

DMGT Interim Management Statement

Thursday 23 July 2009

This Interim Management Statement ('IMS') covers the third quarter of DMGT's financial year to 30th June 2009 and describes the Group's financial position and performance during the period, updated to the latest practicable date.

Summary of the period:

- Revenue for the third quarter £520 million down 13% on last year.
- Revenue from the Group's business to business operations only 3% lower.
- Continued weak trading conditions within consumer media.
- Significant cost reductions delivered.
- Trading remains in line with the Board's expectations.
- Net debt down £85 million since 29 March to £1,142 million.

Martin Morgan, Chief Executive, said:

"Since we last reported in May, trading conditions have remained weak in line with the Board's expectations. The decisive action taken to defend profitability earlier in the year, along with the continued management of our cost base, is helping to offset the impact of these conditions. The revenue and cost initiatives targeted to improve profitability this year by £150 million have been delivered.

Our strategy of creating a diversified international portfolio of market-leading businesses in both business and consumer markets is proving to be effective in the current environment and leaves us well positioned to deliver long-term growth."

Business to business

Revenues from Group's B2B operations in the quarter were £216 million, 3% lower than for the corresponding period last year.

Risk Management Solutions

RMS's revenues for the quarter rose by 29% to £33 million, benefiting significantly from the stronger dollar in which currency the majority of revenues are billed. Revenues rose by 3% on an underlying basis.

RMS's underlying# growth reflects solid bookings in its core modelling business including a number of successful large deals. Growth in its earlier stage capital markets business remained muted due to the impact of the less robust capital markets on the volume of new catastrophe bond issuances.

As a consequence of the continuing action taken to contain cost increases, RMS remains on track to achieve underlying# growth in profits*, as well as revenues, for the full year.

DMG Information

DMGI's revenues rose in the quarter by 3% to £55 million. At constant exchange rates and excluding disposals in the prior year, there was an underlying# decrease of 1%. The underlying growth of 8% in its non-Property businesses offset the impact of the continuing weakness in property transactions.

Property Information

Recent months have seen a stabilising of the property markets, with US commercial property transaction levels remaining stable throughout the quarter albeit at low levels, and in the UK, whilst residential transaction volumes are approximately 60% below their normal levels, there are some tentative signs of a slight recovery in the housing market from its January low. Both Landmark (UK) and EDR (US) are continuing to manage their cost bases closely.

Other markets

Trepp experienced strong growth in new sales bookings in the quarter, including signing a major deal with the Federal Reserve Bank of New York to act as commercial mortgage backed securities

(‘CMBS’) collateral monitor for the government’s Term Asset-backed Loan Facility (“TALF”) programme. Hobsons revenues grew strongly, particularly from US technology product bookings, and Genscape continues to grow despite a reduction in power trading volumes.

DMGI has acquired a small equity stake in CoStar, Inc., the US-listed provider of information services to commercial real estate professionals, as consideration for PPR, its real estate analysis and forecasting business. The transaction closed on 17 July.

DMGI continues to anticipate underlying# revenues to be only slightly below last year, with growth in the non-property markets offsetting the cyclical declines from the property division.

DMG World Media

DMG World Media’s revenues for the quarter fell by 10% to £44 million, an underlying# decrease of 15% when adjusted for non-annual events, timing differences and closures. This reflected the effect of the economic downturn particularly on the Ideal Home Show, but also on B2B events. DMG World Media continued to reduce its costs and completed further divestments of its non-core business lines in the quarter, including the sale of three business to consumer businesses and two regional business to retail businesses.

Euromoney Institutional Investor

Euromoney announced its IMS on 22 July. Trading for the quarter continued in line with expectations. Revenues fell by 11% to £84 million, an underlying# decrease of 22%.

Revenues from subscription-based products, particularly those delivered electronically, increased at a healthy 20% compared to a year ago. As expected, the rate of subscription revenue growth is now declining as the lag effect of cuts in headcount and information buying by customers since the start of the calendar year work their way through into revenues. The declines in advertising, sponsorship and delegate revenues, which have been affected by customer budget cuts and tight cost controls, particularly in the financial sector, have continued at similar rates to those experienced in the second quarter.

The extreme credit market conditions and uncertainty over the global economic outlook will continue to affect trading for the rest of the year. Euromoney expects the rate of growth in subscription revenues to decline further, and no recovery in other revenues is anticipated until later in 2010. In response to the expected decline in revenues, it took actions to restructure the business, cut costs and protect margins during the first half. The benefits from these initiatives are coming through in the second half, and the focus on cutting costs will be maintained until markets recover.

