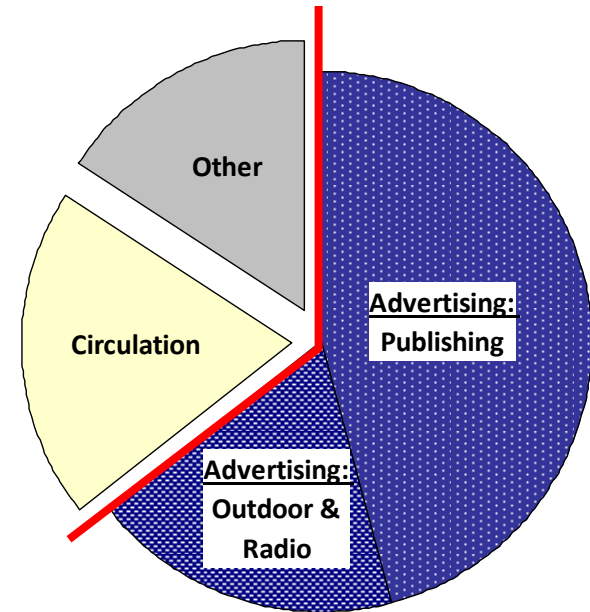
** Represents INM's share – including Associates and JVs

H1 ADVERTISING PERFORMANCE

H1 2008 | Group Advertising Revenues (Constant FX)

Total Advertising (incl. acquisitions)	+2.8%
Total "like-for-like" Advertising (excl. acquisitions)	+0.6%

- Advertising has remained volatile during H1 2008, against a record prior year performance
- Main areas of weakness – property and recruitment – offset by good retail and brand advertising
- While the H1 performance is positive, volatility still remains and the key September onwards period will be instructive



Total Group advertising revenues (including publishing, outdoor and radio) represents 65% of total Group revenues

H1 ADVERTISING PERFORMANCE/ PUBLISHING

- Publishing advertising revenue represents 46% of total Group revenues;
 - *Publishing advertising revenues contracted by 0.9% – with yield increases (+1.3%) reducing adverse impact of cyclical volume falls (2.2%) mainly in property and recruitment - notably in Ireland, New Zealand and UK*
 - *Despite this, in constant currency terms, H1 publishing advertising revenues only contracted by c €4m*
 - *Display/ ROP holding up well*

H1 2008 Publishing Advertising Growth	
<i>(Constant FX)</i>	Advertising Growth
Australasia	2.9%
Ireland	(5.7%)
South Africa	2.3%
United Kingdom	(7.7%)
Total: Publishing	(0.9%)

H1 2008 Publishing: Advertising (Constant FX)			
	Volume	Yield	Total
Advertising	(2.2%)	1.3%	(0.9%)

STIMULATING ADVERTISING



IN PRINT
IN ONLINE

- Continuous innovation and new product development
- New weekly 'glossy' property magazine, *PropertyPlus*, with *Irish Independent*
- Launch of new regional newspaper titles in Waterford and Dungarvan (Ireland)
- Launch of weekly 'glossy' magazine and multi-media portal, www.nicarfinder.co.uk in Northern Ireland
- Newry heat-set provides further product development opportunities in H2
- Launch of *Isolezwe ngeSonto* (Sunday) in South Africa
- Launch of www.yourlocal.ie – Ireland's comprehensive local search portal
- Re-launch of www.independent.co.uk
- Re-launch of www.iolproperty.co.za



EXPANDING MULTI-MEDIA PLATFORMS | ONLINE

H1 ONLINE € millions (Constant FX)	Revenues & P+L		
	2008	2007	%
Total Online Revenue (incl. share of Associates/ JVs)	30.0	19.1	57.1%
Advertising (Classified & Display) - 100%-owned	15.9	12.9	23.3%
Total Operating Loss (incl. share of Associates/ JVs)	(1.5)	(1.8)	16.7%
Web Metrics	2008	2007	%
<i>Page Impressions [PIMs] (m) - monthly</i>	143.2	119.2	20.1%
<i>Average Unique Users (m) - monthly</i>	14.5	12.5	16.0%

