

# ASSOCIATED NEWSPAPERS

NEWSPAPERS ARE THE HEART OF DMGT. CONTINUED INVESTMENT IN OUR MARKET-LEADING TITLES, EVEN IN TIMES OF CHALLENGING TRADING CONDITIONS, MEANS THAT THE POSITION OF OUR NATIONAL NEWSPAPER DIVISION HAS NEVER BEEN STRONGER.



**Kevin Beatty**  
Managing Director (left)  
**Lord Rothermere**  
Chairman (centre)  
**Paul Dacre**  
Editor-in-Chief (right)

Associated Newspapers achieved its highest ever profits\* (even after adjusting for the extra trading week this year).

The Daily Mail and The Mail on Sunday both achieved solid circulation performances, outperforming markets in overall decline, proving once again the value of long term investment in editorial quality together with innovative, targeted and attractive promotions.

The Daily Mail circulation of 2,430,000 was down 0.5% despite a 10p cover price increase on Saturday, comparing favourably to a total market decline of 2.6%, consolidating its position as the second highest selling national daily newspaper and increasing its share of the total market by 0.42%, the highest market share growth of any national newspaper.

At 2,361,000, The Mail on Sunday circulation was only 0.25% down on the previous year, despite the overall Sunday newspaper market declining by 1%. It also increased its market share to 16.7%, which is the highest ever recorded and reaffirmed its position as the second highest selling national Sunday newspaper. At the 2004 Newspaper Awards The Mail on Sunday was awarded the print industry's top design award "Newspaper Design of the Year".

The Evening Standard average daily net sale of 385,000, was down by 6.6%. The overall financial performance of the title, however, showed a dramatic improvement as a result of improved advertising revenues and the effects of last year's cost reduction flowing through. After a difficult start to the year, classified was by the end of the year showing year on year increases.

Metro had an excellent year. The successful launches of two new franchises in the East Midlands and South West, with Northcliffe Newspapers, resulted in distribution reaching one million. This makes Metro the fourth highest circulation Monday to Friday daily newspaper. Readership has grown to 1.9 million, of which 61% are ABC1. The average age of a Metro reader is 31.

Associated's total advertising revenues increased by 10.7%, with display up 10.6% and classified up 11.0% (including Jobsite). The Daily Mail produced record total advertising revenue, whilst The Mail on Sunday was up 8% year on year. The Evening Standard increased display revenues by 14.7% but classified was down 6%. Metro increased its display revenue by 27% and classified by 21.4%. New Media, Loot and Ireland on Sunday all achieved excellent year on year growth.

The press enhancement project at Harmsworth Quays was completed within budget and on schedule. The last two presses have been installed and were operational in November 2004, whereupon the Daily Mail, The Mail on Sunday and the Evening

## Associated Newspapers Financial highlights

### Turnover

2004: £890m

### Operating profit\*

2004: £90m

### % of Group turnover

2004: 42%

\* Adjusted operating profit (before exceptional items and amortisation and impairment of intangible assets)

→ Daily Mail maintains sales and gains market share in declining market. Achieves record advertising revenue.

→ The Mail on Sunday bucks the Sunday newspaper circulation market trend and increases market share. Advertising up 8%.

→ Evening Standard circulation declines, but financial performance much improved. Display advertising up 14%.

→ The New Media division nears profit. Jobsite proves an exceptional acquisition.



### Online Mail

Online Mail was launched in May offering an outstanding news, lifestyle and entertainment service. It attracts 504,000 unique visitors a day, creating another channel to our outstanding editorial output.



### Digital media acquisitions

As part of the Group's continuing strategy to develop a powerful portfolio of digital media properties, Jobsite and Find a Property were acquired in March and November 2004 respectively. Jobsite is the UK's leading multi-sector online job board and Find a Property is its largest independent property website.

