

Trinity Mirror plc

28 February 2008

# Preliminary Results 2007



Vijay Vaghela,  
Finance Director



# Financial highlights

52 weeks to 30<sup>th</sup> December 2007

- Advertising revenues<sup>(1) (2)</sup> up 0.2% or £1.2m to £486.1m (2006: £484.9m)
- Group revenues<sup>(1) (2)</sup> up 1.6% or £15.1m to £932.3m (2006: £917.2m)  
- excluding service contracts with disposed businesses, revenues up 0.7%
- Operating profit<sup>(1) (2)</sup> up 3.6% or £6.4m to £186.1m (2006: £179.7m)
- Operating margin<sup>(1) (2)</sup> up 0.4% to 20.0% (2006: 19.6%)
- Earnings per share<sup>(1)</sup> up 0.7% to 45.5p (2006: 45.2p)
- Operating cash flows<sup>(3)</sup> of £202.1m (2006: £203.7m)
- Net debt reduced by £192.4m to £248.5m (2006: £440.9m)
- 2007 final dividend maintained at 15.5p per share

<sup>(1)</sup>On an adjusted basis - adjusted items relate to discontinued divisions, non-recurring items, the amortisation of intangible assets, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments, the impact of the change in tax rate on the opening deferred tax position and the reduction in the charge for share-based payments relating to 2004 and 2005 which was recognised in 2006. See reconciliation between statutory and adjusted results on pages 58 and 59

<sup>(2)</sup>Retained businesses

<sup>(3)</sup>Before pension payments of £56.9m associated with the disposals

# Cost performance

52 weeks to 30<sup>th</sup> December 2007

	2007* £m	2006* £m	Change £m	Change %	Inflation Impact £m	Impact of decreased pension charge £m	Underlying cost reduction £m
Labour	306.7	307.1	0.4	0.1%	(9.2)	3.4	6.2
Newsprint	133.6	129.7	(3.9)	(3.0)%	(6.5)	-	2.6
Depreciation	36.0	39.4	3.4	8.6%	-	-	3.4
Other	270.2	262.6	(7.6)	(2.9)%	(6.6)	-	(1.0)
<b>Total Costs</b>	<b>746.5</b>	<b>738.8</b>	<b>(7.7)</b>	<b>(1.0)%</b>	<b>(22.3)</b>	<b>3.4</b>	<b>11.2</b>

2007 - £11.2m cost reduction before grossing up for service contracts to disposed businesses

2007 - net cost savings of £13m, exceeded £10m target

On track to deliver targeted £20m of annualised cost savings by the end of 2008

\*On an adjusted basis, retained businesses only

# Disposals

52 weeks to 30<sup>th</sup> December 2007

	£m
Gross proceeds:-	
Disposal of Sports	170
Disposal of seven sub-regions in the South	93
Total gross proceeds	<u>263</u>
Less transaction costs	<u>(17)</u>
Net proceeds	246
Less special pension contributions	<u>(108)</u>
Net proceeds after special pension contributions	138
Less share buy-back	<u>(175)</u>
Excess	<u>(37)</u>

- The £37m excess over the net proceeds reflects the Board's confidence in the Group's ongoing cash flows.
- Share buy-back commenced on 19<sup>th</sup> December. Acquired 2.2m shares in 2007 for total cash consideration of £7.6m. To date acquired 21.5m shares for total cash consideration of £70.1m

# Investment

52 weeks to 30<sup>th</sup> December 2007

- £67.1m net capital expenditure during the year
- Nationals have full colour across the week
- Investment for the Independent contract to be completed by end of Q3 2008
- Capital expenditure forecasts:-
  - approximately £50m net capital expenditure (gross £70m) expected for 2008
  - expect capital expenditure of around £40m in 2009
  - post 2009 annualised spend around £20 to £25 millionAbove excludes expenditure that may be required in the Liverpool and Newcastle print plants

# Defined benefit pension schemes

52 weeks to 30<sup>th</sup> December 2007

	<b>Annual Forecast 2008 £m</b>	<b>Actual 2007 £m</b>	<b>Annual 2006 £m</b>
<b>IAS 19 Pension charge</b>			
Current service cost	24.1	27.0	30.4
Past service cost	-	0.8	0.8
Finance income	(11.4)	(12.3)	(9.9)
<b>Total income statement charge before non-recurring items</b>	<b>12.7</b>	<b>15.5</b>	<b>21.3</b>

- Cash funding increased from £49.7m to £50.3m in 2007<sup>(1)</sup> and expected to be £95m<sup>(2)</sup> in 2008
- Pension scheme liabilities, before deferred tax, have fallen £88.2m to £124.8m
  - Increase in our assets partially offset by increase in liabilities
  - Increase in mortality assumptions
  - Increase in real discount rate from 2.1% to 2.5%

<sup>(1)</sup> Excluding past service enhancements and special pension contributions

<sup>(2)</sup> Including £54m further special contribution in January 2008

# Non-recurring items

52 weeks to 30<sup>th</sup> December 2007

	2007 £m	2006 £m
<b>Continuing operations:</b>		
Impairment of intangible assets	150.0	250.0
Restructuring costs	10.4	2.4
Loss on disposal of businesses	5.0	1.8
Profit on disposal of land and buildings	(1.6)	(0.8)
Release of accruals for which no further costs are expected	(3.5)	(3.8)
Profit on disposal of available-for-sale financial assets	-	(1.6)
<b>Total – Continuing</b>	<b>160.3</b>	<b>248.0</b>

- 2008 estimated non-recurring items £10 million for the full year
- £126.5m post tax profit on disposal of Sports division