- Investment phase continues for all editorial & classified portals, driving increases in unique users, PIMs and revenues
- Online classified/ display advertising now represents c. 4% of publishing advertising revenue, and grew at 23.3% in H1, with aggregate INM online revenues growing at 57.1%
- Includes strategic investments in transactional services: price comparison; online gaming (bingo); image search; and mobile VoIP

H1 COST PERFORMANCE - ANALYSIS

- Excluding acquisitions, total Operational Costs up +1.4% in constant FX (or down 5.9% in Euro terms):-

H1 Cost Savings	
LABOUR down 1%	NEWSPRINT down 5%
General wage inflation and new hires (in online & sales departments) more than offset by prior and current year headcount restructurings	European price decreases and pagination efficiencies offset by product development/ higher grade (quality) newsprint utilisation

H1 Cost Investments													
OTHER costs up 4%	%-age of H1 Increase in Other Costs												
Reflecting increases in: <ul style="list-style-type: none"> - Sales & Marketing - Depreciation - Distribution (fuel costs) - Outdoor Site Rentals (revenue-driven) - Other (general CPI, offset by efficiencies) 	<table border="1" style="margin: 10px auto;"> <caption>%-age of H1 Increase in Other Costs</caption> <thead> <tr> <th>Category</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>Outdoor Site Rentals</td> <td>49%</td> </tr> <tr> <td>Distribution</td> <td>16%</td> </tr> <tr> <td>Sales & Mktg</td> <td>13%</td> </tr> <tr> <td>Depreciation</td> <td>13%</td> </tr> <tr> <td>Other</td> <td>9%</td> </tr> </tbody> </table>	Category	Percentage	Outdoor Site Rentals	49%	Distribution	16%	Sales & Mktg	13%	Depreciation	13%	Other	9%
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Independent News & Media PLC

FINANCIAL REVIEW

Donal J. Buggy
Group CFO

- H1 2008 Financial Highlights
- Income Statement – Summary
- Segments – By Region
- Market Performances
- Cash Flow Summary
- Balance Sheet & Financial Ratios
- Shareholder Returns – Summary
- INM Investment Case - Summary
- Outlook

H1 2008 FINANCIAL HIGHLIGHTS

- H1 2008 performance better than peers in adverse market conditions
- Diversified revenue base – both geographic and platform – provides strong resilience in face of unusually volatile markets
- Advertising markets continue to be volatile – particularly property and recruitment – but ‘like-for-like’ Group advertising ahead in H1 in constant currency
- Proactive action has been taken to enhance profitability in volatile advertising markets
 - Cover price increases
 - Advertising yield increases to compensate volume declines
 - Active cost management to reflect market trends
- Flow through benefits of prior year restructurings yielding returns, off-setting cost pushes in distribution, wages, consumables (due to oil prices) and outdoor (revenue-driven)
- Interim DPS of 4.57 cent; maintained at H1 2007 level

H1 2008 | INCOME STATEMENT - SUMMARY

H1 2008 INCOME STATEMENT				
€ millions	2008	2007	Change %	Constant FX (%)
GROUP REVENUE	780.4	810.5	(3.7%)	3.0%
EBITDA	174.0	173.5	0.3%	3.2%
OPERATING PROFIT (pre-Exceptionals)	153.8	154.6	(0.5%)	2.1%
Net Exceptional Items	(19.0)	(27.6)	31.2%	28.9%
OPERATING PROFIT (post-Exceptionals)	134.8	127.0	6.1%	8.9%
Share of Associates & JVs	6.9	6.9	0.0%	8.3%
Net Interest Charge	(45.1)	(39.8)	(13.3%)	(12.5%)
Profit Before Tax	96.6	94.1	2.7%	7.3%
Taxation	(16.1)	(17.9)	10.1%	(4.7%)
Profit After Tax	80.5	76.2	5.6%	7.9%
Minority Interests	(31.8)	(38.2)	16.8%	15.1%
NET PROFIT	48.7	38.0	28.2%	31.1%
OPERATING MARGIN (as reported) *	19.7%	19.1%	+60 bps	
EFFECTIVE TAX RATE (pre-Exceptionals)	16.5%	18.0%	-150 bps	

- Group revenue impacted by adverse currency movements, whereas:

Group revenue +3.0% in constant FX

Advertising revenue +2.8% in constant FX

Circulation revenue +2.0% in constant FX

- Record EBITDA of 174.0m + 3.2% in constant FX

- Net interest costs up 13.3%, reflects acquisitions/ investments and increased interest rates (primarily Euro, NZ\$ and A\$)

