



2008 Full Year Results Presentation

Agenda

- Key Financials
- Operational Summary
- Corporate Governance/Board Changes
- Financial Review
- Strategy/Operation Update
- Outlook



Key Financials

- Total revenue down £75.6 million or 12.4%
- Digital revenues up £4.7 million or 31.1%
- Operating margin (pre non-recurring) down from 29.3% in 2007 to 24.1% in 2008
- Net debt to EBITDA ratio 3.1 times
- £417.5 million impairment charge against intangibles
- Net cash in flow of £51 million*
- No final dividend proposed



* Pre-Rights Issue proceeds and movements in borrowings

Operational Summary

- Rate of advertising decline increased during the year
- Strong cost management with total costs adjusted for price changes down £32.3 million year-on-year
- Continuing growth of online audience with unique users +49%*
- Investment in digital activities to enhance local service
- Investment in IT to increase future efficiency
- Contract print revenues up 2.6%



* 2008 vs 2007 Web Trends 6



Corporate Governance Board Changes

Corporate Governance

New Chief Executive
from 5 January 2009

John Fry



New Chairman
from 12 March 2009

Ian Russell



3 Directors stepping down from the Board

Simon Waugh
(30.01.09)



Roger Parry
(AGM 24.04.09)



Gavin Patterson
(AGM 24.04.09)



Board temporarily unbalanced – process already in place to recruit
3 independent Non-Executive Directors





Financial Review

Income Statement – Pre Non-Recurring Costs

	52 weeks to 31 December 2008		
	2008	2007	Change
	£'m	£'m	%
Turnover	<u>531.9</u>	<u>607.5</u>	(12.4)
EBITDA	153.2	202.2	(24.2)
Depreciation	<u>(24.8)</u>	<u>(24.1)</u>	
EBIT	128.4	178.1	(27.9)
Net interest	<u>(29.6)</u>	<u>(40.7)</u>	
Profit before taxation	98.8	137.4	(28.1)
Taxation	<u>(26.5)</u>	<u>(38.9)</u>	
Profit after taxation	<u>72.3</u>	<u>98.5</u>	(26.6)
Earnings per share			
Underlying	13.4	25.1	(46.5)



Non-Recurring Costs

	£'m	Taxation Impact	
Fundamental reorganisation of existing business	9.7	(2.7)	
Write down of Northampton Press	7.0	(2.0)	
Impairment of Goodwill	144.4	-	
Impairment of Publishing Titles	273.1	-	
Deferred Tax adjustment on Publishing Titles	93.9	(93.9)	
Abolition of IBAs - Finance Act 2008	-	8.2	
Total	528.1	(90.4)	437.7



