

Trinity Mirror plc
30 July 2009

Interim Results 2009



Sly Bailey,
Chief Executive



Overview

- In February we said that '09 would be tough
- Focused and decisive management action
 - strong management of portfolio
 - embedded culture of cost management
- Protected Group profitability and cash flows

Vijay Vaghela,
Finance Director



Presentation structure

26 weeks to 28th June 2009

- Overview of Group performance
- Cost savings
- Financing
- Pensions
- Non-recurring items
- Divisional performance
- Current trading and outlook for 2009

Overview

26 weeks to 28th June 2009

- Trading environment remained challenging
- Tight management of cost base to support profitability and the long term future of business
- Cost savings
 - cost base fell by £46 million after absorbing inflationary cost increases
 - includes £20 million structural cost savings
 - increased '09 target for structural cost savings by £10 million to £35 million
- Investment
 - capital expenditure of £25 million in 2009
 - net capital expenditure, after disposal proceeds, will be closer to £17 million
- Group continues to generate cash and has prudent leverage and secure long term financing

Group performance

26 weeks to 28th June 2009

- Group revenues down 16.9% or £77.8m to £383.0m (2008: £460.8m)
 - advertising revenues fell 28.0% or £65.6m to £168.4m (2008: £234.0m)
 - circulation revenues fell 4.2% or £7.4m to £169.8m (2008: £177.2m)
- Cost reduction measures limited fall in operating profit⁽¹⁾ to £31.4m or 39.0% to £49.1m (2008: £80.5m)
- Profit before tax⁽¹⁾ down 55.8% to £31.3m (2008: £70.8m)
 - in part due to IAS 19 finance charge of £5.4m (2008: £5.7m credit)
- Earnings per share⁽¹⁾ down 10.0p or 53.5% to 8.7p (2008: 18.7p)
- No interim dividend

⁽¹⁾ On an adjusted basis – adjusted items relate to the exclusion of non-recurring items of £12.6 million (2008: £89.6 million including £85.0 million impairment of the carrying value of publishing rights and titles of regional newspapers in the Midlands and the South), the amortisation of intangible assets, the retranslation of foreign currency borrowings, the impact of fair value changes on derivative financial instruments and the impact of tax legislation changes. A reconciliation between the adjusted results and the statutory results is provided on slides 37 and 38.

Cost savings

26 weeks to 28th June 2009

	2009* £m	2008* £m	Change £m	Change %	Impact of title closures £m	Impact of decreased pension charge £m	Cost reduction £m
Labour	129.9	155.6	25.7	16.5%	0.8	3.6	21.3
Newsprint	58.2	62.0	3.8	6.1%	0.7	-	3.1
Depreciation	18.0	17.8	(0.2)	(1.1)%	-	-	(0.2)
Other	128.1	145.0	16.9	11.7%	3.1	-	13.8
Total costs	334.2	380.4	46.2	12.1%	4.6	3.6	38.0

- Cost reduction of £38.0m after absorbing inflationary cost increases
- Targeted structural costs savings in H1 of £20m
- Full year costs expected to fall by £65m of which £35m is structural

*On an adjusted basis

Financing

26 weeks to 28th June 2009

	June 2009 £m	Dec 2008 £m	Movement £m
Net debt ⁽¹⁾			
US private placement loan notes	(382.1)	(382.1)	-
£178.5 million bank facility	-	(10.0)	10.0
Finance leases	(7.2)	(10.6)	3.4
Bank overdraft	(0.6)	-	(0.6)
Other	(2.5)	(2.1)	(0.4)
Gross debt	(392.4)	(404.8)	12.4
Net cash balances	22.0	20.6	1.4
Net debt ⁽¹⁾	(370.4)	(384.2)	13.8

- Committed £178.5m bank facility has no cash drawings
- On statutory basis, net debt fell by £1.2m to £347.5m (28th Dec 2008 £348.7m)
- Next material debt repayment is £145m of US private placement in October 2011
- Prior to Oct 2011 do not anticipate any material drawings on facility
- Group maintains significant headroom on financial covenants

⁽¹⁾Assuming that the US\$ private placement and related cross currency interest rate swaps are not terminated prior to maturity