- Profit Before Tax up to €96.6m (2007: €94.1m)
- Effective tax rate (before exceptionals) improved to 16.5% (2007: 18.0%)

* includes benefit of SAR FX hedge

SEGMENTS – BY REGION

H1 2008 GROUP SEGMENTALS								
€ millions	Revenues				Operating Profit*			
	2008	2007	%	cFX (%)	2008	2007	%	cFX (%)
Australasia	362.1	365.6	(1.0%)	2.7%	82.3	85.1	(3.3%)	0.1%
Ireland	199.3	198.3	0.5%	0.5%	47.0	48.9	(3.9%)	(3.9%)
South Africa	103.4	112.0	(7.7%)	13.7%	26.3	20.0	31.5%	34.6%
United Kingdom	115.6	134.6	(14.1%)	(1.3%)	4.7	7.3	(35.6%)	(26.9%)
Less: Common Costs					(6.5)	(6.7)	3.0%	3.0%
Group Total	780.4	810.5	(3.7%)	3.0%	153.8	154.6	(0.5%)	2.1%

- Underlying – constant currency - revenue growth in all local markets, save UK
- South African Operating Profit benefits from SAR hedge, whereas South African Revenues translated at weaker actual FX rate
- Strong cost control – despite revenue and energy-driven cost pushes and continuing investment in product innovation and Online – contributing to a 2.1% increase in operating profits in constant currency

* before Exceptional Items

MARKET PERFORMANCES

AUSTRALASIA



- Two-speed advertising performance in publishing, with Australian regional businesses continuing to show good underlying growth, whilst difficult trading conditions in New Zealand continue in the short term
- *The New Zealand Herald* and the *Herald on Sunday* have recorded the largest readership increases in latest Nielsen survey, +6% and +13% respectively
- Strong Outdoor advertising result (EBIT + 74%) with very good contribution from Asian businesses (Hong Kong, Malaysia and Indonesia)
- Improving Australasian Radio performance, with consolidated margins >28.7%
- Continued expansion of Online, with further expansion of regional community sites in Australia

IRELAND



- Resilient advertising performance, with strong retail/ ROP partially offsetting weak property and recruitment
- Wage and energy cost pushes partly offset by benefits of prior year editorial restructuring
- Circulation revenue growth driven by cover pricing across all titles and strong volume growth in *Sunday World* and solid volumes in most titles
- Strong Online growth, with successful launch of *www.yourlocal.ie* and new *Evening Herald* website (*www.herald.ie*)
- Continued progress at Independent Colleges with new Dawson St. premises, awarding of Gold status by the ACCA and LLB (Hons) degree validation by University of West England

MARKET PERFORMANCES

SOUTH AFRICA



- Market-leading display and classified advertising market shares maintained despite aggressive competition
- Strong operating leverage increases margin by 320 bps to 21.1% (costs from continuing operations up only 0.1%)
- Leading Zulu-language daily, *Isolezwe*, continues to record strong circulation (>100,000 copies); new Sunday edition (*Isolezwe ngeSonto*) launched 30th March - exceeding expectations
- Largest South African Property web site (*iolproperty.co.za*) re-launched with >200,000 properties
- Acquired full control of Clear Channel Independent Outdoor, with effect from 27th March - to be re-branded **INM Outdoor**

UNITED KINGDOM



- Challenging UK trading conditions and poor consumer sentiment
- In Northern Ireland, lower-than-expected government expenditure and a reversal in the property & recruitment sector from pcp
- Launch of new website *nicarfinder.co.uk* and integrated print offering
- *Belfast Telegraph* records +1% ABC increase to 78,656 copies (Jan - June 2008) over preceding 6 months (Jul – Dec 2007)
- Contract print division – Ireland's largest - commissioned heat-set capacity in Newry
- *The Independent* appointed new editor, Roger Alton; Simon Kelner appointed MD
- Re-launch of *independent.co.uk* site with page impressions more than doubling to 27.5 million in June 2008