# Regionals division

52 weeks to 30<sup>th</sup> December 2007

- Revenues\* down £0.1m to £444.7m (2006: £444.8m)
- Operating profit\* down 4.6% to £109.0m (2006: £114.3m)
- Operating margins\* down 1.2% to 24.5% (2006: 25.7%)
- Advertising revenues\* increased by £0.1m to £326.7m (2006: £326.6m)
  - Decline of 0.7% in H1 followed by an increase of 1.0% in H2
- Circulation revenues\* increased by 0.2% to £80.5m (2006: £80.3m)
- Total Digital revenues\* increased to £30.4m (2006: £22.8m)
  - Represents 6.8% of total divisional revenues
  - On an underlying basis digital revenues increased 24.2% year on year

\* On an adjusted basis, retained businesses only

# Nationals division

52 weeks to 30<sup>th</sup> December 2007

- Revenues up 3.2% to £487.6m (2006: £472.4m)
  - Excluding service contracts with disposed businesses, revenues up 1.9%
- Operating profit\* up 17.6% or £14.1m to £94.3m (2006: £80.2m)
- Operating margin\* up 2.3% to 19.3% (2006: 17.0%)
- Advertising revenues up 0.7% or £1.1m to £159.4m (2006: £158.3m)
  - UK Nationals flat
  - Scottish Nationals up 2.5%
- Circulation revenues up 0.7% or £2.0m to £277.1m (2006: £275.1m)
  - UK Nationals flat
  - Scottish Nationals up 3.7%
- Total Digital revenues increased to £3.9m from £2.5m in 2006

\*On an adjusted basis

# Trading Outlook

52 weeks to 30<sup>th</sup> December 2007

- An improving advertising environment during 2007
  - Month on month volatility in 2007 expected to continue into 2008
- Uncertain economic outlook
- Advertising:
  - Weak start with expected decline of around 3.0% for January and February
  - Similar declines for both months
- Expect stable circulation revenues

# Trading Outlook

52 weeks to 30<sup>th</sup> December 2007

- 2008 performance will benefit from:
  - Continued implementation of Group strategy
  - Additional resources to develop digital revenues
  - Ongoing development of our existing titles supplemented by new launches
  - Resilient cash flows
  - Ongoing focus on cost control
- Board anticipates satisfactory performance for 2008

**Sly Bailey,**  
Chief Executive



# Strong performance in 07

- Background of improving but volatile ad environment
- Good progress against our strategic goals
- Profit, revenue and eps up year on year
- Sizeable share buy back programme well on course
- Taking a range of actions to streamline, modernize and futureproof the business

# Strong performance in 07

- Strong focus on portfolio development in print and digital
- Group digital revenues up 36%
- Concluded disposals process
- Continued to invest in the business
- Seeing benefits of our new operating model including new IT systems in advertising, editorial, pre-press and circulation
- Ongoing benefits of embedded culture of cost management
- Business more focused, more efficient and better positioned for the future
- Benefits of our actions will flow through '08 and beyond

# National newspapers

- Extremely competitive marketplace characterised by cover price discounting and high levels of marketing expenditure by competitors
- Our titles achieved a very strong financial performance in '07
- Growth in revenue, operating profit and margin





# National newspapers

- Daily Mirror achieved best circulation performance in five years slowing rate of decline year-on-year to -4.7%
- Sunday Mirror outperformed the market in '07, down 2.5% and achieved year-on-year growth circulation volume in September, October and November
- Ad volume share improved for Daily Mirror and Sunday Mirror versus primary competitors



# National newspapers

- Daily Record competing against a heavily discounted Scottish Sun
- Average sales gap between Daily Record and Sun remained at 32k throughout the year
- Daily Record increased its ad volume share of the Scottish daily newspaper market to 10.8%
- Launched Business7 a weekly free business newspaper and companion website targeting ambitious, young professionals - initial feedback positive



# National newspapers - circulation

- Our five national newspaper titles have a higher proportion of full-rate sales than any of their competitors
- Across '07 all competitors were discounting somewhere
- By the end of '07 over 30% of the Sun's circulation was sold at a heavy discount
- We won't squander profit on short-term unprofitable measures which aren't right for our shareholders

# Nationals

- National Readership Survey (NRS) showed that our national titles are read for longer than competitors The Sun, The Star, News of the World and Daily Star Sunday
- Our investment programme in new colour presses continued ahead of schedule, and on budget
- Since January '08 able to offer full colour to advertisers in our Mirror and Scottish titles



# Regionals

- Good performance despite challenging ad market conditions
- Performance driven by early benefits of technology-led operating model and a clear focus on product development and innovation
- A strong record of multiplatform development in '07
  - Launched over 80 new products, including:
    - 34 websites
    - a number of new events, exhibitions, magazines and books
    - 10 major brand relaunches of core print titles

# Regionals – examples of innovation

- Liverpool Daily Post part-paid, part-free circulation model has seen improved ad revenues due to better market penetration and appeal to a younger audience
- Relunched the Birmingham Post in May, recording the best ABC in its class (Jan -June 2007)
- Print titles launched in NE to complement successful postcode websites



# Regionals – examples of innovation

- Development of Media Wales editorial operation in Cardiff into a fully-integrated newsroom, producing content by subject matter across print and digital channels on a 24/7 basis
- The new newsroom goes live in April
- Media Wales project will guide future multimedia newsrooms across the Group