Defined benefit pension schemes

26 weeks to 28th June 2009

	Interim 2009 £m	Interim 2008 £m	Change £m	Annual Forecast ⁽¹⁾ 2009 £m	Annual Actual ⁽¹⁾ 2008 £m	Change £m
IAS 19 pension charge						
Current service cost	8.2	11.8	3.6	16.5	24.1	7.6
Past service cost	0.9	0.8	(0.1)	-	-	-
Finance charge/(income)	5.4	(5.7)	(11.1)	10.5	(11.4)	(21.9)
Total income statement charge before non-recurring items	14.5	6.9	(7.6)	27.0	12.7	(14.3)

- Full year increase in IAS 19 combined charge⁽¹⁾ is £14.3m, reducing EPS by 4.0p
- Cash funding fell from £80.5m⁽²⁾ to £25.3m⁽²⁾ in half year 2009
 - 2008 cash funding included special contribution of £53.8m
 - 2009 full year cash funding expected to be approx £35m and from 2010 around £40m to £50m

⁽¹⁾Excluding past service enhancements

⁽²⁾Including past service enhancements

Defined benefit pension schemes

26 weeks to 28th June 2009

	June 2009 £m	Dec 2008 £m	Change £m
Assets	1,239.9	1,233.6	6.3
Liabilities	(1,485.3)	(1,378.8)	(106.5)
Asset ceiling	(29.8)	(61.7)	31.9
Deficit	(275.2)	(206.9)	(68.3)

- IAS 19 valuation is not basis upon which pension schemes are funded
- £6.3m increase in assets reflects deficit funding payments partially offset by a fall in asset values and the payment of benefits
- £106.5m increase in liabilities reflects a fall in the real discount rate from 3.75% to 3.0%

Non-recurring items

26 weeks to 28th June 2009

	2009 £m	2008 £m
Restructuring costs	8.3	4.6
Impairment of receivables	7.0	-
Loss on disposal of businesses	2.4	-
Profit on disposal of land and buildings	(5.1)	-
Impairment of intangible assets	-	85.0
Total non-recurring items	12.6	89.6

Non-recurring restructuring costs of £20 million expected for full year 2009

Regionals division

26 weeks to 28th June 2009

- Revenues fell 28.2% or £61.0m to £155.4m (2008: £216.4m)
 - Advertising revenues fell by 34.5%
 - 35.7% for 4 months to April and 32.1% for May and June
 - Circulation revenues fell by 8.1%
 - Total digital revenues fell by 16.9% or £3.3m to £16.2m (2008: £19.5m)
- Cost savings* of £32.8m or 19.2% of the 2008 cost base
- Operating profit* down 62.0% or £28.2m to £17.3m (2008: £45.5m)

*On an adjusted basis

Nationals division

26 weeks to 28th June 2009

- Revenues fell 6.9% or £16.8m to £227.6m (2008: £244.4m)
 - Advertising revenues fell by 14.4%
 - 16.8% for 4 months to April and 9.4% for May and June
 - Circulation revenues fell by 3.1%
 - Other revenues fell by 5.7%
 - Total digital revenues fell by 14.3% to £2.4m (2008: £2.8m)
- Cost savings* of £12.3m
- Operating profit* down 10.5% or £4.5m to £38.2m (2008: £42.7m)
- Operating margin* down 0.7% to 16.8% (2008: 17.5%)

*On an adjusted basis

Current trading and outlook

26 weeks to 28th June 2009

2009 will be a 53 week year - benefits '09 profits by approximately £4m

Current trading for July

- Total revenues fell by 13%
- Advertising revenues fell by 23%
 - Regionals down 29%
 - Nationals down 10%
- Circulation revenues fell by 3%
 - Regionals down 8%
 - Nationals down 1%

Remainder of the year

- Advertising revenues expected to continue to decline year on year but at a reduced rate
- Circulation revenues expected to decline by 3% to 4% in the second half
- Performance for 2009 will be in line with Board's expectations

Sly Bailey,
Chief Executive



Economic climate

- We can't control the economic environment or defy gravity of the ad market
- Focused on what we can change
 - managing the business effectively through recession
 - developing the business for the longer term

Managing the business through recession

- Focused hard on our ad market performance
- Holding our own in Regionals business
- TM Regionals trends better than Gannett UK numbers and better in every advertising category

Managing the business through recession

- Nationals increased ad volume market share
 - The Mirror to 17.9% from 17.3%
 - The Sunday Mirror to 15.1% from 13.9%
 - The People to 8.7% from 7.8%
- Improvement demonstrated by TM Nationals ad revenue performance versus DMGT's Associated Newspapers – trends better in first and second quarters

Nationals ad revenue performance

- Pleased with UK Nationals' revenue performance due to a strong performance in display
- Scottish nationals perform more like regionals with their reliance on classified



