



Trinity Mirror plc

2 August 2012

INTERIM RESULTS **2012**



David Grigson
CHAIRMAN

INTRODUCTION

- Appointment of a new Chief Executive is progressing well
- Trinity Mirror is a business with strong operational management and well placed to adapt to a digital future
 - demonstrated by growth in profits and strong cash flows in the first half
- We continue to invest in technology to transform our publishing capabilities and in new products and services across multiple digital channels

INTRODUCTION (continued)

- The Group delivers:
 - mass market audiences through print and digital channels
 - vast amounts of compelling journalism to a content hungry population
 - quality content with strong household brands
- I believe the Group has:
 - a strong portfolio of media assets
 - an impressive track record of cost and cash flow management
 - a bright and prosperous future for all stakeholders



Vijay Vaghela _____
FINANCE DIRECTOR

KEY HIGHLIGHTS

- **Robust profits**
 - delivered an 11.5% increase in operating profit and earnings per share is up 23.7%
 - although revenue environment remains challenging with ongoing cyclical and structural pressures
- **Continued investment in the business**
 - in new publishing systems and in our digital businesses
 - underpins our ability to drive revenues across print and digital
- **Strong cash flows**
 - reducing leverage and improving financial flexibility
 - net debt fell by £40.3 million to £180.9 million
 - net debt fallen by £143.1 million since 2009 even though economy has deteriorated

KEY MANAGEMENT ACTIONS

- **Focus on profitability of core print portfolio**
 - integration of our Scottish operations following the creation of Media Scotland
 - move to seven day publishing model across the Daily Mirror and the Sunday Mirror
 - numerous management and operational changes across Regionals
 - growth in contract print business with revenues increased by 8.2%
- **Technology led transformation**
 - implementation of new publishing systems to be completed by the end of 2013
 - Media Scotland will be the first part of Group to benefit from this investment

KEY MANAGEMENT ACTIONS (continued)

- **Investing for growth**
 - improving our websites to increase user engagement and drive revenues
 - digital marketing services has seen impressive underlying growth of 33.6%
 - happli subscriber base now over 200,000 and growing
 - unique users of 28 million and page views of 156 million in June
 - our regional media sales house Amra now represents 50% of regional newspapers
 - launched The National package reaching 4 million readers

GROUP PERFORMANCE

26 weeks to 1 July 2012

| | 2012 £m | 2011 £m | Change £m | Change % |
|--------------------------|--------------|--------------|---------------|---------------|
| Advertising | 151.1 | 168.9 | (17.8) | (10.5)% |
| Circulation | 153.8 | 154.7 | (0.9) | (0.6)% |
| Other | 51.1 | 47.4 | 3.7 | 7.8% |
| Total revenues | 356.0 | 371.0 | (15.0) | (4.0)% |
| Operating profit* | 52.5 | 47.1 | 5.4 | 11.5% |
| Margin* | 14.7% | 12.7% | - | 2.0% |

- Nationals and Regionals revenues declined by 1.3% and 8.0% respectively
- Healthy margins* with Nationals achieving 19.2% and Regionals achieving 12.1%

*On an adjusted basis as described on slide 18

COST SAVINGS

26 weeks to 1 July 2012

| | 2012* | 2011* | Change | Change |
|--------------------|--------------|--------------|-------------|-------------|
| | £m | £m | £m | % |
| Labour | 112.9 | 122.2 | 9.3 | 7.6% |
| Newsprint | 58.6 | 61.0 | 2.4 | 3.9% |
| Depreciation | 14.6 | 16.0 | 1.4 | 8.8% |
| Other | 118.3 | 125.2 | 6.9 | 5.5% |
| Total costs | 304.4 | 324.4 | 20.0 | 6.2% |

- Structural cost savings target increased from £15 million to £20 million
- Restructuring costs expected to be around £15 million for the year

