

# WE ARE WELL POSITIONED FOR DEVELOPMENTS IN THE MEDIA LANDSCAPE.

THE VISCOUNT ROTHERMERE  
CHAIRMAN



I AM PLEASED TO REPORT ANOTHER RECORD PROFIT FOR THE GROUP DESPITE SOME DIFFICULT ADVERTISING MARKETS AND CLAIMS THAT TRADITIONAL MEDIA WERE LOSING THEIR PLACE IN THE WORLD.

We owe much to the strength of our titles and brands, as well as to our investments in newer media sectors. Adjusted profit\* before tax, calculated in accordance with International Accounting Standards for the first time, rose by 9% to £260 million. Revenues were up 2% to £2,176 million.

The best part of this rise was due to another sparkling performance by DMG Information. All its companies increased their profits and see good opportunities to expand further. We entered another market through the acquisition of Genscape, the world's only provider of real-time data on power generation, and sold Study Group for a good price.

DMG Information's quality of earnings from largely subscription businesses is high – Risk Management Solutions entered the

new financial year with more revenue booked for the new year than it achieved last year.

Euromoney Institutional Investor benefited from buoyant financial markets. An incentive scheme has restricted reported profit growth, but has galvanised Euromoney into generating greater organic growth. Its recent acquisition of Metal Bulletin is the largest external acquisition that the DMGT Group has ever made. We expect it to be quickly integrated.

DMG World Media and DMG Radio Australia both had a difficult year, affected by downturns in consumer advertising. Both had bright spots, with strongly growing exhibitions in the Middle East and in the recently created technology sector. The latest Nova stations in Adelaide and particularly Brisbane have performed well since launch. Both divisions should increase their return on our investments in the next year.

Associated Newspapers had to cope with the competitive national newspaper market, as well as with an advertising downturn. The circulation performances have improved as the year progressed and we have once more significantly outperformed the rest of Fleet Street. Advertising, too, has seen some improvement recently, doubtless partly as a result of the papers' circulation strength. While Metro continues to thrive, the Evening Standard has faced two new free competitors, one of them our own London Lite. The Standard is London's quality newspaper and this makes it remarkably resilient.

Northcliffe has had a year of upheaval. We reviewed the business early in 2006 and concluded that shareholders would do better if we retained the business, rather than sell it. Since then, we have been implementing our plan to increase shareholder value, including regionalising the management structure and developing digital operations linked to the newspapers.

We sold our Aberdeen titles for an excellent price. I have recently visited many of the centres and have been most impressed by the positive attitude in Northcliffe, despite all this change.

I had the pleasure in May of opening our new building in Szeged, in southern Hungary. We are developing a solid business there, in Slovakia and in neighbouring countries.

I make no apology for talking again this year about the internet. It is having a fundamental effect on all media businesses and we must continue to invest in it. We have created Associated Northcliffe Digital to take advantage of the outstanding opportunities that the internet offers, both to expand our print titles and in its own right. We have invested more than £150 million to create one of the UK's largest online consumer networks covering jobs, property, personal finance, travel, motors and dating. This investment is already giving us a good return and we shall continue to invest in this area.

The Board will lose the wise counsel of Frank Lowy from the end of the AGM. Frank's is a remarkable success story and he has been an excellent adviser both to my father and to me. With the approval of shareholders, we will welcome Nicholas Berry, whose broad experience of media and investment will be valuable to the Board.

I have already complimented the employees of Northcliffe. I extend this to all our employees who have produced such a resilient trading performance this year. We are well positioned for developments in the media landscape and our titles and people will enable us to continue to prosper.

ROTHERMERE

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