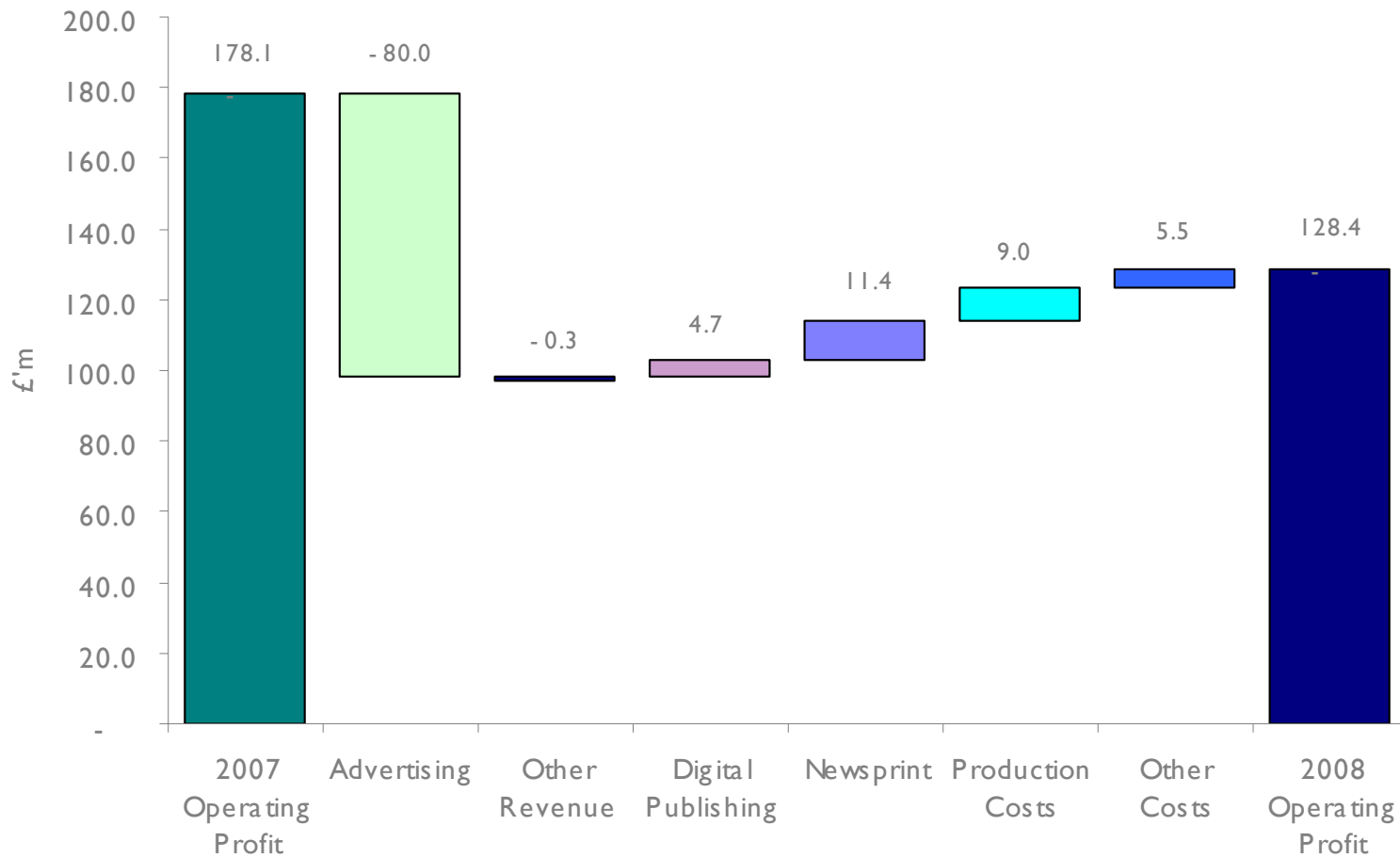
Group Publishing & Printing

Year to 31 December 2008

	2008 £'m	2007 £'m	Variance %
Advertising Sales	350.6	425.8	(17.7)
Newspaper Sales	101.5	102.4	(0.9)
Contract Printing	35.9	34.9	2.9
Internet	19.8	15.1	31.1
Other Sales	24.1	29.3	(17.7)
Total Revenue	531.9	607.5	(12.4)
Newsprint	46.3	57.7	19.8
Total Production Costs	65.7	74.7	12.0
Editorial	84.4	82.5	(2.3)
Advertising & Marketing	61.1	64.1	4.7
Digital	8.7	8.7	-
Distribution	44.1	46.0	4.1
Administration	68.9	71.9	4.2
Depreciation	24.3	23.8	(2.1)
Total Costs	403.5	429.4	6.0
Operating Profit	128.4	178.1	(27.9)
Operating Profit/Revenue	24.1%	29.3%	



Operating Profit



Group Cost Reductions

	2008 £'m	2007 £'m	Cost saving £'m	Inflation £'m	Pension £'m	Underlying cost reduction £'m
Newsprint	46.3	57.7	11.4	(4.0)		7.4
Labour	199.0	209.5	10.5	6.8	(0.5)	16.8
Other	133.4	138.1	4.7	4.1		8.8
	<u>378.7</u>	<u>405.3</u>	<u>26.6</u>	<u>6.9</u>	<u>(0.5)</u>	<u>33.0</u>
Depreciation	24.8	24.1	(0.7)	-	-	(0.7)
Total Costs	<u>403.5</u>	<u>429.4</u>	<u>25.9</u>	<u>6.9</u>	<u>(0.5)</u>	<u>32.3</u>
Reduction on 2007						7.5%



