

Associated Newspapers

The Group's national newspaper division performed strongly in a very competitive market.

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Associated Newspapers had a good year, despite unprecedented challenges in the advertising market, which saw both display and classified revenues down year-on-year. Given that and the first year investment in Ireland on Sunday, the division performed extremely well to achieve a trading profit only 3% down on the previous year. This was as a result of management actions taken early in the financial year when it was obvious that there was to be no recovery on the advertising front. The Daily Mail and the Mail on Sunday once again recorded circulation growth despite Saturday and Sunday cover price increases in an overall declining market and against the background of a tabloid cover price war from mid-April onwards.

The Daily Mail increased its circulation for the tenth successive year, despite intense competition and increasing the cover price of the Saturday product by 10p in October 2001. The average daily sale of 2,437,000 was up 6,000 copies year-on-year and further consolidated the Daily Mail's position as the second highest selling national daily newspaper.

The Mail on Sunday managed to increase its sale by 1,000 copies to 2,360,000, a new record circulation figure. This was achieved after increasing the cover price by 10p on 30th September, 2001, and in an overall market showing an annual decline of 1.6%, the Mail on Sunday increased its market share to 16.5%. During the year, the newspaper attracted more ABC1 readers than any other Sunday newspaper and You Magazine achieved the same status against all other Sunday supplements and reviews.

The Evening Standard average daily sale of 417,000 declined by 3.2% in the year, although this was to a great extent as a result of the decision to move away from price cutting as a means of stimulating sales growth on a one-day basis. News continues to be the key sales driver for the Evening Standard and coverage of the Soccer World Cup and the funeral of the Queen Mother, were perfect examples where the timing of events allowed the paper to service the public's hunger for news.

Metro had a very successful year, culminating in it reporting a profit nationally in the final quarter of the financial year. The circulation grew by 0.7% in the year, retaining its position as the sixth largest circulation national newspaper. More importantly, the ABC1 profile of the readership increased from 64% last year to 66% in the latest available figures.

Total advertising revenues were down 6.2%, with display down 8.6% and classified up 1.5%. All titles had a very difficult year with display, and recruitment was down 38% year-on-year in the Evening Standard. Nevertheless the Daily Mail and the Mail on Sunday managed to increase their classified revenue by 5.5% and 12.3% respectively and Metro increased its display advertising revenue by 3.8%.

Press 80 is back in production and running well at Harmsworth Quays, providing more flexo printed copies for the South of England. The Press Enhancement project to provide increased pagination and colour capacity has been rescheduled, with the completion date brought forward

2.4 m ↑

The circulation of the Daily Mail has recorded the highest sales since records began in 1935.



233% ↑

Acquisition of Ireland on Sunday
In its first full year within Associated, circulation has increased from 46,200 to 154,000.

Ireland on Sunday



October 2001

Loot was acquired by Associated Newspapers. Relaunched with a new design, advertising revenue grew by 10% year-on-year.

Loot

July 2002

Metro moved into profit, increasing its ABC1 profile to 66% of the readership.

by 14 months to November 2004. From this date the Daily Mail and Evening Standard will have a maximum pagination of 128 pages with 64 pages of colour and the Mail on Sunday 160 pages with 128 pages of colour. During the year production of Associated's titles started in two parts of Southern Spain, Greece and Ireland.

Usage of Associated New Media's sites grew 36% in the year and ANM achieved revenue growth of 18%. This is Travel was launched in January 2002, with the site differing from others in the market by being editorially led and focusing on searchable travel classifieds, rather than on-line bookings. The classified section of the site, TravelAds was launched in April and has made an encouraging start. Following a strategic review of ANM's activities, UK Plus, the UK search directory, was sold to BT Looksmart. This is London, the oldest site in ANM's portfolio was re-launched in September with a new enhanced look complemented by several new sections and a wealth of new functionality and content.

Ireland on Sunday is the latest recruit to the DMGT national newspapers' stable. The newspaper was acquired in September 2001, when its weekly circulation stood at 46,200. The title was successfully re-launched on the 12th May, 2002. Since then, circulation has averaged 154,000 copies per week, an increase of 233%, which represents an unprecedented achievement in what is arguably the most competitive newspaper market in Europe. Ireland on Sunday is now the third biggest selling Irish newspaper.

Loot, the free ads paper, was acquired by Associated Newspapers in October 2001. During the last twelve months the paper has gone through a major transition with a new management team installed and a re-launch incorporating a new design, improved layout, editorial features and increased colour availability. As a result, advertising revenues grew by over 10% year-on-year. Circulation remains a challenge but the increased investment in marketing is beginning to show tangible results. The website, Loot.com is starting to make a significant profit contribution. Overall the business looks set to deliver good growth in profits.

The new financial year has started encouragingly for Associated Newspapers with circulation strong and advertising showing modest growth on the previous year. Although the advertising market is still volatile, with strong circulation and readership figures, coupled with stringent control of expenditure, the outlook for the new financial year for Associated Newspapers is cautiously optimistic.