Digital

- Revenues declined by 16.6% to just under £19m
 - recruitment and property hit by severity of downturn
- Continued growth in other digital revenues including display
- Good growth in unique user numbers
- Group unique user numbers up 40% to around 17m in June

Costs - an aggressive package of self help measures

- Goal – significantly reduce fixed cost base
- Closed 22 unprofitable weekly newspapers and 6 other titles since beginning '09
- Closed a number of offices – Ellesmere Port, Northwich, Frodsham
- Re-sized our management teams
- Recruitment and salary freeze
- Discretionary spend tightly managed
- Headcount reduced by around 1800 in last 18 months
- Management action is protecting profitability and cash flow

Developing the business for the longer term

- Continue to roll out Group-wide, new operating model across editorial, advertising and production
- Enables more efficient publishing and the removal of obsolete and out-of-date processes without detriment to quality
- Contentwatch - web-based, editorial content management system live in Birmingham
- Scottish nationals newsroom restructured, creating a single editorial production operation with significantly lower cost base
- Plan to install the system at our UK nationals by end of year
- Pilot project at Surrey Herald to attract new advertising customers with 24 hour, low-cost, online, self-serve products

Innovation

- Continue to invest in developing the portfolio
- Launch of Mirrorfootball.co.uk
 - showcasing the best in reporting and opinion of the modern game
 - breathtaking images of the most famous moments in football taken from our archive



Innovation



- Diversified commercial model built around several revenue streams:
 - gaming
 - interactive competitions, ie. fantasy football
 - content and section sponsorship
 - E-tailing of merchandise, ie. from football photographs
 - display advertising

Print development

- Revitalised The People in April '09
 - crisp new design
 - full colour
- Independent political positioning providing a clear point of market differentiation
- Circulation trend has improved
- Circulation market share has stabilised at 7.5%
- Ad market share has grown



New revenues

- New print contracts with Newsquest and the Kent Messenger Group
- Secured extension to print the Daily Mail in our Newcastle print plant until 2020
- Investment in our printing network means we are well positioned to further develop external contracts
- Continuing to diversify our revenues will remain a key focus for the future
- Non-ad revenues accounted for 56% of Group up from 51% in 2008



Media industry regulation

- The Digital Britain report was published in June
- TM vocal and active lobbyists in the industry
- The report acknowledges the serious nature of both structural and cyclical issues facing local media
- Ofcom involvement and new Local Media Assessment a step in the right direction
- Report also announced Audit Commission will look at local councils' newspapers
- Proposed Independently-Funded News Consortia could offer interesting opportunities



Summary

- Remain focused on protecting profitability whilst developing the business for growth post recession
- Structural cost savings plus ongoing day-to-day cost management will result in total costs falling by £65m in '09
- Continue to
 - invest in print and digital
 - diversify revenue base
- Minimal capital expenditure in medium term
- Resilient, cash-generative business with a robust balance sheet and secure financing
- We have the products in print and digital to emerge stronger from the industry turmoil
- Weathering this downturn, making sure we're best-placed to take full advantage of maximising value when conditions improve

Appendices



Financial Summary

Income statement

26 weeks to 28th June 2009

	2009 Statutory £m	2008 Statutory £m	2009 Adjusted ⁽¹⁾ £m	2008 Adjusted ⁽¹⁾ £m
Group revenue	383.0	460.8	383.0	460.8
Operating profit/(loss)	32.9	(12.7)	49.1	80.5
	(0.0)	(0.0)		
Profit/(loss) before taxation	2.1	(20.6)	31.3	70.8
Earnings per share pence				
Earnings/(loss) per share – statutory	1.1	(6.2)		
Earnings per share – adjusted⁽¹⁾			8.7	18.7

⁽¹⁾Adjusted basis as described on slide 6

Financial Summary

Analysis of revenue by type
26 weeks to 28th June 2009

	2009 £m	2008 £m	Change %
Circulation	169.8	177.2	(4.2)%
Advertising	168.4	234.0	(28.0)%
Other revenues	44.8	49.6	(9.7)%
Total revenue	383.0	460.8	(16.9)%

Financial Summary

Analysis of revenue by segment and type
26 weeks to 28th June 2009

	Regionals £m	% of total	Nationals £m	% of total	Group total £m	% of total
Circulation	36.5	23.5%	133.3	58.6%	169.8	44.3%
Advertising	104.0	66.9%	64.4	28.3%	168.4	44.0%
Other	14.9	9.6%	29.9	13.1%	44.8	11.7%
Total revenue	155.4		227.6		383.0	
% of total	40.6%		59.4%			