Advertising Revenue – Print & Online

Year to 31 December 2008

	Total		
	2008 £'m	2007 £'m	Change %
UK			
Employment	82.0	101.9	(19.5)
Property	54.3	80.3	(32.4)
Motors	31.9	40.4	(21.2)
Other Classified	69.2	73.4	(5.7)
Display	109.2	120.5	(9.3)
UK total	346.6	416.5	(16.8)
Republic of Ireland	18.6	23.9	(22.6)
	365.2	440.4	(17.1)



Advertising Changes by Category - UK Print Only

52 weeks to 31 December 2008

	Revenue			Proportion of Business	
	2008 Year %	Half year to June %	December %	2008 %	2007 %
Employment	(21.8)	(10.4)	(35.4)	22.5	23.4
Property	(32.7)	(17.8)	(50.1)	16.5	19.9
Motors	(21.5)	(17.0)	(26.6)	9.6	10.0
Other Classified	(9.0)	(7.4)	(10.7)	19.6	17.6
Display	(11.0)	(7.5)	(14.6)	31.8	29.1
Total	(18.6)	(11.3)	(26.6)	100.0	100.0



Key Digital Statistics

	2008 £'m	2007 £'m	Movement %
Revenue			
Leveraged	3.0	3.6	(16.7)
Unleveraged	16.8	11.5	46.1
	<u>19.8</u>	<u>15.1</u>	<u>31.1</u>
Jan/Feb 2009 vs 2008*	Millions	Millions	
Page impressions monthly	59.1	50.8	16.3
Unique users monthly	6.8	5.5	23.6



Cash Flow

	2008	2007	Change
	£'m	£'m	%
Operating profit	(399.6)	165.4	
Depreciation inc non-recurring - net	31.1	21.9	
Movement in working capital	0.2	(0.6)	
Impairment and intangible adjustment	511.4	5.9	
Other movements	0.5	1.2	
Net cash flow from operating activities	143.6	193.8	(25.9)
Returns on investment and servicing of finance	(32.2)	(45.9)	
Taxation	(17.7)	(20.2)	
Capital expenditure and financial investment	(21.4)	(25.5)	
	72.3	102.2	
Acquisitions and disposals	(1.5)	(11.3)	
Dividends	(19.4)	(27.5)	
Net cash flow before financing	51.4	63.4	
Opening Debt	(691.7)	(746.4)	
Rights Issue	205.2	1.5	
Translation/term debt issue costs	(41.7)	(10.2)	
Closing Debt	476.8	691.7	



Net Debt/Interest Cover

As at		31.12.08	31.12.07	31.12.06	31.12.05
Net assets	(£'m)	513.8	683.8	573.8	482.5
Net Debt	(£'m)	476.8	691.7	746.4	617.3
Interest Cover	(times)	3.9	3.9	4.3	7.2
Net Debt / EBITDA		3.1	3.4	3.6	2.9



Capital Expenditure/Depreciation

	Year to 31 December				
	2004 £'m	2005 £'m	2006 £'m	2007 £'m	2008 £'m
Capital Expenditure (Cash)	22.5	61.4	56.3	25.5	21.4
Depreciation	19.5	19.9	20.8	24.1	24.8