*On an adjusted basis as described on slide 18

ADVERTISING REVENUES

26 weeks to 1 July 2012

| | Nationals Division | | | Regionals Division | | |
|---------------------------------|--------------------|-------------|---------------|--------------------|-------------|----------------|
| | 2012 | 2011 | Change | 2012 | 2011 | Change |
| | £m | £m | % | £m | £m | % |
| Classified | 14.9 | 16.3 | (8.7)% | 47.9 | 55.6 | (13.9)% |
| Display | 36.9 | 41.3 | (10.7)% | 39.8 | 44.2 | (9.9)% |
| Magazines, supplements, inserts | 11.6 | 11.5 | 1.7% | - | - | - |
| Advertising revenues | 63.4 | 69.1 | (8.2)% | 87.7 | 99.8 | (12.1)% |

- National newspapers maintained advertising volume market share with a reduced rate of revenue decline in the second quarter
- Regional newspapers advertising revenue trends in line with the market
- Mix of total advertising revenues: 34% print classified, 56% print display, 10% digital

CIRCULATION REVENUES

26 weeks to 1 July 2012

| | Nationals Division | | | Regionals Division | | |
|-----------------------------|--------------------|--------------|-------------|--------------------|-------------|---------------|
| | 2012 | 2011 | Change | 2012 | 2011 | Change |
| | £m | £m | % | £m | £m | % |
| Circulation revenues | 121.9 | 121.5 | 0.3% | 31.9 | 33.2 | (3.9)% |

- Nationals circulation revenues grew 0.3% with 5.0% growth in the first quarter and a decline of 4.4% in the second quarter following the launch of a new cut price national Sunday title
- Regionals circulation revenues declined in both quarters with volumes under pressure and declines of 7.9% for paid-for dailies, 7.9% for paid-for Sunday and 11.9% for paid for weeklies

OTHER REVENUES

26 weeks to 1 July 2012

| | Nationals Division | | | Regionals Division | | |
|-----------------------|--------------------|-------------|-------------|--------------------|-------------|-------------|
| | 2012 | 2011 | Change | 2012 | 2011 | Change |
| | £m | £m | % | £m | £m | % |
| Other revenues | 31.6 | 29.2 | 8.2% | 19.5 | 18.2 | 7.1% |

- Group other revenues grew by 7.8% with growth of 10.3% in the first quarter and 5.5% in the second quarter
- Contract printing grew by 8.2% to £25.1 million and digital revenues more than doubled to £5.9 million
 - partially offset by declines in publishing related revenues such as leaflets

DIGITAL REVENUES

26 weeks to 1 July 2012

| Group | 2012 £m | 2011 £m | Change £m | Change % |
|-------------------------------|-------------|-------------|--------------|---------------|
| Display | 3.2 | 2.9 | 0.3 | 10.3% |
| Classified | 11.7 | 13.5 | (1.8) | (13.2)% |
| Total advertising | 14.9 | 16.4 | (1.5) | (9.1)% |
| Digital marketing services | 4.4 | 1.9 | 2.5 | 131.6% |
| Other | 1.5 | 0.8 | 0.7 | 87.5% |
| Total other revenues | 5.9 | 2.7 | 3.2 | 118.5% |
| Total digital revenues | 20.8 | 19.1 | 1.7 | 8.9% |

FINANCING

at 1 July 2012 (at 1 January 2012)

| Net debt | Contracted basis* | | | Statutory basis | | |
|---------------------------------|-------------------|-------------------|----------------|-------------------|-------------------|----------------|
| | Jun 2012 £m | Dec 2011 £m | Movement £m | Jun 2012 £m | Dec 2011 £m | Movement £m |
| US private placement loan notes | 167.0 | 236.7 | (69.7) | 159.2 | 226.8 | (67.6) |
| Bank facility | 20.0 | - | 20.0 | 20.0 | - | 20.0 |
| Derivatives | - | - | - | (9.6) | (10.6) | 1.0 |
| Gross debt | 187.0 | 236.7 | (49.7) | 169.6 | 216.2 | (46.6) |
| Net cash balances | (6.1) | (15.5) | 9.4 | (6.1) | (15.5) | 9.4 |
| Net debt | 180.9 | 221.2 | (40.3) | 163.5 | 200.7 | (37.2) |

- Repayment of £69.7 million of maturing loan notes in June 2012
- Remaining loan note repayments are £54.5 million in October 2013, £44.2 million in June 2014 and £68.3 million in June 2017
- £135 million bank facility committed until June 2013 and thereafter £110 million bank facility committed until August 2015