CASH FLOW SUMMARY

H1 2008 | SUMMARY CASH FLOW STATEMENT

€ millions	2008	2007	Change
EBITDA	174.0	173.5	0.5
Changes in Working Capital	(14.5)	(21.0)	6.5
Exceptional Expenditure (incl. Restructuring Payments)	(20.8)	(24.5)	3.7
Interest	(56.0)	(48.5)	(7.5)
Taxation	(23.9)	(26.0)	2.1
Capital Expenditure, Net of Disposals	(19.0)	(29.1)	10.1
Minority Interest Dividends	(49.8)	(44.4)	(5.4)
Dividends to Shareholders	(58.0)	(39.2)	(18.8)
Net investments	(17.7)	(70.5)	52.8
Purchase of Treasury Shares	-	(51.6)	51.6
Repayment of Compound Financial Instruments	-	(1.9)	1.9
Other	(2.5)	(14.5)	12.0
INCREASE IN NET DEBT	(88.2)	(197.7)	109.5

- €174.0m EBITDA generated from operations
- Capex (net of disposals) of €19.0m reflects installation of heat-set printing units in Newry Print and completion of Queensland press realignment

- Investments mainly represent the acquisition of *The Sligo Champion*, less cash acquired in Sligo and in Clear Channel Independent Outdoor in South Africa
- Net cash flow lower in H1 than H2 forecast due to H1 payments relating to restructuring, final dividends for INM and APN, and annual bond interest

BALANCE SHEET & FINANCIAL RATIOS

SUMMARY BALANCE SHEET

€ millions	30-Jun-08	31-Dec-07	Change
Intangible Assets *	3,417.7	3,549.3	(131.6)
Property, Plant & Equipment	376.0	376.5	(0.5)
Retirement Benefit Obligations	(122.6)	(100.4)	(22.2)
Net Debt	(1,403.9)	(1,315.7)	(88.2)
	<i>Recourse</i>	<i>(806.5)</i>	<i>(63.2)</i>
	<i>Non - Recourse (APN Debt)</i>	<i>(509.2)</i>	<i>(25.0)</i>
Other Net Assets/ Liabilities **	241.6	252.1	(10.5)
TOTAL NET ASSETS	2,508.8	2,761.8	(253.0)
Minority Interest	(889.2)	(972.5)	83.3
ATTRIBUTABLE TO COMPANY SHAREHOLDERS	1,619.6	1,789.3	(169.7)

CAPITAL RATIOS	30-Jun-08	31-Dec-07
Total Net Debt/ EBITDA	3.6x	3.4x
EBITDA/ Interest	4.4x	4.7x
Net Debt to Equity * **	55.9%	47.6%

* including internally generated mastheads and revaluations – independently revalued at 31st December 2007

** excludes deferred tax on intangibles

- Total Net Assets down by €253.0m, due entirely to adverse FX movements of €268.0m (ie. excl. FX, Total Net Assets would have been up)
- Total Net Debt to EBITDA of 3.6x and interest cover at a comfortable 4.4x
- New €105.0m Bank Facility signed in August 2008; will be used to fund redemption of €112.6m outstanding on €125.0m 8.0% Bond maturing in Dec. 2008

SHAREHOLDER RETURNS - SUMMARY

- Basic EPS up +20.0% to 6.0 cent
- Adjusted EPS* down 6.3% to 7.5 cent, reflects higher average number of shares in issue

	H1 2008	H1 2007	Change
Net Profit excluding Exceptionals (€m)	61.1	62.0	(1.5%)
Fully Diluted Average Shares (m)	812.2	772.3	5.2%
Adjusted EPS *	7.5c	8.0c	(6.3%)

- Fully Diluted Average Shares up from 772.3m in H1 2007 to 812.2m in H1 2008 due to a combination of the 2007 conversion of the NZ CEPS (largely offset by the 2007 share buy-back) and the issue of shares to acquire Clear Channel Independent Outdoor in South Africa and *The Sligo Champion*
- 2008 interim DPS of 4.57 cent held constant at 2007 H1 levels, reflecting prudent response to still volatile advertising markets