* Excluding write downs in non-recurring items





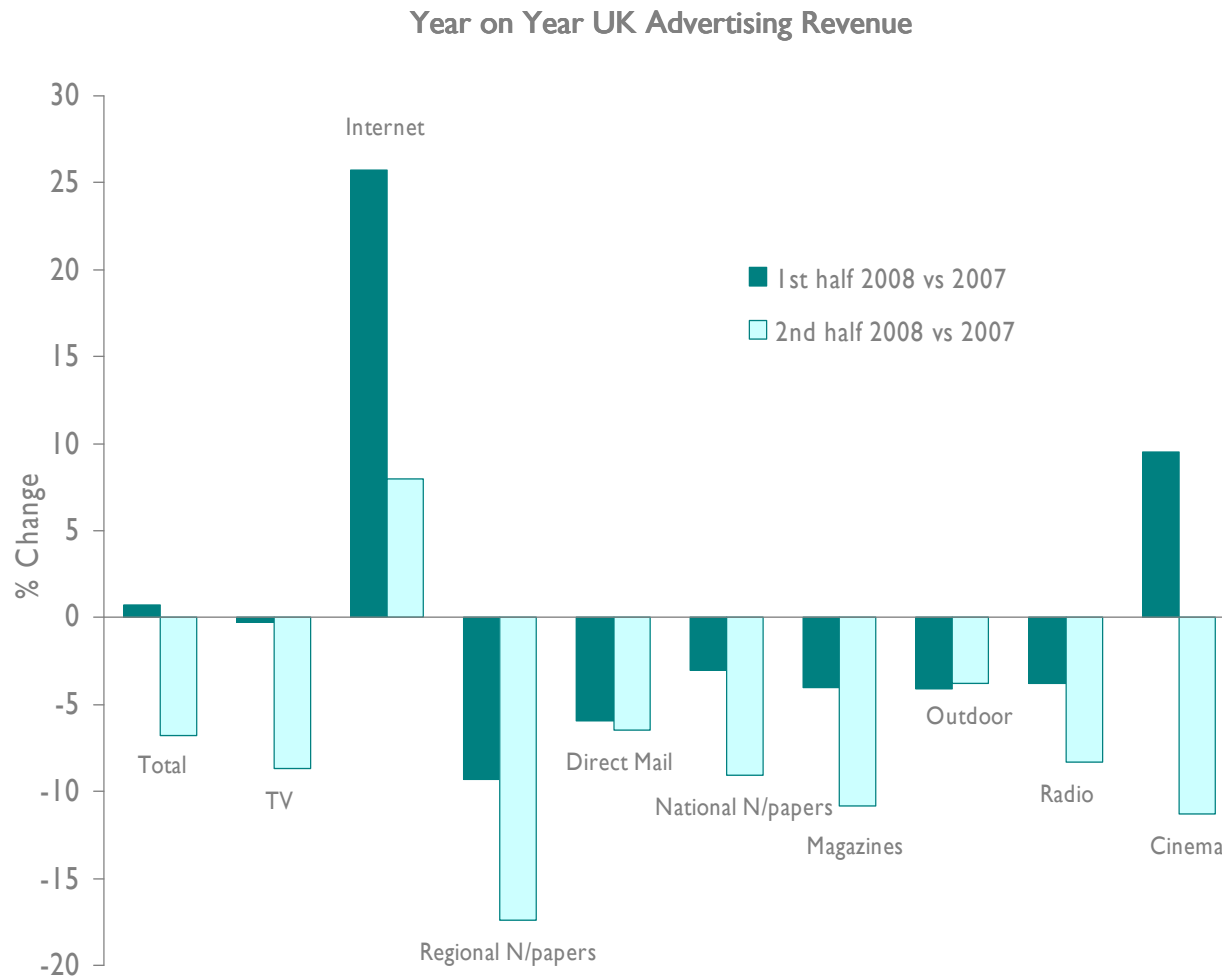
Strategy/Operation Update

JP Today – An Overview

- Dominated by the speed and depth of the recession
 - market conditions are unlike anything previously experienced
- Johnston Press' response has been quick and decisive
 - cost management
 - cash conservation
 - strengthened the balance sheet – Rights Issue
- The company remains strongly cash generative, with good margins
 - continuing to repay debt
 - advertising is expected to rebound with the economy



