

# Smiths News PLC

## Smiths News PLC Interim Management Statement

Smiths News PLC ("the Group") is the largest UK newspaper and magazine wholesaler and a leading wholesaler of books. In April 2012, the Group acquired the Consortium, the UK's leading specialist distributor of consumable products to the educational market. This was an important step in our diversification strategy, consolidating our position as a leading distributor in specialist markets. The Group is today issuing its Interim Management Statement covering the 44 week period to 7 July 2012.

The Group remains on track to deliver strong growth in profits for the year ended 31 August 2012. As a result, we expect underlying profit before tax to be at the top end of market range.

Total Group revenues for the 44 weeks to 7 July increased 3.3% year on year, boosted by contributions from the Dawson businesses, acquired in August 2011 and The Consortium. The performance of each sector is as follows:

- Smiths News revenues declined by 2.6% and by 4.1% on a like for like basis. Cover price increases continue to support newspaper performance largely offsetting volume declines with magazine performance in line with expectation.
- Bertram revenues increased 32.5%, including Dawson Books, and by 4.3% on a like for like basis. Both UK Wholesale and International are trading marginally above last year with Library Services continuing to trade well above last year.
- Media and Marketing revenues increased by 6.7% on a total basis and 8.6% on a like for like basis.
- The Consortium has traded in line with management expectations with revenues for the 11 weeks post acquisition 7.2% above last year. Integration of West Mercia Supplies business is also progressing well.

Net debt at 30 June was higher than at 28 February 2012 as a result of the £38m acquisition of The Consortium. The Group continues to operate well within its bank facilities.

The Group will announce its preliminary results for the year ending 31 August 2012 on 16 October 2012.

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

- (1) Underlying profit before tax results exclude non-recurring and other items.

(2) *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 Bertram excludes ceased customer accounts in wholesale and the impact of Chapters Media fraud in international. Like-for-like revenue growth in Media and Marketing excludes lost customer contracts in the prior year.*

### **Enquiries:**

Smiths News PLC

Mark Cashmore, Group Chief Executive

Tel: 01793 563641

Nick Gresham, Chief Financial Officer

Buchanan

Jeremy Garcia / Gabriella Clinkard

Tel: 020 7466 5000

### **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. Bertram has an approximate 45% share of the wholesale book market. In August 2011 the company acquired Dawson Holdings plc. The principal asset, Dawson Books is a leading supplier of academic books in the UK and internationally.

In April 2012, the company acquired The Consortium. The Consortium is the UK's leading distributor of educational and care consumable products servicing 25,000 customers. The business has a 6% market share in large and growing markets.