Financial Summary

Digital revenues

26 weeks to 28th June 2009

	2009	2008	Change
	£m	£m	%
Regionals			
Advertising	14.0	18.7	(25.1)%
Other	2.2	0.8	175.0%
Total	16.2	19.5	(16.9)%
Nationals			
Advertising	1.2	1.3	(7.7)%
Other	1.2	1.5	(20.0)%
Total	2.4	2.8	(14.3)%
Group			
Advertising	15.2	20.0	(24.0)%
Other	3.4	2.3	47.8%
Total	18.6	22.3	(16.6)%

Financial Summary

Revenue trends – year on year change

26 weeks to 28th June 2009

	Jan/Feb	Mar/Apr	May/June	Q1	Q2	June YTD
Advertising	(30.1)%	(29.0)%	(25.0)%	(29.7)%	(26.2)%	(28.0)%
Circulation	(4.1)%	(4.0)%	(4.3)%	(3.4)%	(4.9)%	(4.2)%
Other	(11.6)%	(8.5)%	(8.7)%	(10.9)%	(8.2)%	(9.7)%
Group revenue	(18.3)%	(17.4)%	(15.0)%	(17.9)%	(15.8)%	(16.9)%
Regionals advertising	(36.8)%	(34.7)%	(32.1)%	(35.1)%	(33.9)%	(34.5)%
Nationals advertising	(15.9)%	(17.5)%	(9.4)%	(19.1)%	(8.9)%	(14.4)%
Group digital revenue included in above	(7.8)%	(18.4)%	(23.7)%	(8.8)%	(24.4)%	(16.6)%

Financial Summary

Operating costs

26 weeks to 28th June 2009

Adjusted basis	2009 £m	2008 £m	Change %
Labour	129.9	155.6	16.5%
Newsprint	58.2	62.0	6.1%
Depreciation	18.0	17.8	(1.1)%
Other	128.1	145.0	11.7%
Total operating costs	334.2	380.4	12.1%

Financial Summary

Analysis of revenue, operating profit and margin by segment
26 weeks to 28th June 2009

	2009 £m	2008 £m	Change %
Regionals division	155.4	216.4	(28.2)%
Nationals division	227.6	244.4	(6.9)%
Total revenue	383.0	460.8	(16.9)%
Regionals division	17.3	45.5	(62.0)%
Nationals division	38.2	42.7	(10.5)%
Central costs	(6.7)	(7.8)	14.1%
Associates	0.3	0.1	200.0%
Total operating profit⁽¹⁾	49.1	80.5	(39.0)%
Regionals division	11.1%	21.0%	(9.9)%
Nationals division	16.8%	17.5%	(0.7)%
Total operating margin⁽¹⁾	12.8%	17.5%	(4.7)%

⁽¹⁾Adjusted basis

Financial Summary

Reconciliation of statutory results to adjusted results

26 weeks to 28th June 2009

	Statutory result £m	Non- recurring items (a) £m	Amortisation (b) £m	Finance costs (c) £m	Adjusted result £m
2009					
Revenue	383.0	-	-	-	383.0
Operating profit	32.9	12.6	3.6	-	49.1
Profit before tax	2.1	12.6	3.6	13.0	31.3
Profit after tax	2.7	7.6	2.6	9.4	22.3
	pence	pence	pence	pence	pence
Earnings per share	1.1	2.9	1.0	3.7	8.7

(a) Details of non-recurring items are set out on slide 11

(b) Amortisation of other intangible assets

(c) Impact of the translation of foreign currency borrowings and fair value changes on derivative financial instruments

Financial Summary

Reconciliation of statutory results to adjusted results

26 weeks to 29th June 2008

2008	Statutory result £m	Non- recurring items (a) £m	Amortisation (b) £m	Finance costs (c) £m	Adjusted result £m
Revenue	460.8	-	-	-	460.8
Operating (loss)/profit	(12.7)	89.6	3.6	-	80.5
(Loss)/profit before tax	(20.6)	89.6	3.6	(1.8)	70.8
(Loss)/profit after tax	(16.6)	65.2	2.6	(1.3)	49.9
	pence	pence	pence	pence	pence
(Loss)/earnings per share	(6.2)	24.4	1.0	(0.5)	18.7

(a) Details of non-recurring items are set out on slide 11

(b) Amortisation of other intangible assets

(c) Impact of the translation of foreign currency borrowings and fair value changes on derivative financial instruments