* Fully diluted before Exceptional Items

INM INVESTMENT CASE - SUMMARY

<ul style="list-style-type: none"> To aggressively face this current economic down-turn head on, while continuing to develop each of our brands and extending their market reach 	<ul style="list-style-type: none"> H1 2008 performance better than peers in adverse market conditions. <ul style="list-style-type: none"> Group Revenue up + 3.0% Group Advertising up + 2.8% Group Circulation up + 2.0% Despite challenging macro-economic conditions, still achieving YTD growth in advertising and circulation revenues, and continuing to build on 2007 market share gains
<ul style="list-style-type: none"> To expand multi-media audience through organic development in print and online, radio & outdoor 	<ul style="list-style-type: none"> Accelerating performance of Publishing and Online assets/ brands & further strategic investment <ul style="list-style-type: none"> Bolt-on acquisitions: <i>The Sligo Champion</i> Outdoor continuing to show both organic and structural growth <ul style="list-style-type: none"> Consolidation of 50% of Clear Channel Independent Expansion of Outdoor with Purchase of Media 1 (New Zealand)
<ul style="list-style-type: none"> To accelerate our geographic expansion in emerging markets 	<ul style="list-style-type: none"> Continued expansion and development in 2008, including: <ul style="list-style-type: none"> Consolidation of 50% of Clear Channel Independent Initial multi-media investment in Indonesia: PT Abdi Bangsa Tbk.
<ul style="list-style-type: none"> To be industry low cost operator, & continue to actively pursue new publishing operating strategies 	<ul style="list-style-type: none"> Costs continue to be very actively managed Further efficiencies identified through current year restructuring
<ul style="list-style-type: none"> To deliver “best in class” returns for our shareholders 	<ul style="list-style-type: none"> Operating Profit up + 8.9% Basic EPS up + 20.0%

OUTLOOK

- **July/ August Update:** Publishing advertising still behind pcp, but these are traditionally weak months, and the real trend will only be ascertained in the September/ October period. Outdoor continuing strength and Radio still weak, but recovering market share. Overall, Group advertising in July-August marginally behind pcp
- **YTD Update:** Despite these challenging macro-economic conditions, INM still achieving YTD growth in both advertising and circulation revenues and costs are being aggressively managed
- **H2 Outlook:**
 - H2 advertising comparatives more favourable
 - H2 currencies and interest rates environment would also appear to be more favourable
 - But limited visibility and thus, difficult to reliably forecast – as we have only experienced two traditionally quiet months
 - September onward period will be critical
- Assuming a continuation of H1 trends, INM believes it will achieve profits in line with consensus forecast for full year

Certain statements (verbal and written) in the operating assumptions for 2008 may be deemed “forward-looking statements”. The forward-looking statements (verbal and written) contained in this presentation, including the operating assumptions, are subject to a number of risks and uncertainties that could adversely affect the Group’s ability to obtain the results predicted in the operating assumptions including, without limitation, the following factors: (a) increased consolidation among the major retailers or other events which may adversely affect business operations of major customers and depress the level of local, national or classified advertising; (b) economic downturn in some or all of the Group’s principal markets leading to decreased circulation or local or national advertising; (c) a decline in general newspaper readership patterns as a result of the competitive alternative media or other factors; (d) an increase in newsprint or syndication costs over the levels anticipated; (e) labour disputes which may cause revenue declines or increased labour costs; (f) acquisitions of new businesses or disposals of existing businesses; (g) rapid technological changes and frequent new product introductions prevalent in electronic publishing; (h) weakening exchange rates; (i) general economic, political and business conditions; and (j) an increase in interest rates etc...

For further information, please visit our website
@ www.inmplc.com



Independent
News & Media PLC

2008 FIRST HALF RESULTS

APPENDIX | UNDERSTANDING THE “IRISH” -- ECONOMY

- Significant and ‘bearish’ commentary – but without balance – focusing on only one aspect of Irish economy – property & construction
 - **Building and Construction account for 7.4% of GDP (€12.2bn, from €15.5bn in 2007)**
 - **Property advertising represents less than 6% of INM Irish revenues**
- State of construction/ property sector tells us little of the general state of the Irish economy
 - **YES, Irish economy contracting – from dizzy heights of Celtic Tiger**
 - **Irish Exports worth c.€155bn, forecast to be up +4.8% this year; Pharmaceutical c. €40bn, Services (Financial, IT etc) c. €67bn**
 - **European hubs for major multi-nationals supporting R & D and over 136,000 in full-time employment etc.**

2008 GDP Estimates - Source ESRI