Consumer media

Revenues from the Group’s consumer media operations in the quarter were £303 million, 19% lower than for the corresponding period last year.

A&N Media

Good progress is being made in achieving the cost reduction target announced in May. Headcount fell by 560 (6%) in the quarter, due to further reductions at Northcliffe and at Harmsworth Printing which closed two more regional printing plants at Leicester and Bristol.

Associated Newspapers

Associated Newspapers is now benefiting from significantly lower costs, despite its total underlying# revenues (excluding the Evening Standard) falling by 12% to £206 million.

Underlying# circulation revenues were 7% lower than the same period last year. Circulation volumes are showing a marked improvement with the Daily Mail’s year-on-year performance in June down just 1% due to the success of the direct marketing campaign to recruit more long term loyal purchasers. Total underlying# advertising revenues in the period fell by 15%. Within this figure, revenues from Associated’s newspaper operations, including Mail Online, fell by 12%, compared with a fall of 23% in the previous quarter. Display was down by 13% and classified down 14%. Overall, the largest display category, retail, grew by 6% in the quarter, boosted by strong advertising by the supermarkets, and display travel advertising was up by 9%. Classified travel advertising within the newspapers was up 3%, but all other major categories were down year on year. The revenues of Associated Northcliffe

Digital from its core classified portals in jobs, property and motors fell by 26% compared with the previous year.

As indicated above, advertising revenues in the quarter showed a lower decline than in the previous quarter with June being the best month, although July has so far been disappointing. They remain volatile from week to week with little visibility on future performance.

Northcliffe Media

Northcliffe Media's total revenues for the quarter were down by 27% to £79 million. Of this, UK revenues were down 28% and International down 22% (down an underlying 19% in local currency).

UK

UK advertising revenues for the quarter were 33% lower than the same period last year, compared with a year-on-year decline of 36% in the previous quarter. As we indicated in May, absolute weekly levels of advertising revenue appear to have stabilised. Retail, now the largest category, was down by 16%, recruitment down 56%, property down 46% and motors down by 28%. June and the first three weeks of July have seen revenues respectively 30% and 28% lower than the corresponding weeks last year.

UK digital revenues for the quarter were just 6% lower than the same period last year, with recruitment revenues 43% lower but a 60% growth in other categories. Unique visitor levels to Northcliffe's network of "thisis" websites in June 2009 were 37% higher than the previous June.

UK circulation revenues for the quarter were 8% below last year. Daily and weekly paid for titles sale (unaudited) declined by 9% and 8% respectively in the January to June 2009 ABC period.

Northcliffe has continued to transform its cost base. UK publishing costs were 19% lower in the quarter than last year with all major cost categories down. The closure of presses in Leicester and Bristol has further reduced printing costs.

Central Europe

In Central Europe, activity levels have continued to decline. The underlying# decrease of 19% in local currency revenues in the quarter included a 34% decline in print advertising and a 13% decline in digital advertising revenues. Circulation revenues were in line with last year.

DMG Radio Australia

DMGRA's revenues for the quarter rose by 4% to £18 million, an underlying fall of 4%, in line with the 4% decline in the radio advertising market in Australia. In the most recent survey, released on 23 June, the Nova network increased its share of the national 18-39 audience and remains the number 2 national 18-39 network.

Net debt / financing

Net debt at 30th June, 2009 had fallen since the half year from £1,227 million to £1,142 million, reflecting principally the appreciation of sterling against the US dollar, together with free cash flows. Disposals amounted to £7 million, mainly surplus properties. The Group spent £8 million on acquisitions in the period, being pre-contracted earn-out payments. Group net debt remains comfortably within our existing bank and other facilities.

DMGT's weighted average number of shares in issue for the full year is currently estimated at 378.3 million (2008 377.6 million). No shares were transferred out of treasury in the period.

DMGT has taken its share of the interim dividend from Euromoney in the form of a scrip, thereby increasing its equity interest from 66.2% to 66.8%.

Notes

*References to operating profit and margins are to adjusted operating profit and margins which exclude amortisation and impairment of intangible assets and exceptional items.

#Underlying revenue is revenue on a like for like basis, adjusted for acquisitions and disposals made in the current and prior year and at constant exchange rates.

The average £: US\$ exchange rate for the third quarter was £1: \$1.55 (against £1:\$1.97 in the same period last year). The rate at 30th June, 2009 was \$1.65, compared to \$1.43 at 29th March, 2009.