Financial Summary

Balance sheet

at 28th June 2009

	28 th June 2009 £m	28 th December 2008 £m	Movement £m
Non-current assets	1,468.6	1,512.6	(44.0)
Current assets	141.3	149.8	(8.5)
Total assets	1,609.9	1,662.4	(52.5)
Non-current liabilities			
Borrowings	(348.0)	(388.3)	40.3
Obligations under finance leases	(4.9)	(7.6)	2.7
Retirement benefit obligation	(275.2)	(206.9)	(68.3)
Deferred tax liabilities	(321.4)	(325.4)	4.0
Long term provisions	(9.4)	(10.6)	1.2
Derivative financial instruments	(11.2)	-	(11.2)
Total non-current liabilities	(970.1)	(938.8)	(31.3)
Current liabilities	(159.6)	(188.9)	29.3
Total liabilities	(1,129.7)	(1,127.7)	(2.0)
Net assets	480.2	534.7	(54.5)

Financial Summary

Net debt - statutory

26 weeks to 28th June 2009

	28 th Dec 2008 £m	Cash flow £m	Income statement £m	Loans repaid/ (drawn) £m	Other non-cash changes £m	28 th Jun 2009 £m
Non-current liabilities						
Loan notes	(388.3)	-	40.3	-	-	(348.0)
Derivative financial instruments	-	-	(11.2)	-	-	(11.2)
Finance leases	(7.6)	-	-	-	2.7	(4.9)
	(395.9)	-	29.1	-	2.7	(364.1)
Current liabilities						
Bank overdrafts	-	(0.6)	-	-	-	(0.6)
Bank facility	(10.0)	-	-	10.0	-	-
Derivative financial instruments	(2.1)	-	(0.4)	-	-	(2.5)
Finance leases	(3.0)	-	-	2.6	(1.9)	(2.3)
	(15.1)	(0.6)	(0.4)	12.6	(1.9)	(5.4)
Non-current assets						
Derivative financial instruments	41.7	-	(41.7)	-	-	-
	41.7	-	(41.7)	-	-	-
Current assets						
Cash and cash equivalents	20.6	1.4	-	-	-	22.0
	20.6	1.4	-	-	-	22.0
Net debt	(348.7)	0.8	(13.0)	12.6	0.8	(347.5)

Financial Summary

Net debt – contracted⁽¹⁾

26 weeks to 28th June 2009

	28 th Dec 2008 £m	Cash flow £m	Income statement £m	Loans repaid/ (drawn) £m	Other non-cash changes £m	28 th Jun 2009 £m
Non-current liabilities						
Loan notes	(382.1)	-	-	-	-	(382.1)
Finance leases	(7.6)	-	-	-	2.7	(4.9)
	(389.7)	-	-	-	2.7	(387.0)
Current liabilities						
Bank overdrafts	-	(0.6)	-	-	-	(0.6)
Bank facility	(10.0)	-	-	10.0	-	-
Derivative financial instruments	(2.1)	-	(0.4)	-	-	(2.5)
Finance leases	(3.0)	-	-	2.6	(1.9)	(2.3)
	(15.1)	(0.6)	(0.4)	12.6	(1.9)	(5.4)
Current assets						
Cash and cash equivalents	20.6	1.4	-	-	-	22.0
	20.6	1.4	-	-	-	22.0
Net debt	(384.2)	0.8	(0.4)	12.6	0.8	(370.4)

⁽¹⁾Assuming that the private placement loan notes and the cross-currency interest rate swaps are not terminated prior to maturity

Financial Summary

Reconciliation of statutory net debt to contracted net debt
26 weeks to 28th June 2009

	28 th June 2009 £m	28 th Dec 2008 £m
Statutory net debt	(347.5)	(348.7)
Loan notes at period end exchange rate	348.0	388.3
Loan notes at swapped exchange rates	(382.1)	(382.1)
Cross-currency interest rate swaps	11.2	(41.7)
Contracted net debt	(370.4)	(384.2)

Financial Summary

Financial covenants

26 weeks to 28th June 2009

	Minimum Interest Cover	Maximum Debt to EBITDA
US private placement		
Throughout term of notes	2.0x	4.0x
£178.5 million bank facility		
Up to December 2010	2.50x	3.75x
January 2011 to December 2011	2.75x	3.50x
January 2012 to June 2012	3.00x	3.25x
Thereafter	3.00x	3.00x