*Assuming that the US private placement loan notes and related cross currency interest rate swaps are not terminated prior to maturity

PENSION SCHEMES DEFICIT

at 1 July 2012 (at 1 January 2012)

| | Jun 2012 £m | Dec 2011 £m | Change £m |
|-------------------------------------|-------------------|-------------------|--------------|
| Fair value of scheme assets | 1,476.7 | 1,475.7 | 1.0 |
| Present value of scheme liabilities | (1,686.6) | (1,705.8) | 19.2 |
| Net scheme deficit | (209.9) | (230.1) | 20.2 |

- Liabilities fell due to 0.1% increase in real discount rate to 1.95% partially offset by strengthening of mortality assumptions
- Trustees have purchased additional insurance contracts securing £18.9 million of liabilities
 - total insurance contracts now represent 21% or £353 million of the liabilities of the schemes

OUTLOOK

- Trading environment expected to remain difficult
- Anticipate *underlying* year-on-year revenue trends to show marginal improvement in the second half of the year
- Actual revenue, particularly circulation revenues, adversely impacted by tougher comparatives
- Strong operational management and a fall in newsprint prices enables the Board to anticipate the outcome for 2012 to be ahead of current expectations



APPENDICES

INCOME STATEMENT

26 weeks to 1 July 2012

| | 2012 Statutory | 2011 Statutory | 2012 Adjusted* | 2011 Adjusted* Restated |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------------------|
| | £m | £m | £m | £m |
| Group revenue | 356.0 | 371.0 | 356.0 | 371.0 |
| Operating profit | 45.2 | 40.2 | 52.5 | 47.1 |
| Adjusted operating profit | 52.5 | 47.1 | 52.5 | 47.1 |
| Non-recurring items | (5.5) | (5.5) | - | - |
| Amortisation of intangibles | (1.8) | (1.4) | - | - |
| Profit before taxation | 35.1 | 28.9 | 48.1 | 40.5 |
| Operating profit | 45.2 | 40.2 | 52.5 | 47.1 |
| Investment revenues | 0.1 | 0.3 | 0.1 | 0.3 |
| Finance costs | (7.6) | (13.0) | (4.5) | (6.9) |
| Pension finance (charge)/credit | (2.6) | 1.4 | - | - |
| Earnings per share (pence) | | | | |
| Earnings per share - statutory | 16.0 | 13.2 | | |
| Earnings per share - adjusted* | | | 14.6 | 11.8 |

* On an adjusted basis – adjusted items relate to the exclusion of 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 pension finance charge or credit and the impact of tax legislation changes. A reconciliation between the adjusted results and the statutory results is provided on slide 21

CASH FLOW

26 weeks to 1 July 2012

| | 2012 £m | 2011 £m |
|--|--------------|--------------|
| Operating profit | 45.2 | 40.2 |
| Depreciation | 14.6 | 16.0 |
| Pension funding | (5.9) | (33.0) |
| Other | 2.5 | 2.0 |
| Movements in working capital | 0.8 | 4.2 |
| Cash flow from operating activities | 57.2 | 29.4 |
| Income tax paid | (8.5) | (10.1) |
| Dividend received from associated undertakings | 0.1 | - |
| Net capital expenditure | (3.8) | (5.6) |
| Drawing on bank facility | 20.0 | - |
| Net interest paid | (4.7) | (7.0) |
| Repayment of borrowings | (69.7) | - |
| Increase in bank overdrafts | 5.8 | - |
| Purchase of own shares | - | (3.0) |
| (Decrease)/increase in cash | (3.6) | 3.7 |
| Cash at beginning of period | 15.5 | 116.2 |
| Cash at end of period | 11.9 | 119.9 |

NON-RECURRING ITEMS

26 weeks to 1 July 2012

| | 2012 | 2011 |
|---|--------------|--------------|
| | £m | £m |
| Restructuring charges | (5.5) | (6.6) |
| Receipt from prior year impairment of receivables | - | 1.1 |
| Total non-recurring items | (5.5) | (5.5) |

