

# Smiths News PLC

## **Smiths News PLC** **(‘Smiths News’ or “the Group”)**

### **INTERIM MANAGEMENT STATEMENT AND CONTRACT RENEWALS**

Smiths News PLC, the largest UK newspaper and magazine wholesaler, a leading UK book supplier and a leading specialist distributor of consumable products to the education market, is today issuing its Interim Management Statement covering the 44 week period to 6 July 2013.

The Group remains on track to deliver strong growth in profit before tax for the year to 31 August 2013, in line with market consensus.

Total Group revenues increased 0.7% year on year, boosted by the contribution from the acquisition of The Consortium in April 2012.

The sales performance of each business unit is as follows;

- Smiths News total revenues declined by 3.2% and by 4.6% on a like for like basis which remains consistent with previous medium term projections. Both newspaper and magazine performance is also in line with recent run rates and with expectations.
- Bertrams total revenues increased by 11.2% and by 2.0% on a like for like basis. New additional revenue from the recently launched direct to consumer offer, Wordery, continue to grow, accounting for the majority of the positive total sales increase.
- The Consortium total revenues declined 1.5% and increased by 1.4% on a like for like basis. Care sales continue to grow strongly off-set by a weak quarter in Education. The profit of the business unit remains in line with expectations.
- Due to the disposal of MMC on 30 April 2013, Media and Marketing total revenues declined by 6.9%. DMD continues to trade in line with expectations.

The Group is also pleased to announce today it has reached agreement with Associated Newspapers Ltd to extend their newspaper wholesaling agreement until October 2021 and separately it has also reached agreement with COMAG to extend their magazine wholesaling agreement until December 2020.

These new agreements secure the current market share of both Associated Newspapers’ newspaper distribution business and COMAG’s magazine distribution business for an additional five years.

The Associated Newspapers Ltd contract is valued at c£213m pa (at FY12 values) equating to 23% of the national newspaper distribution market. Associated Newspapers publishes The Daily Mail and Mail on Sunday.

The COMAG contract is valued at c£109m pa (at FY12 values) equating to 19% of the national magazine distribution market. COMAG distributes magazines on behalf of many magazine publishers

including Hearst Magazines UK and Conde Nast and publications including Cosmopolitan, Good Housekeeping, Glamour, Vogue and GQ.

Smiths News has now secured c£800m of revenues through to 2019 and beyond equating to 53% of total sales.

There has been no change in the financial condition of the Group since the half year ended 28 February 2013 and the Group continues to operate well within its bank facilities.

The Group will announce its preliminary results for the twelve months ending 31 August 2013 on 16 October 2013.

*Note: The following definitions apply consistently throughout Smiths News PLC results*

*(1) Like-for-like revenue growth in Smiths News excludes newspaper and magazine contract gains and losses during the year and the annualised impact of gains and losses in the prior year. It also excludes revenues for part-works and one-shots. Like-for-like revenue growth in Bertrams excludes new sales channels and the results of acquired businesses in the year. Like-for-like revenue growth in the Consortium excludes the impact of gains and losses in the prior year. Like for like revenue growth in Media and Marketing excludes liquidated titles and the impact of contract gains and losses in the year.*

*(2) The Consortium total and like for like revenues are stated on a pro forma basis and include the pre-acquisition period as if the Business had been owned for a full 12 months.*

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#### About Smiths News PLC:

Smiths News PLC comprises Smiths News, the UK's leading wholesaler of newspapers and magazines, Bertram Books, a leading UK book wholesaler and The Consortium, a leading independent distributor of consumable products to the education and care markets.

Smiths News distributes newspapers and magazines on behalf of all the major national publishers as well as a large number of regional publishers. The business serves approximately 30,000 customers across England and Wales, supplying large general retailers as well as smaller independent newsagents. Smiths News has an approximate 55% share of the newspaper and magazine wholesaling market in the UK. In addition to its distribution activities, Smiths News collects and processes returns, supplies sales information to publishers and provides a range of services for its retail customers.

Bertram Books supplies books to a mix of independent booksellers, on-line and multiple retailers, and libraries. Bertrams is a leading supplier of consumer and academic books in the UK and a growing player in international, digital and direct to consumer markets.

In April 2012 the company acquired The Consortium. The Consortium is the UK's leading distributor of educational and care consumable products servicing 30,000 customers. The business has a 5% market share in large and growing markets.