

Trinity Mirror plc

12 May 2011

INTERIM MANAGEMENT STATEMENT 17 weeks ended 1 May 2011

Trinity Mirror plc is today issuing an Interim Management Statement covering the 17 weeks of trading to 1 May 2011 ('the period') and describing the Group's financial position and performance, updated to the latest practicable date.

Outlook

The trading environment remains challenging due to the fragile economic environment and the adverse effect of public sector spending cuts and tax increases. These factors continue to adversely impact the key drivers of our business, such as consumer confidence, unemployment and the property market and are contributing to revenue declines. In particular advertising revenues fell by 10% during the period with public sector advertising falling by a material 47%. However, we anticipate a reduced impact from public sector advertising declines on year on year performance for the remainder of the year. Whilst the trading environment remains difficult, the Group continues to benefit from ongoing management initiatives which drive efficiencies through the re-engineering of core business processes. As a result, the Group has increased its structural cost savings target for 2011 by £5 million to £15 million. In addition, the Group is making progress with its investment programme to drive revenues.

The Group was cash generative during the period with cash flow, before pension deficit funding payments, of £13 million during the period. Net debt has increased by £20 million to £286 million since 2 January 2011, reflecting the £33 million of pension deficit funding payments made at the end of March. Total deficit funding payments for 2011 are expected to be in line with the previous guidance of £35 million. Net debt is expected to fall over the remainder of 2011.

At this stage, while revenue trends will remain volatile, the Board anticipates that management's drive to tightly manage costs while investing for growth will contribute to 2011 performance being in line with expectations.

Actual Group revenue performance

Including the revenues from GMG Regional Media, acquired on 28 March 2010, total revenue is in line with the corresponding period in 2010, with advertising revenue increasing by 1%, circulation revenue falling by 3% and other revenue increasing by 7%.

Adjusted Group revenue performance

Excluding the revenues from GMG Regional Media:

	8 weeks to 27 February 2011 %	9 Weeks to 1 May 2011 %	17 weeks to 1 May 2011 %
Total revenue	(6)%	(6)%	(6)%
Advertising revenue	(10)%	(10)%	(10)%
Circulation revenue	(5)%	(6)%	(5)%
Other revenue	3 %	4 %	4 %

Divisional revenue performance

Regionals

Actual revenues increased by 8% for the period reflecting the benefit of the acquisition of GMG Regional Media. Actual digital revenues increased by 10%.

On an adjusted basis advertising revenues fell by 10% for the period with display falling by 5% and classified falling by 14%. Whilst overall recruitment advertising has fallen by 22% during the period, our digital recruitment advertising revenues have increased by 6%. Property, motors and other classified advertising revenues fell by 7%, 7% and 12% respectively. Circulation revenues on an adjusted basis fell by 6% for the period with minimal cover price increases partially mitigating volume declines. On an adjusted basis other revenues increased by 18% reflecting increased revenues from leaflets, contract printing and contract publishing for football clubs.

Digital revenues on an adjusted basis have grown by 3% for the period with advertising revenues increasing by 3% and other revenues by 4%.

Nationals

For our Nationals division, advertising revenues have declined by 9% for the period. We continue to broadly maintain advertising volume market share for our national newspapers. Circulation revenues fell by 5% for the period reflecting the impact of there being no cover price increase for the core Monday to Friday editions of the Daily Mirror and Daily Record. We are encouraged by the improved circulation volume performance with year on year volumes performance for most titles being in line or ahead of market trends. Excluding the impact of contract print revenue previously charged to GMG Regional Media in 2010 prior to the acquisition, which is now classified as internal charges, other revenues have increased by 5% reflecting increased contract print revenues.

Nationals digital revenues fell by 9% for the period. The fall in digital revenues reflects continued declines in Bingo revenue which has been partially mitigated by advertising revenues increasing by 13% for the period.

Financing

Due to the scheduled pension deficit funding payments, net debt on a contracted basis has risen during the period, as follows:

	£m
Net debt as at 2 January 2011*	266
Corporation tax payments	10
Pensions deficit funding payments	33
Interest payments	4
Purchase of shares for LTIP	3
Other net cash inflows**	(30)
Net debt as at 1 May 2011*	286

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

** operating cash flows, capital expenditure and working capital

Net debt on a statutory basis, including the fair value asset of the cross-currency interest rate swaps and converting the US\$ denominated private placement loan notes at the period end exchange rate, increased by £21 million to £258 million.

The Group has no drawings on the £178.5 million bank facility which is committed until June 2013.

Non-recurring items

Restructuring costs in connection with the delivery of cost reduction measures and the implementation of the new operating model for the Group are expected to be around £12 million for the year.

Capital expenditure

The Group continued its investment programme in new systems, infrastructure and revenue driving initiatives during the period and expects total capital expenditure of around £15 million for 2011, in line with previous guidance.

Conference call

Trinity Mirror will be holding a conference call this morning for analysts and investors at 8.00am. The dial-in number is 020 31400712. Confirmation code: 987893#.

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Forward looking statements

Statements contained in this Interim Management Statement are based on the knowledge and information available to the Company's directors at the date it was prepared and therefore the facts stated and views expressed may change after that date. By their nature, the statements concerning the risks and uncertainties facing the Company in this Interim Management Statement involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. To the extent that this Interim Management Statement contains any statement dealing with any time after the date of its preparation such statement is merely predictive and speculative as it relates to events and circumstances which are yet to occur. The Company undertakes no obligation to update these forward looking statements.