# Regional advertising market - recruitment

- Recruitment always been most cyclical category: strong correlation between regional press spend and unemployment
- Other factors are also influencing the recruitment market, including:
  - reduction of public sector spending
  - advertisers looking to reduce recruitment costs
- May be driven by sentiment about the economy
- Trinity Mirror well positioned to maximise revenue in this key market



# Regional advertising market - property

- Revenues up 4.4% in '07
- Slowdown in second half with marginal declines in November and December
- '08 seen a weak start but considerable improvement in February, although still marginally down
- Too early to call for '08

# Digital

- '07 was a year of excellent progress
- Digital revenues represented 3.7% of total revenues of our retained businesses, up from 2.8% in '06, and were 6.7% of ad revenues
- Growth achieved through combination of careful organic investment and acquisition
- Regionals digital revenue including acquisitions grew by 33% to £30.4m at a margin of 32.2%
- Strong audience growth with unique users growing by almost 19% for the Group and around 28% for regionals

# Digital growth: organic

- Launch of new companion sites for key regional print titles providing differentiated online proposition deepening reach and penetration of local markets
- Increased volume and range of multimedia material:
  - Video
  - Audio
  - Picture galleries
  - Weblogs
  - User-generated material
- Greater interactivity generating large increases in audience traffic



# Digital growth: organic

- Launch of 20 award-winning hyperlocal 'postcode' websites in Teesside
- Content contributed by over 200 local community correspondents
- Sites won Association of Online Publishers awards for
  - Consumer Website of the Year
  - Best Online Community



# Digital growth: organic

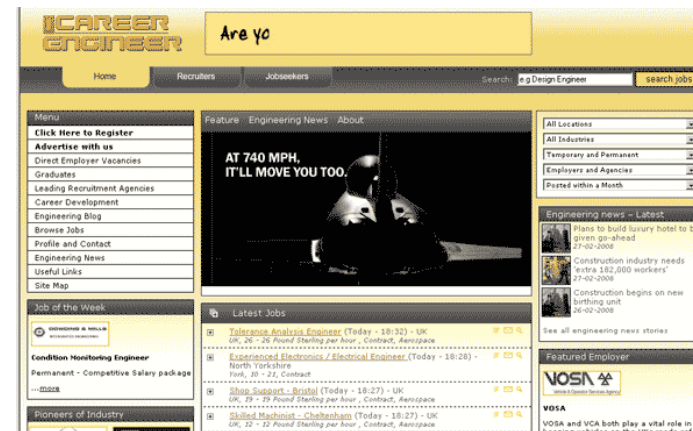
- Websites of Daily Mirror, Sunday Mirror, Daily Record and Sunday Mail all relaunched in '07 generating increases in audience traffic
- Nationals digital revenues up 56% year on year



# Digital growth: acquisitions

## Recruitment

- May '07 we strengthened share of digital recruitment market with acquisition of Totally Legal and Totally Financial
- January '08 acquired The Career Engineer website



# Digital growth: acquisitions

## Property

- November '07 acquired Globespan, publisher of Homesoverseas.co.uk and Showhouse.co.uk plus their magazine counterparts



# Digital

- Devised a uniquely attractive, low-cost digital publishing model
- Continue to invest in digital: 100 additional staff by end '08
- Investment in organic growth plus focused acquisitions pipeline will drive our digital growth plans
- Goal is to substantially increase proportion of digital revenues over next 2 years



# Measuring full reach of print and digital portfolio

- Endorsed by Newspaper Society and JICREG and piloted in regionals
- Research shows that UK reach through regional print and online exceeds 9.3 million adults
- Websites add an additional 10% unduplicated reach to regional portfolio
- Advertisers will be sold an overall 'reach' across figure across print and digital to maximise revenues
- Research provides new information on reach outside traditional footprint, ie overseas
- Fieldwork being carried out across UK and Scottish national titles, provisional results expected in summer '08

# Technology-led operating model

- Achieved savings of £13 million ahead of £10 million target
- Model now being introduced in the Midlands and South East

# Awards

UK national, Scottish national and regional titles won a total of 83 awards across all publishing categories

## **UK Press Awards:**

- Daily Mirror: *Scoop of the Year; Front Page of the Year; Show Business Writer of the Year; Photographer of the Year*

## **Scottish Press Awards:**

- Daily Record: *Newspaper of the Year; News Photographer of the Year; Scoop of the Year; Journalist Team of the Year*
- Sunday Mail; *Young Reporter of the Year*

## **Regional Press Awards 2007 (Press Gazette):**

- Teesside Evening Gazette: *Website of the year*
- Reporter of the year for weekly publications: *Joshua Layton, Croydon Advertiser*

## **London Press Club Awards:**

- Daily Mirror: *Scoop of the Year; Daily Newspaper of the Year*

## **Association of Online Publishers Awards 2007:**

- GazetteLive website: *Consumer Website of the Year 2007; Best Online Community 2007*

## **Newspaper Society Advertising and Digital Media Awards:**

- ncjMedia: *Advertising Publishing Centre of the Year 2007; Advertisement of the Year – Property; Gold Award for Newspaper-Initiated Event of the Year; Client Sponsorship Package of the Year; Alternative Advertisement Revenue Stream of the Year*
- The Journal and Gazette: *Silver Award for Newspaper-Initiated Event of the Year*
- The Journal: *Bronze Award for Newspaper-Initiated Event of the Year*
- ncjMedia's Heather Spacey: *Bronze Advertising Sales Executive of the Year*
- The Evening Gazette: *In-House Studio of the Year*

