



Independent News & Media PLC

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INDEPENDENT NEWS & MEDIA PLC 2005 FULL YEAR PRE-CLOSE TRADING UPDATE

Ticker: (Reuters) INWS.I / INWS.L and (Bloomberg) INWS ID

Dublin/ London - December 22nd 2005: Independent News & Media PLC [**‘Independent’** or the **‘Group’**], the leading international media and communications group, today issued its regular trading update in respect of the 12 month period ending 31st December 2005, ahead of its close period. This update is intended to provide all market participants with an overview of the Group’s financial and operating performance for 2005. Independent’s 2005 full year preliminary results are scheduled for release on 22nd March 2006.

SUMMARY HIGHLIGHTS (for the 11 months to 30th November 2005)

- All five geographic regions (Australia, Ireland, New Zealand, South Africa and the United Kingdom) showing good revenue growth.
- Advertising growth in all five regions: Group revenues expected to be ahead by over 7.5% for the 11 months.
- Circulation growth in all five regions: Group revenues expected to be ahead by over 3.0% for the 11 months.
- Online revenues augmented by the launch of new classified portals.
- Operating costs continue to be well managed globally – despite European newsprint cost increases – reflecting the flow through benefits of cost reductions in 2004 and early 2005.
- Good savings in interest costs following the completion of a new bank facility, reflecting the Group’s significantly strengthened financial position.
- New product launches/ initiatives performing to – or ahead – of plan.
- 26%-owned Indian associate, JPL (publisher of India’s largest newspaper, *Dainik Jagran*), announces its intention for an IPO on the Indian Stock Exchange in early 2006.

REVENUES

The Group enjoyed strong revenue growth across its geographically-balanced operations during 2005, with each of our five main markets (Australia, Ireland, New Zealand, South Africa and the United Kingdom) showing good underlying growth in both advertising and circulation revenues. The Group expects to report revenue growth for 2005 of in excess of 7.5% - in line with current market expectations. This performance reflects the continued strength of the Group’s market-leading positions in diverse and growing economies.

- **Advertising**

The Group's advertising revenues continue to show broad-based growth across the major advertising categories of ROP and colour display, retail, and classifieds - including property and recruitment. This performance reflects ongoing product development initiatives, the continuing economic strength in Ireland and South Africa, and the regional diversity of the Group's operations in Australia and New Zealand. As such, 2005 will show double-digit advertising growth in Ireland and South Africa. While the general UK market remains behind last year - as recently confirmed by other UK media companies, the Group continues to out-perform the market, with advertising revenues up year-on-year. The Group's Australasian operation continues to show solid advertising gains across its 3 major divisions (Radio, Outdoor and Regional Newspapers) – underpinned by buoyant local economies and strong commodity prices.

Online revenues continue to enhance this advertising growth in all markets, particularly across the main classified pillars. The Group continues to identify new incremental revenue streams and we remain ever active participants in this area. The recent successful launches of *www.loadza.com* – the “all island of Ireland” classified and recruitment portal – and the *www.search4.co.nz* portal in New Zealand have both expanded the Group's overall market positions and continue to trade ahead of expectations.

- **Circulation**

The Group's circulation revenues increased across all markets, based on good underlying volume and price increases. Most notably, following the success of its sister paper, *The Independent*, a compact edition of the UK *Independent on Sunday* was launched in October. The 14-month old *Herald on Sunday* in New Zealand is now the largest selling Sunday newspaper in Auckland. With our stated aim of being language indifferent, our now profitable Zulu-language newspaper, *Isolezwe* – which was launched in mid-2002 – continues its significant growth, with circulation now exceeding 85,000. Overall, the Group expects to report growth in circulation revenues for 2005 in excess of 3%. The Group continues to invest judiciously in marketing and product development across its operations to support new product innovation, circulation and readership growth.

OPERATING COSTS

The Group is committed to being the low cost operator in each of its markets and to sustaining the highest operating margins among its peer group. Despite ongoing investment in new products and proactive marketing, the Group expects to report continued good growth in operating margins, as the flow through benefits of prior cost efficiency programmes are fully realised.

GROUP DEVELOPMENTS: 2005

- In June, the Group acquired 26% of the leading Indian newspaper publisher, Jagran Prakashan Ltd ('JPL'). JPL publishes the Hindi-language newspaper, *Dainik Jagran*, India's largest circulating and most read daily newspaper. *Dainik Jagran* is now read by over 21.2 million people and is, thus, the largest read newspaper in the world. Reflecting only 6 months of ownership, JPL is expected to make a modest financial contribution to the Group's performance in 2005. On December 1st 2005, JPL filed a draft red herring prospectus with the Securities and Exchange Board of India (SEBI) for a public issue of shares in 2006. Further updates will follow in early 2006.

- In June, the Group concluded a new 15-year contract print agreement with News International - commencing in 2007 - to print *The Sun* and the *News of the World* from the Group's expanded printing facility in Belfast. The Belfast print facility is now the largest and most efficient newspaper printing/ production operation on the island of Ireland, printing most of the major UK nationals, including the Trinity Mirror titles, Express Newspapers titles and the *Daily Telegraph*.
- In June, the disposal of iTouch plc, at a total valuation of c. €250 million, generated €100 million in cash proceeds for the Group, enhancing the Group's strategic media focus and dramatically improving Independent's capital structure and future financial flexibility.
- In September, the Group concluded a new and improved bank facility to extend the maturity profile of its debt and to lower its overall debt servicing costs.
- In September, the Group launched *Herald AM* – a new Dublin-commuter free newspaper, which has achieved a first-time November ABC certified distribution of over 66,000, outperforming the recently-launched *Metro*.
- In October, the Group disposed of the former Sunday World premises in Dublin for in excess of €18.5 million – as a result of the Group's ongoing programme to reduce costs and to enhance operating margins.

OUTLOOK

Strong growth in revenues across all media platforms and markets, a vigorous programme of product development, ongoing efficiency benefits and a consequent improvement in operating margins, support the Group's expectations of another period of double-digit earnings growth for 2005 and position the Group well for the future.

The Group's Chief Executive Officer, Sir Anthony O'Reilly, concluded:

"2005 was a year of significant progress for Independent. We expanded our geographic reach and indicated that we are both language and location indifferent, provided the economic indices are favourable. We sharpened our strategic focus, continued to re-size our operations, and increased our financial flexibility.

"As the underlying performance indicates, Independent is unique among global newspaper and media companies – showing positive underlying growth in both advertising and circulation revenues – and is projecting a clear vision of, and commitment to, its future as a multi-media and online provider.

"The strength and diversity of Independent's franchises in vibrant economies and the expected benefits of both our market expansion efforts and our cost efficiency measures should sustain superior earnings growth for your Group again in 2006."

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About Independent News & Media PLC

Independent News & Media PLC is the leading international media and communications group, with interests in Australia, Ireland, New Zealand, South Africa, the United Kingdom and most recently, India - operating in the areas of newspapers (national and regional), radio and outdoor advertising. The Group publishes over 175 individual titles with a weekly audience of over 100 million consumers, in addition to its 70+ online sites. The Group manages gross assets of €4.0 billion, revenue of over €1.8 billion and employs over 11,000 people worldwide. Further information is available on our Group website www.inmple.com.