RECONCILIATION OF STATUTORY TO ADJUSTED RESULTS

26 weeks to 1 July 2012

| | Statutory results £m | Non-recurring items (a) £m | Amortisation (b) £m | Finance costs (c) £m | Pension finance charge/ (credit) (d) £m | Tax legislation changes (e) £m | Adjusted results £m |
|----------------------------|-------------------------|----------------------------------|---------------------------|----------------------------|--|--------------------------------------|------------------------|
| 2012 | | | | | | | |
| Revenue | 356.0 | - | - | - | - | - | 356.0 |
| Operating profit | 45.2 | 5.5 | 1.8 | - | - | - | 52.5 |
| Profit before tax | 35.1 | 5.5 | 1.8 | 3.1 | 2.6 | - | 48.1 |
| Profit after tax | 39.5 | 2.2 | 1.4 | 2.4 | 2.0 | (11.6) | 35.9 |
| Earnings per share (pence) | 16.0 | 0.9 | 0.6 | 1.0 | 0.8 | (4.7) | 14.6 |
| 2011 | | | | | | | |
| Revenue | 371.0 | - | - | - | - | - | 371.0 |
| Operating profit | 40.2 | 5.5 | 1.4 | - | - | - | 47.1 |
| Profit before tax | 28.9 | 5.5 | 1.4 | 6.1 | (1.4) | - | 40.5 |
| Profit after tax | 32.9 | 3.8 | 1.0 | 4.5 | (1.0) | (11.8) | 29.4 |
| Earnings per share (pence) | 13.2 | 1.5 | 0.4 | 1.8 | (0.4) | (4.7) | 11.8 |

- a) Non-recurring items relate to the items charged or credited to operating profit as set out in slide 20 and prior year tax adjustments included in the taxation charge or credit.
- b) Amortisation of other intangible assets.
- c) Impact of the retranslation of foreign currency borrowings and fair value changes on derivative financial instruments.
- d) Pension finance charge or credit.
- e) Tax legislation changes relate to the change in the corporation tax rate on the opening deferred tax position.

RECONCILIATION OF NET DEBT

at 1 July 2012 (at 1 January 2012)

| | Jun 2012 £m | Dec 2011 £m |
|--|-------------------|-------------------|
| Statutory net debt | 163.5 | 200.7 |
| Loan notes at period end exchange rate | (159.2) | (226.8) |
| Loan notes at swapped exchange rate | 167.0 | 236.7 |
| Cross-currency interest rate swaps | 9.6 | 10.6 |
| Contracted net debt | 180.9 | 221.2 |

FINANCIAL COVENANTS

at 1 July 2012

| | Minimum Interest Cover | Maximum Debt to EBITDA |
|-----------------------------------|---------------------------------------|---------------------------------------|
| US private placement | | |
| Throughout term of notes | 2.0x | 4.0x |
| £110 million bank facility | | |
| Up to June 2013 | 4.00x | 2.75x |
| July 2013 to June 2014 | 4.50x | 2.50x |
| July 2014 to Dec 2014 | 5.00x | 2.50x |
| Thereafter | 5.00x | 2.25x |

Minimum cash flow* of £40 million

*Cash flow before interest, debt repayment, acquisitions and dividends

PENSION SCHEMES DEFICIT

at 1 July 2012 (at 1 January 2012)

| | Jun 2012 £m | Dec 2011 £m |
|--|-------------------|-------------------|
| Present value of scheme liabilities | (1,686.6) | (1,705.8) |
| Fair value of scheme assets | 1,476.7 | 1,475.7 |
| Net scheme deficit | (209.9) | (230.1) |
| Pension schemes in surplus | 73.1 | 78.5 |
| Pension schemes in deficit | (283.0) | (308.6) |
| Net scheme deficit | (209.9) | (230.1) |
| Deferred tax | 50.4 | 57.5 |
| Net scheme deficit after deferred tax | (159.5) | (172.6) |