Cyclical Downturn has Impacted all Media

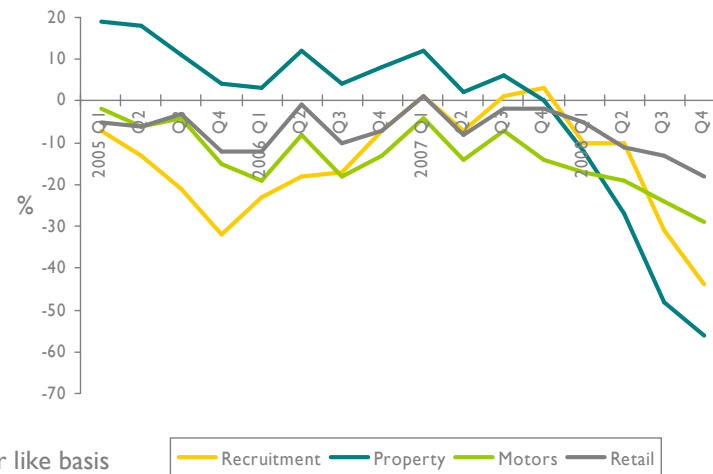


Source: The Advertising Association, 2008



Revenues Have Declined Sharply

Johnston Press UK Advertising Sales 2005-08 Quarterly YOY % Comparisons

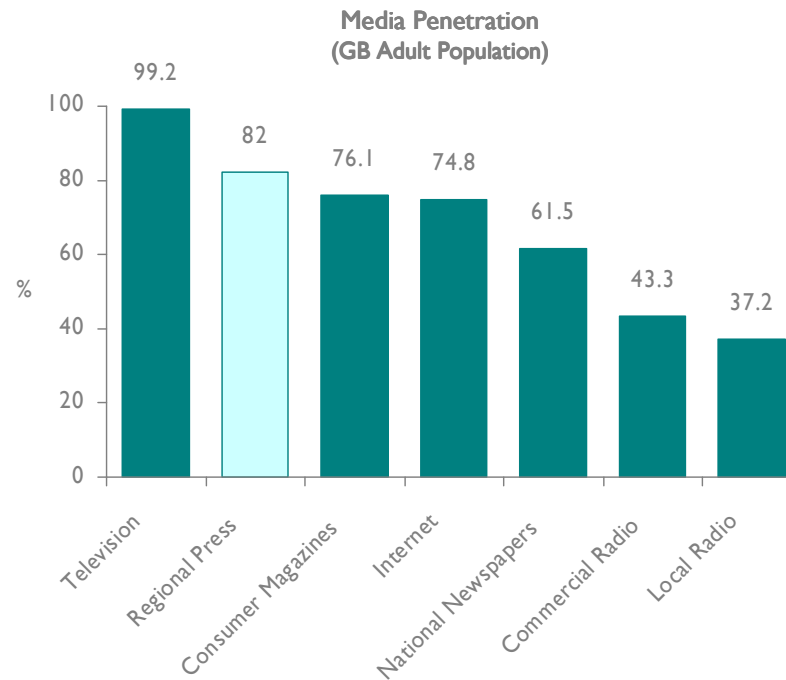


Source: Johnston Press, Like for like basis

- Total revenue declines began Q4 2007 and picked up speed throughout 2008. Significant acceleration took place in Q2 2008
- Total UK advertising revenue
 - 2007 Full year -1%
 - 2008 1st half -11%
 - 2008 2nd half -26%
 - 2009 1st 2 months -36%
- Declines have been volume related, yields have held up
- Recovery in advertising revenues dependent on economic upturn