## **What the Papers Say Awards**

- Daily Mirror's Eva Simpson: *Showbiz Writer of the Year*

## **Media Week Awards**

- Mirror Group Advertising: *Silver award in Collaboration Campaign category for John Smith's People's Race campaign*
- Mirror Group Advertising: *Gold award in Agency category for John Smith's People's Race campaign*

## **Weblog Awards, Las Vegas**

- Huddersfield Examiner reporter Adrian Sudbury's 'Baldy's Blog': *Blog of the Year award in the Medical/Health issues category*

# Summary

- Clear Group strategy
- '08 to be another year of demonstrable strategic progress
- Portfolio of media assets better-positioned than ever
- Completion of repressing programme to provide enhanced revenue opportunities and strengthen free cash flow
- Strategy of low-cost digital development driving revenues, profits and margins
- Goal is to substantially increase proportion of digital revenues
- Benefits of technology-led operating model helping to drive revenues across multiple platforms at reduced cost

# Summary

- Proven track record of acquisitions driving shareholder value
- Strong balance sheet and cash flow leave us well placed to pursue opportunities as they arise
- Outlook more uncertain
- Cautious on ad market – challenging start to '08
- Well placed to respond effectively to any slowdown
- Appetite for innovation undimmed

# Conclusions

- A resilient business with highly experienced management team
- Better-positioned than ever to actively manage way through market conditions
- Portfolio in good shape with its mix of revenues and businesses
- Strong digital growth – making an impact at Group level
- Substantial costs taken out of the business – looking for opportunities to do more
- Strong brands performing well
- Robust free cash flow with rapidly declining cap-ex requirement
- Looking forward to a year of further progress

# Appendices



# Financial Summary

## Income Statement

52 weeks to 30<sup>th</sup> December 2007

	2007 Statutory Continuing Operations £m	2006 Statutory Continuing Operations £m
Group revenue	971.3	1,003.5
Operating profit	29.4	(62.4)
Profit before taxation	21.0	(88.9)
<b>Earnings per share (p)</b>	<b>Total</b>	<b>Total</b>
Basic earnings/(loss) per share – continuing	23.3	(22.0)
Basic earnings per share – discontinued	46.6	18.0
<b>Basic earnings/(loss) per share – total</b>	<b>69.9</b>	<b>(4.0)</b>



# Financial Summary

## Income Statement

52 weeks to 30<sup>th</sup> December 2007

	2007 Adjusted* £m	2006 Adjusted* £m
<b>Group revenue</b>	<b>932.3</b>	<b>917.2</b>
<b>Operating profit</b>	<b>208.9</b>	<b>213.6</b>
<b>Profit before taxation</b>	<b>191.0</b>	<b>192.0</b>
<b>Earnings per share (p)</b>		
<b>Underlying earnings per share – adjusted*</b>	<b>45.5</b>	<b>45.2</b>
Sports	(3.1)	(3.7)
Magazines and Exhibitions	-	(1.4)
Non-recurring items	(30.2)	(59.4)
Amortisation	(1.5)	(2.5)
Finance Costs	2.3	(1.2)
Other	10.3	1.0
Basic earnings/(loss) per share – statutory continuing	23.3	(22.0)

\*Adjusted basis as described on page 2

# Financial Summary

Analysis of revenue by type

52 weeks to 30<sup>th</sup> December 2007

	<b>2007 statutory<sup>(1)</sup> £m</b>	<b>2007 adjusted<sup>(2)</sup> £m</b>	<b>2006 statutory<sup>(1)</sup> £m</b>	<b>2006 adjusted<sup>(2)</sup> £m</b>	<b>Change statutory<sup>(1)</sup> %</b>	<b>Change adjusted<sup>(2)</sup> %</b>
Circulation	359.6	357.6	358.6	355.4	0.3%	0.6%
Advertising	520.7	486.1	542.9	484.9	(4.1)%	0.2%
Other revenues	91.0	88.6	102.0	76.9	(10.8)%	15.2%
<b>Total revenue</b>	<b>971.3</b>	<b>932.3</b>	<b>1,003.5</b>	<b>917.2</b>	<b>(3.2)%</b>	<b>1.6%</b>

<sup>(1)</sup>Statutory continuing operations

<sup>(2)</sup>Adjusted basis, retained businesses only

# Financial Summary

Analysis of revenue by segment and type  
52 weeks to 30<sup>th</sup> December 2007

## Statutory continuing operations

	Regionals £m	Nationals		Total £m	% of total
		UK £m	Scotland £m		
Circulation	82.5	220.7	56.4	<b>359.6</b>	37.0%
Advertising	361.3	114.2	45.2	<b>520.7</b>	53.6%
Other	39.9	45.1	6.0	<b>91.0</b>	9.4%
<b>Total revenue</b>	<b>483.7</b>	<b>380.0</b>	<b>107.6</b>	<b>971.3</b>	
% of total	49.8%	39.1%	11.1%		

# Financial Summary

Analysis of revenue by segment and type continued  
52 weeks to 30<sup>th</sup> December 2007

Adjusted*	Regionals £m	Nationals		Total £m	% of total
		UK £m	Scotland £m		
Circulation	80.5	220.7	56.4	<b>357.6</b>	38.4%
Advertising	326.7	114.2	45.2	<b>486.1</b>	52.1%
Other	37.5	45.1	6.0	<b>88.6</b>	9.5%
<b>Total revenue</b>	<b>444.7</b>	<b>380.0</b>	<b>107.6</b>	<b>932.3</b>	
% of total	47.7%	40.8%	11.5%		