PENSION SCHEMES ASSETS

at 1 July 2012 (at 1 January 2012)

| | Jun 2012 | | Dec 2011 | |
|------------------------------------|----------------|---------------|----------------|---------------|
| | £m | % | £m | % |
| Fair value of scheme assets | | | | |
| UK equities | 208.5 | 14.1% | 205.4 | 13.9% |
| US equities | 99.3 | 6.7% | 79.6 | 5.4% |
| Other overseas equities | 291.1 | 19.8% | 289.9 | 19.7% |
| Total equities | 598.9 | 40.6% | 574.9 | 39.0% |
| Property | 17.6 | 1.2% | 17.3 | 1.2% |
| Corporate bonds | 254.4 | 17.2% | 221.1 | 15.0% |
| Fixed interest gilts | 67.6 | 4.6% | 114.7 | 7.8% |
| Index linked gilts | 138.8 | 9.4% | 167.8 | 11.3% |
| Insurance contracts | 353.2 | 23.9% | 338.4 | 22.9% |
| Cash and other | 46.2 | 3.1% | 41.5 | 2.8% |
| Total non equities | 877.8 | 59.4% | 900.8 | 61.0% |
| Fair value of scheme assets | 1,476.7 | 100.0% | 1,475.7 | 100.0% |

IMPACT OF CHANGES

26 weeks to 3 July 2011

| | Revenue | | | Operating profit* | | | Profit before tax* | | |
|------------------------------------|------------------|----------------------|-----------------|-------------------|----------------------|-----------------|--------------------|-----------------------|-----------------|
| | Prior Year £m | Media Scotland £m | Re-stated £m | Prior Year £m | Media Scotland £m | Re-stated £m | Prior Year £m | Pension finance £m | Re-stated £m |
| 26 weeks to 3 July 2011 | | | | | | | | | |
| Nationals division | 204.9 | 14.9 | 219.8 | 33.8 | 3.4 | 37.2 | | | |
| Regionals division | 166.1 | (14.9) | 151.2 | 18.4 | (3.4) | 15.0 | | | |
| Central costs including associates | - | - | - | (5.1) | - | (5.1) | | | |
| Group | 371.0 | - | 371.0 | 47.1 | - | 47.1 | 41.9 | (1.4) | 40.5 |

*On an adjusted basis as described on slide 18

GROUP REVENUES

26 weeks to 1 July 2012

| | Group | % | Nationals | % | Regionals | % |
|-----------------------|--------------|-----------------|------------------|-----------------|------------------|-----------------|
| | £m | of total | £m | of total | £m | of total |
| Advertising | 151.1 | 42.4% | 63.4 | 29.2% | 87.7 | 63.1% |
| Circulation | 153.8 | 43.2% | 121.9 | 56.2% | 31.9 | 22.9% |
| Other | 51.1 | 14.4% | 31.6 | 14.6% | 19.5 | 14.0% |
| Total revenues | 356.0 | | 216.9 | | 139.1 | |
| | | | | | | |
| % of total | | | 60.9% | | 39.1% | |

DIGITAL REVENUES

26 weeks to 1 July 2012

| | 2012 £m | 2011* £m | Change % |
|------------------|-------------|-------------|--------------|
| Nationals | | | |
| Advertising | 1.6 | 1.7 | (5.9)% |
| Other | 1.1 | 0.7 | 57.1% |
| Total | 2.7 | 2.4 | 12.5% |
| Regionals | | | |
| Advertising | 13.3 | 14.7 | (9.5)% |
| Other | 4.8 | 2.0 | 140.0% |
| Total | 18.1 | 16.7 | 8.4% |
| Group | | | |
| Advertising | 14.9 | 16.4 | (9.1)% |
| Other | 5.9 | 2.7 | 118.5% |
| Total | 20.8 | 19.1 | 8.9% |

*Restated as explained on slide 26

REVENUE TRENDS

26 weeks to 1 July 2012

| Year-on-year change | Jan/Feb | Mar/Apr | May/Jun | Q1 | Q2 | June YTD |
|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Advertising | (11.7)% | (10.9)% | (9.0)% | (10.8)% | (10.2)% | (10.5)% |
| Circulation | 6.9% | (3.5)% | (4.4)% | 3.1% | (4.3)% | (0.6)% |
| Other | 11.9% | 2.8% | 9.8% | 10.3% | 5.5% | 7.8% |
| Group Revenues | (1.1)% | (6.0)% | (4.7)% | (2.4)% | (5.7)% | (4.0)% |
| Total Nationals advertising | (9.3)% | (11.0)% | (3.9)% | (9.4)% | (6.8)% | (8.2)% |
| Total Regionals advertising | (13.3)% | (10.9)% | (12.4)% | (11.7)% | (12.6)% | (12.1)% |