Print Audience Remains Strong



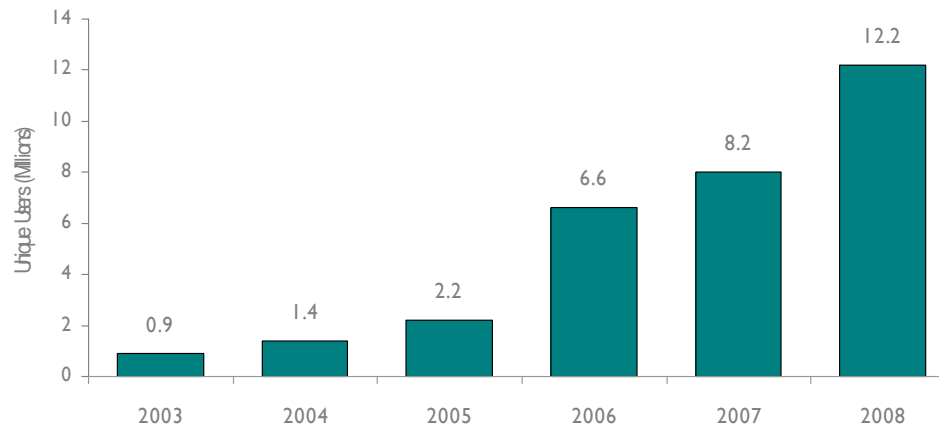
Source: TGI/BMRB 2008; JICREG October 2008;
NS database October 2008.

- Strong level of demand for local news
- Our titles reach large audiences, in tightly defined geographic areas
- 82% of adults read a regional newspaper



Digital Audience is Large and Growing

Growth in Unique Users 2003-08



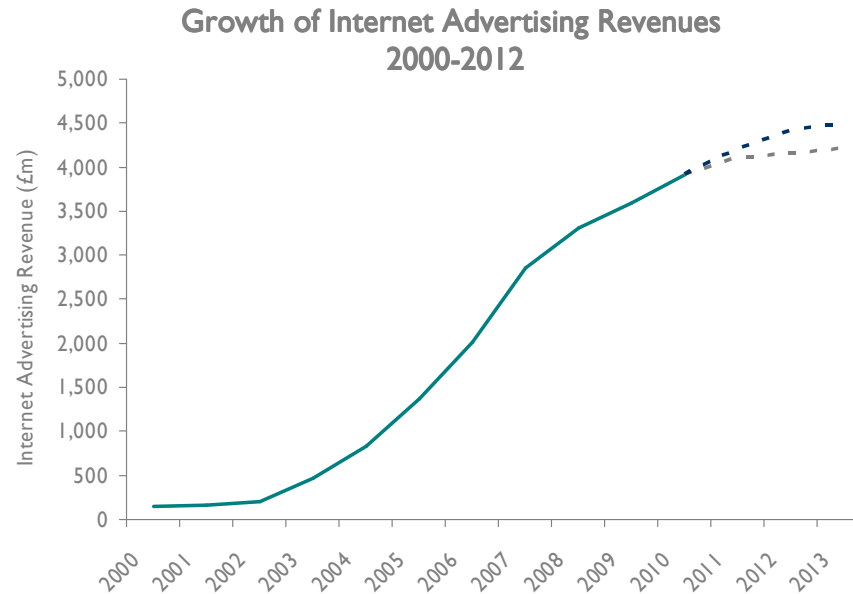
Johnston Press has moved to Webtrends8 which uses different measuring techniques. However, there is insufficient historic data available for valid comparisons.

- Our digital audience is growing rapidly and extending Johnston Press' total reach to a younger more affluent audience
 - +49%* YOY growth in unique users in 2008
- Online leverages depth of local content from print
- 2008 revenues +31% but slowed significantly in the 2nd half



* Webtrends 6

Internet Growth is Slowing



Source: WARC/Advertising Association, Forecast from Forrester Research

- The spectacular growth of advertising online is slowing down from +136% in 2003 to 47% in 2006 to a forecast 8% in 2009 (Forrester Research)
- Internet revenues expected to plateau at around £4.5-5.0 billion