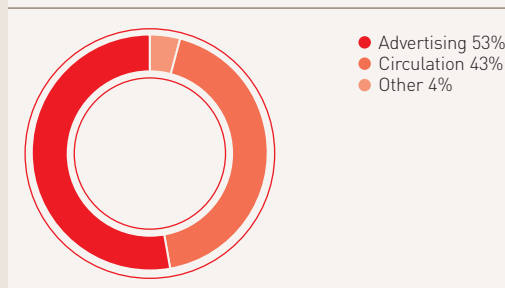


### Increased circulation

Metro is now fourth highest Monday to Friday circulation national newspaper, having only been launched in the UK in 1999.

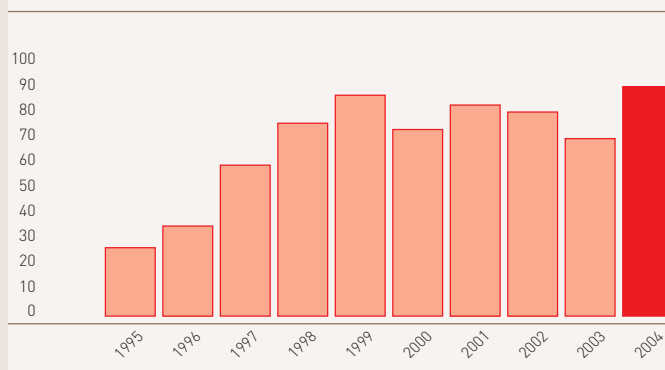
### Associated Newspapers

Revenue by source



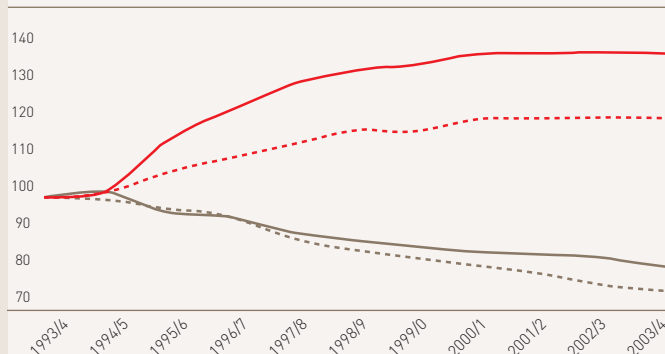
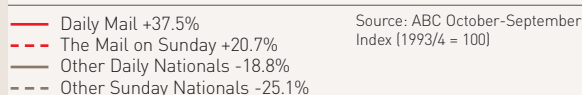
### Associated Newspapers

Growth in adjusted operating profit\* over 10 years (£ millions)



### Associated Newspapers

Circulation performance vs the market trend



Standard had access to more pagination and colour. Harmsworth Quays continues to work closely with its key suppliers to increase efficiency and to improve printing quality. During the financial year the contract for the printing of Associated's titles at Bradford ended, with the production being transferred to a site operated by Northcliffe Newspapers in Stoke.

ANM, the digital division of Associated Newspapers, made significant progress during the year, having pursued a strategy of building content around the newspaper brands as well as vertical classified listings' sites. Advertising revenue grew 30% year on year and paid for content services were launched for the first time. Two new products were launched in the year – the Daily Mail/The Mail on Sunday online and Homesandproperty.co.uk. Jobsite, the UK's leading recruitment website, was acquired in March and is exceeding all expectations. Since the year end Find a Property has been acquired which further broadens the division's portfolio.

Ireland on Sunday continued to make progress and retains its position as number three in the Irish Sunday newspaper market. Average weekly circulation was slightly down at 152,000, but readership increased to 481,000, an 11% increase on last year. Advertising revenue was up 48% and trading losses were reduced by 22%.

Loot had a good year, with advertising revenue up 7.8% and profit up 20%. Circulation again proved difficult, falling 12.9%, which was much in line with the market. Significant investment is being made in Loot.com to provide buyers and sellers with access to a growing online audience. Buy and Sell, Loot's equivalent in Ireland, also had a good year, increasing revenue by 18% and profit by 9%.

The new financial year has started encouragingly for Associated but with upward pressure on newsprint prices, an extremely competitive circulation market and advertising still somewhat short term, it could be a challenging year. However, with our strong, market-leading editorial products and continued focus on costs, the outlook for the next twelve months is cautiously optimistic.