NATIONALS DIVISION

26 weeks to 1 July 2012

| | 2012 | 2011* | Change |
|---------------------------------|--------------|--------------|---------------|
| | £m | £m | % |
| Circulation | 121.9 | 121.5 | 0.3% |
| Advertising | 63.4 | 69.1 | (8.2)% |
| Classified | 14.9 | 16.3 | (8.7)% |
| Display | 36.9 | 41.3 | (10.7)% |
| Magazines, supplements, inserts | 11.6 | 11.5 | 1.7% |
| Other | 31.6 | 29.2 | 8.2% |
| Total revenues | 216.9 | 219.8 | (1.3)% |
| Operating costs | (175.3) | (182.6) | 4.0% |
| Operating profit** | 41.6 | 37.2 | 11.8% |
| | | | |
| Margin** | 19.2% | 16.9% | 2.3% |

*Restated to include Scottish regional newspapers and related operations as explained on slide 26

**On an adjusted basis as described on slide 18

NATIONALS DIVISION

26 weeks to 1 July 2012

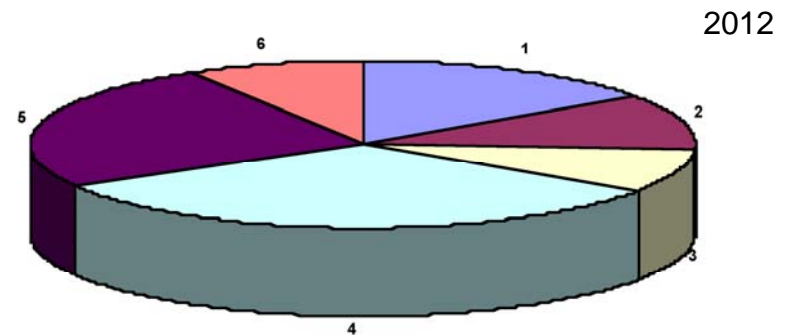
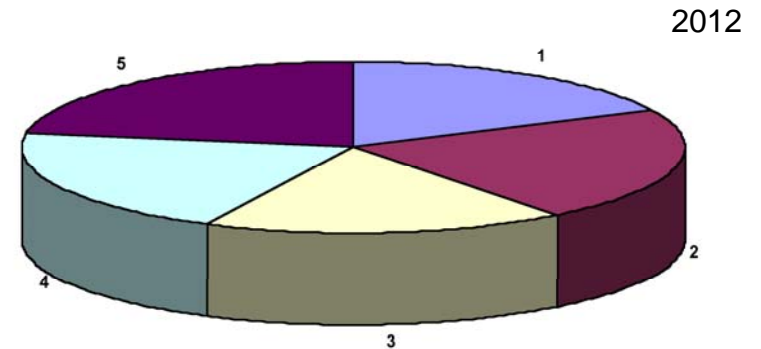
UK Nationals newspaper advertising market share (volumes)

Dailies

| | 2012 | 2011 |
|------------|-------|-------|
| 1. Mirror | 17.9% | 17.8% |
| 2. Sun | 21.6% | 22.6% |
| 3. Star | 17.6% | 16.9% |
| 4. Mail | 20.5% | 20.8% |
| 5. Express | 22.4% | 21.9% |

Sundays

| | 2012 | 2011 |
|-----------------------|-------|-------|
| 1. Sunday Mirror | 15.1% | 13.9% |
| 2. People | 11.1% | 10.2% |
| 3. Sun on Sunday/NOTW | 8.3% | 17.6% |
| 4. Mail on Sunday | 32.2% | 30.8% |
| 5. Sunday Express | 24.8% | 21.4% |
| 6. Daily Star Sunday | 8.5% | 6.1% |