\*Adjusted basis, retained businesses only

# Financial Summary

## Operating Costs<sup>(1)</sup>

52 weeks to 30<sup>th</sup> December 2007

	<b>2007</b>	<b>2007</b>	<b>2006</b>	<b>2006</b>	<b>Change</b>	<b>Change</b>
	<b>statutory<sup>(2)</sup></b>	<b>adjusted<sup>(3)</sup></b>	<b>statutory<sup>(2)</sup></b>	<b>adjusted<sup>(3)</sup></b>	<b>statutory<sup>(2)</sup></b>	<b>adjusted<sup>(3)</sup></b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>	<b>%</b>
Labour	316.4	306.7	337.2	307.1	6.2%	0.1%
Newsprint	139.5	133.6	139.6	129.7	0.1%	(3.0)%
Depreciation	36.4	36.0	39.4	39.4	7.6%	8.6%
Other	283.3	270.2	292.4	262.6	3.1%	(2.9)%
<b>Total operating costs</b>	<b>775.6</b>	<b>746.5</b>	<b>808.6</b>	<b>738.8</b>	<b>4.1%</b>	<b>(1.0)%</b>

<sup>(1)</sup>Excluding non-recurring items and amortisation

<sup>(2)</sup>Statutory continuing operations

<sup>(3)</sup>Adjusted basis, retained businesses only

# Financial Summary

## Balance Sheet

52 weeks to 30<sup>th</sup> December 2007

	30 <sup>th</sup> December 2007 £m	31 <sup>st</sup> December 2006 £m	Movement £m
Non-current assets	1,651.8	1,923.4	(271.6)
Current assets	361.0	174.7	186.3
<b>Total assets</b>	<b>2,012.8</b>	<b>2,098.1</b>	<b>(85.3)</b>
Non-current liabilities			
Borrowings	(294.3)	(346.3)	52.0
Obligations under finance leases	(10.7)	(13.2)	2.5
Retirement benefit obligations	(124.8)	(213.0)	88.2
Deferred tax liabilities	(366.8)	(482.4)	115.6
Long term provisions	(6.5)	(8.9)	2.4
Derivative financial instruments	(88.5)	(107.4)	18.9
Total non-current liabilities	(891.6)	(1,171.2)	279.6
Current liabilities	(269.3)	(203.7)	(65.6)
<b>Total liabilities</b>	<b>(1,160.9)</b>	<b>(1,374.9)</b>	<b>214.0</b>
<b>Net assets</b>	<b>851.9</b>	<b>723.2</b>	<b>128.7</b>

## Analysis of revenue by segment 52 weeks to 30<sup>th</sup> December 2007

	<b>2007 statutory<sup>(1)</sup> £m</b>	<b>2007 adjusted<sup>(2)</sup> £m</b>	<b>2006 statutory<sup>(1)</sup> £m</b>	<b>2006 adjusted<sup>(2)</sup> £m</b>	<b>Change statutory<sup>(1)</sup> %</b>	<b>Change adjusted<sup>(2)</sup> %</b>
Regionals division	483.7	444.7	531.1	444.8	(8.9)%	(0.0)%
Nationals division	487.6	487.6	472.4	472.4	3.2%	3.2%
<b>Total revenue</b>	<b>971.3</b>	<b>932.3</b>	<b>1,003.5</b>	<b>917.2</b>	<b>(3.2)%</b>	<b>1.6%</b>

<sup>(1)</sup>Statutory continuing operations

<sup>(2)</sup>Adjusted basis, retained businesses only

## Group operating profit<sup>(1)</sup> by segment 52 weeks to 30<sup>th</sup> December 2007

	<b>2007</b>	<b>2007</b>	<b>2006</b>	<b>2006</b>	<b>Change</b>	<b>Change</b>
	<b>statutory<sup>(2)</sup></b>	<b>adjusted<sup>(3)</sup></b>	<b>statutory<sup>(2)</sup></b>	<b>adjusted<sup>(3)</sup></b>	<b>statutory<sup>(2)</sup></b>	<b>adjusted<sup>(3)</sup></b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>	<b>%</b>
Regionals division	118.9	109.0	128.7	114.3	(7.6)%	(4.6)%
Nationals division	94.3	94.3	80.9	80.2	16.6%	17.6%
Central costs	(17.5)	(17.5)	(14.7)	(16.1)	(19.0)%	(8.7)%
Associates	0.3	0.3	1.3	1.3	(76.9)%	(76.9)%
<b>Total operating profit<sup>(1)</sup></b>	<b>196.0</b>	<b>186.1</b>	<b>196.2</b>	<b>179.7</b>	<b>(0.1)%</b>	<b>3.6%</b>

<sup>(1)</sup>Excluding non-recurring items and amortisation

<sup>(2)</sup>Statutory continuing operations

<sup>(3)</sup>Adjusted basis, retained businesses only



Margins<sup>(1)</sup> by segment  
52 weeks to 30<sup>th</sup> December 2007

	<b>2007</b> <b>statutory<sup>(2)</sup></b> <b>%</b>	<b>2007</b> <b>adjusted<sup>(3)</sup></b> <b>%</b>	<b>2006</b> <b>statutory<sup>(2)</sup></b> <b>%</b>	<b>2006</b> <b>adjusted<sup>(3)</sup></b> <b>%</b>	<b>Change</b> <b>statutory<sup>(2)</sup></b> <b>%</b>	<b>Change</b> <b>adjusted<sup>(3)</sup></b> <b>%</b>
Regionals division	24.6	24.5	24.2	25.7	0.4	(1.2)
Nationals division	19.3	19.3	17.1	17.0	2.2	2.3
<b>Total operating margin<sup>(1)</sup></b>	<b>20.2</b>	<b>20.0</b>	<b>19.6</b>	<b>19.6</b>	<b>0.6</b>	<b>0.4</b>