Expect to operate comfortably within the levels of financial covenants

Financial Summary

Defined benefit pension schemes assets and liabilities at 28th June 2009

	28th June 2009 £m	28th December 2008 £m
Net scheme liabilities		
Present value of scheme liabilities	(1,485.3)	(1,378.8)
Fair value of scheme assets	1,239.9	1,233.6
Effect of asset ceiling	(29.8)	(61.7)
Scheme deficits included in non-current liabilities	(275.2)	(206.9)
Fair value of scheme assets		
UK equities	241.6	250.1
US equities	67.2	66.1
Other overseas equities	177.6	183.1
Property	2.8	3.7
Corporate bonds	418.3	361.3
Fixed interest gilts	64.5	63.4
Index-linked gilts	169.7	169.8
Cash	98.2	136.1
Fair value of scheme assets	1,239.9	1,233.6

Regionals Division

Regionals division performance

26 weeks to 28th June 2009

	2009	2008	Change
	£m	£m	%
Advertising	104.0	158.8	(34.5)%
Circulation	36.5	39.7	(8.1)%
Other	14.9	17.9	(16.8)%
Total revenue	155.4	216.4	(28.2)%
Operating profit ⁽¹⁾	17.3	45.5	(62.0)%
Margin ⁽¹⁾	11.1%	21.0%	(9.9)%

⁽¹⁾Adjusted basis

Regionals Division

Analysis of advertising revenue

26 weeks to 28th June 2009

Advertising by category	2009 £m	2008 £m	Change %	Q1 %	Q2 %
Display	39.7	50.6	(21.5)%	(25.8)%	(16.9)%
Recruitment	22.6	45.4	(50.4)%	(48.1)%	(52.8)%
Property	11.9	25.0	(52.5)%	(53.8)%	(51.0)%
Motors	6.8	10.4	(34.4)%	(34.8)%	(34.1)%
Other classified	23.0	27.4	(16.0)%	(13.4)%	(18.6)%
Total net advertising	104.0	158.8	(34.5)%	(35.1)%	(33.9)%

Nationals Division

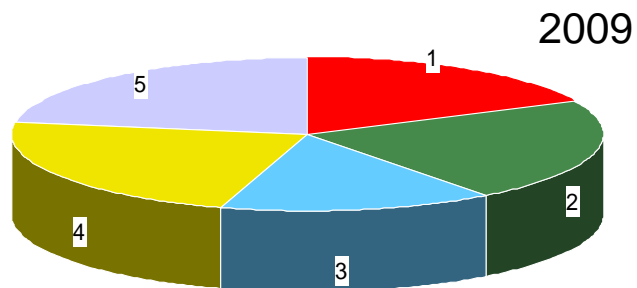
Nationals division performance
26 weeks to 28th June 2009

	2009 £m	2008 £m	Change %
Circulation	133.3	137.5	(3.1)%
Advertising	64.4	75.2	(14.4)%
Other	29.9	31.7	(5.7)%
Total revenue	227.6	244.4	(6.9)%
Operating profit ⁽¹⁾	38.2	42.7	(10.5)%
Margin ⁽¹⁾	16.8%	17.5%	(0.7)%

⁽¹⁾Adjusted basis

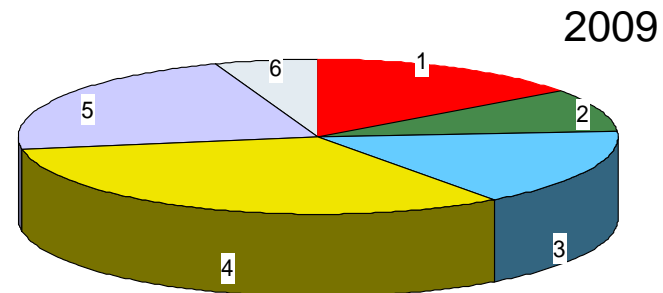
UK Nationals

Newspaper advertising market share (volumes)
26 weeks to 28th June 2009



Dailies

	2009	2008
1 Mirror	17.9%	17.3%
2 Sun	21.8%	20.1%
3 Star	15.0%	16.2%
4 Mail	22.8%	23.7%
5 Express	22.5%	22.7%



Sundays

	2009	2008
1 Sunday Mirror	15.1%	13.9%
2 People	8.7%	7.8%
3 News of the World	16.2%	13.9%
4 Mail on Sunday	32.4%	36.1%
5 Sunday Express	22.0%	21.7%
6 Daily Star Sunday	5.6%	6.6%