Source: Nielsen Media Research

NATIONALS DIVISION

26 weeks to 1 July 2012

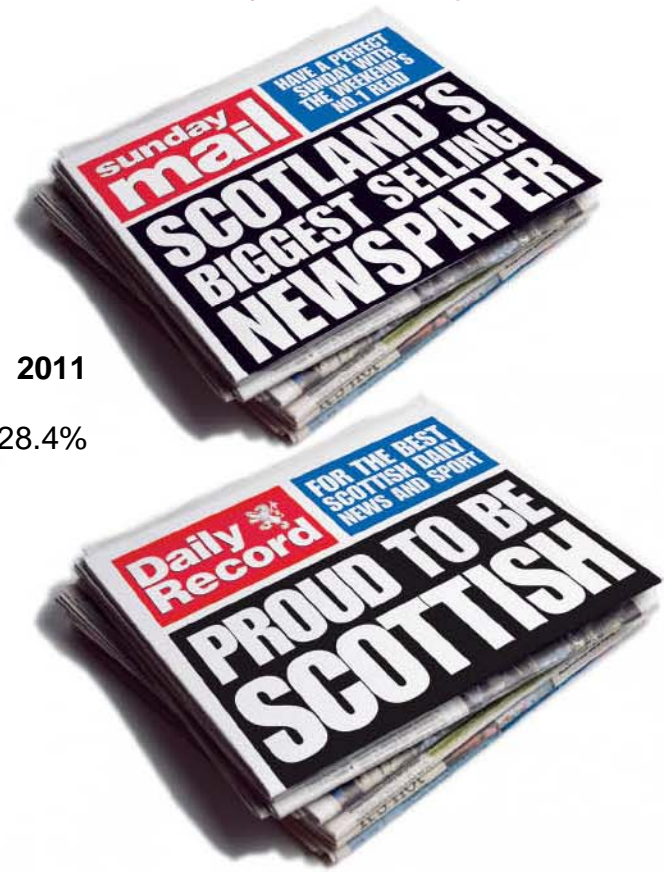
Scottish Nationals newspaper advertising market share (volumes)*

Dailies

| | 2012 | 2011 |
|--------------|-------|-------|
| Daily Record | 14.5% | 14.5% |

Sundays

| | 2012 | 2011 |
|-------------|-------|-------|
| Sunday Mail | 31.9% | 28.4% |



*Share of Scottish market
 Source: Nielsen Media Research

REGIONALS DIVISION

26 weeks to 1 July 2012

| | 2012 £m | 2011* £m | Change % |
|---------------------------|--------------|--------------|---------------|
| Circulation | 31.9 | 33.2 | (3.9)% |
| Advertising | 87.7 | 99.8 | (12.1)% |
| Classified | 47.9 | 55.6 | (13.9)% |
| Display | 39.8 | 44.2 | (9.9)% |
| Other | 19.5 | 18.2 | 7.1% |
| Total revenues | 139.1 | 151.2 | (8.0)% |
| Operating costs | (122.2) | (136.2) | 10.3% |
| Operating profit** | 16.9 | 15.0 | 12.7% |
| Margin** | 12.1% | 9.9% | 2.2% |

*Restated to exclude Scottish regional newspapers and related operations as explained on slide 26

**On an adjusted basis as described on slide 18

REGIONALS DIVISION

26 weeks to 1 July 2012

Analysis of advertising revenue

| Advertising by category | 2012 | | 2011 | | Change yoy |
|------------------------------|-------------|---------------|-------------|---------------|----------------|
| | £m | % of total | £m | % of total | |
| Display | 39.8 | 45.4% | 44.2 | 44.3% | (9.9)% |
| Recruitment | 15.4 | 17.6% | 17.7 | 17.7% | (13.2)% |
| Property | 10.7 | 12.2% | 12.1 | 12.1% | (10.8)% |
| Motors | 4.6 | 5.2% | 6.1 | 6.1% | (24.5)% |
| Other classified | 17.2 | 19.6% | 19.7 | 19.8% | (13.2)% |
| Total classified | 47.9 | 54.6% | 55.6 | 55.7% | (13.9)% |
| Total net advertising | 87.7 | 100.0% | 99.8 | 100.0% | (12.1)% |