Structural Change

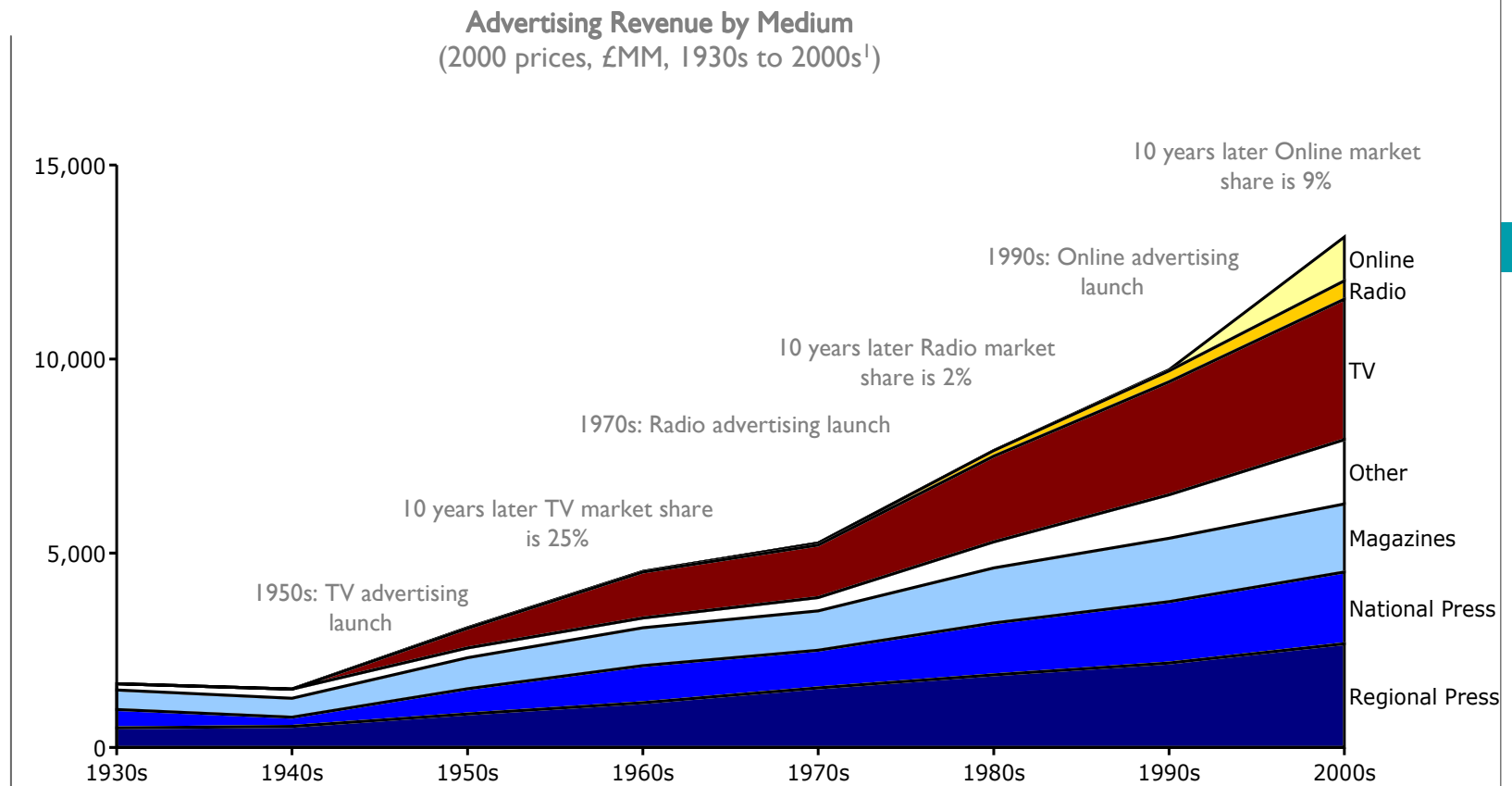
- Regional newspapers have cumulatively lost 18% of advertising revenues by the end of 2008 due to structural change
- By 2012 this is expected to grow to 24% of revenues

However:

- Despite the further loss to digital platforms total advertising will grow due to the cyclical bounce as the economy recovers



Newspapers Have Thrived Despite Structural Changes in the Past



Source: Advertising Statistics Yearbook 2006; Ocean analysis and estimates



Looking Forward

The business faces a short term challenge caused by the cyclical downturn, which adds to the structural pressures. To address these issues a two phase approach is being adopted.