<sup>(1)</sup>Excluding non-recurring items and amortisation

<sup>(2)</sup>Statutory continuing operations

<sup>(3)</sup>Adjusted basis, retained businesses only

Regionals division  
Performance  
52 weeks to 30<sup>th</sup> December 2007

	2007 statutory <sup>(2)</sup> £m	2007 adjusted <sup>(3)</sup> £m	2006 statutory <sup>(2)</sup> £m	2006 adjusted <sup>(3)</sup> £m	Change statutory <sup>(2)</sup> %	Change adjusted <sup>(3)</sup> %
Revenue	483.7	444.7	531.1	444.8	(8.9)%	(0.0)%
Profit <sup>(1)</sup>	118.9	109.0	128.7	114.3	(7.6)%	(4.6)%
Margin <sup>(1)</sup>	24.6%	24.5%	24.2%	25.7%	0.4%	(1.2)%

<sup>(1)</sup>Excludes amortisation of intangibles of £6.3.m (2006: £10.6m statutory and £5.7m adjusted)

<sup>(2)</sup>Statutory continuing operations

<sup>(3)</sup>Adjusted basis, retained businesses only

Regionals division  
 Analysis of revenue  
 52 weeks to 30<sup>th</sup> December 2007

	<b>2007 statutory<sup>(1)</sup> £m</b>	<b>2007 adjusted<sup>(2)</sup> £m</b>	<b>2006 statutory<sup>(1)</sup> £m</b>	<b>2006 adjusted<sup>(2)</sup> £m</b>	<b>Change statutory<sup>(1)</sup> %</b>	<b>Change adjusted<sup>(2)</sup> %</b>
Circulation	82.5	80.5	83.5	80.3	(1.2)%	0.2%
Advertising	361.3	326.7	384.6	326.6	(6.1)%	0.0%
Other	39.9	37.5	63.0	37.9	(36.7)%	(1.1)%
<b>Total revenue</b>	<b>483.7</b>	<b>444.7</b>	<b>531.1</b>	<b>444.8</b>	<b>(8.9)%</b>	<b>(0.0)%</b>

(1) Statutory continuing operations

(2) Adjusted basis, retained businesses only

Regionals division  
 Analysis of advertising revenue  
 52 weeks to 30<sup>th</sup> December 2007

Advertising by category	Change statutory <sup>(1)</sup> %	Change adjusted <sup>(2)</sup> %
Display	(4.5%)	1.6%
Recruitment	(4.0%)	0.1%
Property	(3.9%)	4.3%
Motors	(17.4%)	(11.3%)
Other classified	(8.6%)	(1.4%)
<b>Total net advertising</b>	<b>(6.1%)</b>	<b>(0.0)%</b>

<sup>(1)</sup> Statutory continuing operations

<sup>(2)</sup> Adjusted basis, retained businesses only

# Regionals division

## Analysis of advertising revenue

### 52 weeks to 30<sup>th</sup> December 2007

	2007 Statutory <sup>(1)</sup> £m	2007 Adjusted <sup>(2)</sup>	2007 Underlying <sup>(3)</sup> £m	2006 Statutory <sup>(1)</sup> £m	2006 Adjusted <sup>(2)</sup>	2006 Underlying <sup>(3)</sup>	Change statutory <sup>(1)</sup> %	Change adjusted <sup>(2)</sup> %	Change underlying <sup>(3)</sup> %
Core Newspapers	310.2	277.0	277.0	343.6	287.0	287.0	(9.7)%	(3.5)%	(3.5)%
Metros	19.5	19.5	19.5	17.2	17.2	17.2	13.4%	13.4%	13.4%
Print	329.7	296.5	296.5	360.8	304.2	304.2	(8.6)%	(2.5)%	(2.5)%
Digital	31.6	30.2	31.1	23.8	22.4	24.8	32.8%	34.8%	25.4%
<b>Total Regionals Division</b>	<b>361.3</b>	<b>326.7</b>	<b>327.6</b>	<b>384.6</b>	<b>326.6</b>	<b>329.0</b>	<b>(6.1)%</b>	<b>0.0%</b>	<b>(0.4)%</b>

(1) Statutory continuing operations

(2) Adjusted basis, retained businesses only

(3) Underlying includes the impact of acquisitions (excluding Globespan which only traded for one month prior to acquisition) completed in 2006 and 2007 as if they had been owned by the Group in the current and corresponding period

Nationals division  
Performance  
52 weeks to 30<sup>th</sup> December 2007

	<b>2007 Statutory<sup>(1)</sup> &amp; adjusted<sup>(2)</sup></b>	<b>2006 statutory<sup>(1)</sup></b>	<b>2006 adjusted<sup>(2)</sup></b>	<b>Change statutory<sup>(1)</sup></b>	<b>Change adjusted<sup>(2)</sup></b>
<b>Nationals division</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>	<b>%</b>
Revenue	487.6	472.4	472.4	3.2%	3.2%
Profit	94.3	80.9	80.2	16.6%	17.6%
Margin	19.3%	17.1%	17.0%	2.2%	2.3%
<b>UK Nationals</b>					
Revenue	380.0	369.5	369.5	2.8%	2.8%
Profit	68.8	62.1	61.6	10.8%	11.7%
Margin	18.1%	16.8%	16.7%	1.3%	1.4%
<b>Scottish Nationals</b>					
Revenue	107.6	102.9	102.9	4.6%	4.6%
Profit	25.5	18.8	18.6	35.6%	37.1%
Margin	23.7%	18.3%	18.1%	5.4%	5.6%

(1) Statutory continuing operations

(2) Adjusted basis, retained businesses only

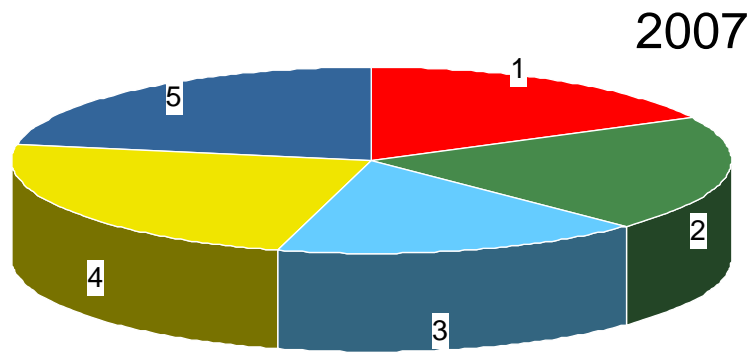
UK Nationals  
 Analysis of revenue  
 52 weeks to 30<sup>th</sup> December 2007

	<b>2007 statutory and adjusted £m</b>	<b>2006 statutory and adjusted £m</b>	<b>Change statutory and adjusted %</b>
Circulation	220.7	220.7	0.0%
Advertising	114.2	114.2	0.0%
Other	45.1	34.6	30.3%
<b>Total revenue</b>	<b>380.0</b>	<b>369.5</b>	<b>2.8%</b>

# UK Nationals

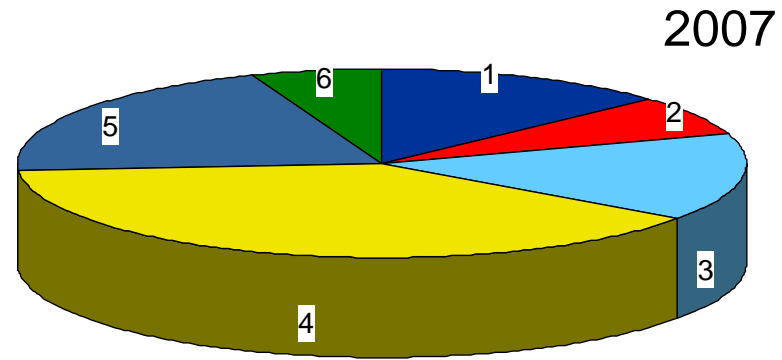
## Newspaper advertising market share (volumes)

52 weeks to 30<sup>th</sup> December 2007



### Dailies

	2007	2006
1 Mirror	17.6%	17.9%
2 Sun	20.0%	21.4%
3 Star	16.6%	16.7%
4 Mail	23.7%	22.7%
5 Express	22.1%	21.3%



### Sundays

	2007	2006
1 Sunday Mirror	13.0%	12.5%
2 People	7.0%	7.6%
3 News of the World	14.9%	15.8%
4 Mail on Sunday	38.9%	39.9%
5 Sunday Express	20.5%	18.7%
6 Daily Star Sunday	5.7%	5.5%



Scottish Nationals  
 Analysis of revenue  
 52 weeks to 30<sup>th</sup> December 2007

	<b>2007 statutory and adjusted £m</b>	<b>2006 statutory and adjusted £m</b>	<b>Change statutory and adjusted %</b>
Circulation	56.4	54.4	3.7%
Advertising	45.2	44.1	2.5%
Other	6.0	4.4	36.4%
<b>Total revenue</b>	<b>107.6</b>	<b>102.9</b>	<b>4.6%</b>

Net debt  
52 weeks to 30<sup>th</sup> December 2007

	31 <sup>st</sup> Dec 2006 £m	Cash flow £m	Income statement £m	Loans repaid/ (drawn) £m	Transfer £m	Other non-cash changes £m	30 <sup>th</sup> Dec 2007 £m
<b>Non-current</b>							
Loan notes	(346.3)	-	5.8	-	46.2	-	<b>(294.3)</b>
Derivative financial instruments	(107.4)	-	3.7	-	15.2	-	<b>(88.5)</b>
Finance leases	(13.2)	-	-	2.3	0.1	0.1	<b>(10.7)</b>
	<b>(466.9)</b>	<b>-</b>	<b>9.5</b>	<b>2.3</b>	<b>61.5</b>	<b>0.1</b>	<b>(393.5)</b>
<b>Current</b>							
Bank overdrafts	(3.3)	2.7	-	-	-	-	<b>(0.6)</b>
Loan notes	(0.7)	-	-	(0.2)	(46.2)	(0.8)	<b>(47.9)</b>
Derivative financial instruments	-	-	-	-	(15.2)	-	<b>(15.2)</b>
Finance leases	(2.8)	-	-	-	(0.1)	-	<b>(2.9)</b>
	<b>(6.8)</b>	<b>2.7</b>	<b>-</b>	<b>(0.2)</b>	<b>(61.5)</b>	<b>(0.8)</b>	<b>(66.6)</b>
Cash and cash equivalents	32.8	178.8	-	-	-	-	<b>211.6</b>
<b>Net debt</b>	<b>(440.9)</b>	<b>181.5</b>	<b>9.5</b>	<b>2.1</b>	<b>-</b>	<b>(0.7)</b>	<b>(248.5)</b>