Phase 1: 2009

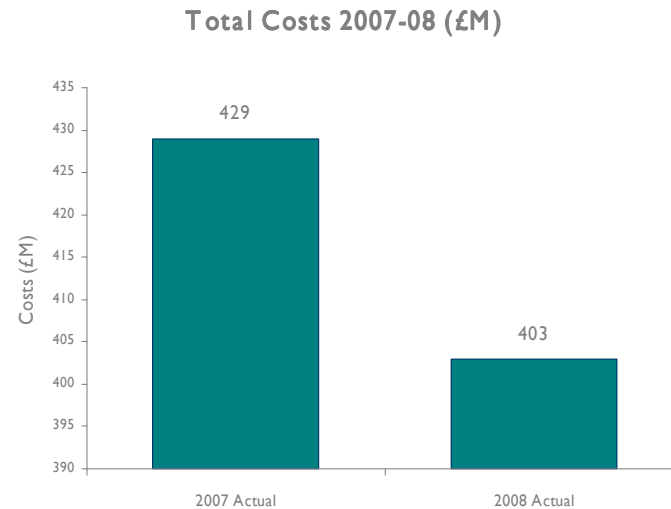
- Reduce cost base to mitigate declining revenues and to generate cash for debt repayment
- Maximise cash generation by reducing Capex, and asset sales where appropriate
- Refinance debt to ensure sufficient headroom to operate through downturn

Phase 2: 2010 +

- Future growth by stabilising the newspaper business and exploiting opportunities in both digital and other adjacent markets



Phase I: Reducing the Cost Base Permanently



Source: Johnston Press

- Savings of £26m in 2008 (£32m after impact of inflation) with considerably more to come in 2009
- Centralisation of fragmented business processes
 - pre-press
 - subbing
 - telesales
- Application of information technology
 - self-service advertising
 - content management
- Rationalisation of organisation structure
 - merging of companies



Focus on Cash Conservation/Generation

- Capital expenditure reduced by over half to £12.2m between 2007 and 2009 budget
- Re-organisation costs minimised
- Acquisitions on hold
- Potential disposals focused on discrete stand alone businesses which can achieve acceptable prices
 - Republic of Ireland: indicative offers due 19th March
- Cash generative throughout (after interest, and excluding disposals)



Debt Re-Financing

- All covenants met at December 2008
- Goal to extend term and ease covenants
- PP covenants now lower than banks
- KPMG appointed as advisors
- Initial discussions supportive
- Aim to have refinance completed in Q2



Phase 2: Developing the Business - from 2010

- Newspaper Development
 - focus on maintaining audience
 - modify publishing patterns to cover market at lower cost
- Grow digital revenues
 - improve classified sites by working with other organisations
 - introduce new content management system in 2009/2010 to broaden capability of websites
- Other adjacent markets
 - evaluate opportunities in regional markets for implementation in 2010+





Summary/Outlook

Outlook – Advertising Revenues

Print & Digital – 9 weeks to 27 February 2009

	2009 £'m	2008 £'m	Change %
UK			
Employment	9.1	19.5	(53.5)
Property	5.1	12.5	(58.8)
Motors	4.5	6.4	(30.7)
Other Classified	11.1	12.6	(11.7)
Display	16.1	20.4	(21.1)
UK Total	45.9	71.4	(35.7)
Republic of Ireland	2.4	3.9	(37.9)
Total	48.3	75.3	(35.9)



Summary/Outlook

- The company faces significant cyclical challenges, together with continuing structural change but
 - proposition to consumers and advertisers remains strong
 - revenues will recover when the cycle turns
- In the short term advertising remains volatile
- Additional cash has been generated through aggressive cost cutting and other measures, as a result the business will remain cash positive
- Maintaining the print audience and growing the online audience are priorities
- A number of options are under review to develop businesses in related markets and to improve online classified advertising
- Refinancing process has commenced