## Reconciliation of Group statutory results to adjusted results 52 weeks to 30<sup>th</sup> December 2007

<b>2007</b>	<b>Continuing statutory result £m (a)</b>	<b>Sports £m (b)</b>	<b>Non- recurring items £m (c)</b>	<b>Amort £m (d)</b>	<b>Finance costs £m (e)</b>	<b>Other £m (f)</b>	<b>Adjusted result £m</b>
<b>Revenue</b>							
Retained businesses	932.3	-	-	-	-	-	932.3
Disposed businesses	39.0	38.5	-	-	-	-	77.5
<b>Total</b>	<b>971.3</b>	<b>38.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,009.8</b>
<b>Operating profit</b>							
Retained businesses	24.5	-	155.3	6.3	-	-	186.1
Disposed businesses	4.9	12.9	5.0	-	-	-	22.8
<b>Total</b>	<b>29.4</b>	<b>12.9</b>	<b>160.3</b>	<b>6.3</b>	<b>-</b>	<b>-</b>	<b>208.9</b>
Profit before tax	21.0	12.9	160.3	6.3	(9.5)	-	191.0
Profit after tax	67.8	9.0	88.1	4.5	(6.8)	(30.0)	132.6
Earnings per share	Pence	Pence	Pence	Pence	Pence	Pence	Pence
Basic	23.3	3.1	30.2	1.5	(2.3)	(10.3)	45.5

- (a) Earnings/(loss) per share on continuing operations excluding discontinued operations (Sports division)  
(b) Sports division trading results included as discontinued operations in income statement  
(c) Details of non-recurring items are set out on slide 7  
(d) Amortisation of intangible assets  
(e) Finance costs relate to the impact on the loan notes of translation into sterling at the prevailing period-end exchange rate and the impact on derivative financial instruments of being stated at fair value at the period-end date  
(f) Other relates to the impact of the change in tax rate from 30% to 28% on the opening deferred tax position

## Reconciliation of Group statutory results to adjusted results 52 weeks to 30<sup>th</sup> December 2007

	Continuing statutory results £m (a)	Sports £m (b)	Magazines and Exhibitions £m (b)	Non- recurring items £m (c)	Amort £m (d)	Finance costs £m (e)	Other £m (f)	Adjusted result £m
<b>2006</b>								
<b>Revenue</b>								
Retained businesses	917.2	-	-	-	-	-	-	917.2
Disposed businesses	86.3	49.5	20.1	-	-	-	-	155.9
<b>Total</b>	<b>1,003.5</b>	<b>49.5</b>	<b>20.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,073.1</b>
<b>Operating (loss)/profit</b>								
Retained businesses	(70.4)	-	-	248.0	5.7	-	(3.6)	179.7
Disposed businesses	8.0	15.8	5.8	-	4.9	-	(0.6)	33.9
<b>Total</b>	<b>(62.4)</b>	<b>15.8</b>	<b>5.8</b>	<b>248.0</b>	<b>10.6</b>	<b>-</b>	<b>(4.2)</b>	<b>213.6</b>
(Loss)/Profit before tax	(88.9)	15.8	5.8	248.0	10.6	4.9	(4.2)	192.0
(Loss)/Profit after tax	(64.1)	10.9	4.0	173.0	7.4	3.4	(2.9)	131.7
Earnings per share	Pence	Pence	Pence	Pence	Pence	Pence	Pence	Pence
Basic	(22.0)	3.7	1.4	59.4	2.5	1.2	(1.0)	45.2

- (a) Earnings/(loss) per share on continuing operations excluding discontinued operations (Sports division and Magazines and Exhibitions division)
- (b) Sports division and Magazines and Exhibitions trading results included in discontinued operations in income statement
- (c) Details of non-recurring items are set out on slide 7
- (d) Amortisation of intangible assets
- (e) Finance costs relate to the impact on the loan notes of translation into sterling at the prevailing period-end exchange rate and the impact on derivative financial instruments of being stated at fair value at the period-end date
- (f) Other relates to the impact of the share-based payments credit for 2004 and 2005

## Disposed businesses

52 weeks to 30<sup>th</sup> December 2007

Adjusted	2007 Sports £m	2007 South £m	<b>2007 Total £m</b>	2006 Sports £m	2006 South £m	<b>2006 Total £m</b>
Circulation	24.7	2.0	<b>26.7</b>	31.8	3.2	<b>35.0</b>
Advertising	10.8	34.6	<b>45.4</b>	13.3	58.0	<b>71.3</b>
Other	3.0	2.4	<b>5.4</b>	4.4	4.2	<b>8.6</b>
Revenues Sports & South	38.5	39.0	<b>77.5</b>	49.5	65.4	<b>114.9</b>
Revenues M&E and HTG*	-	-	-	-	-	<b>41.0</b>
<b>Total revenues</b>	<b>38.5</b>	<b>39.0</b>	<b>77.5</b>	<b>49.5</b>	<b>65.4</b>	<b>155.9</b>
Costs Sports and South	25.6	29.1	<b>54.7</b>	33.7	53.3	<b>87.0</b>
Costs M&E and HTG*	-	-	-	-	-	<b>35.0</b>
<b>Total costs</b>	<b>25.6</b>	<b>29.1</b>	<b>54.7</b>	<b>33.7</b>	<b>53.3</b>	<b>122.0</b>
Operating profit Sports and South	12.9	9.9	<b>22.8</b>	15.8	12.1	<b>27.9</b>
Operating profit M&E and HTG*	-	-	-	-	-	<b>6.0</b>
<b>Total operating profit</b>	<b>12.9</b>	<b>9.9</b>	<b>22.8</b>	<b>15.8</b>	<b>12.1</b>	<b>33.9</b>

\* Magazines and Exhibitions and Hotgroup Traditional