

## Smiths News at a Glance

Smiths News PLC comprises Smiths News, the UK's leading wholesaler of newspapers and magazines and Bertrams, a leading UK book wholesaler.

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 per cent share of the combined newspaper and magazine wholesaling sectors 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.

Bertrams, which was acquired on 20 March 2009, supplies books to a mix of independent booksellers, on-line and multiple retailers, and libraries. Bertrams has a circa 45 per cent share of the wholesale book market.

Smiths News PLC operates from 62 distribution centres across England and Wales, and employs 5,586 staff.

## Operating Highlights – Reported Feb 2010

- Underlying profit before tax of £17.3m up 13% on last year
- Underlying EPS of 7.2p up 4.3% on full year tax basis
- Interim dividend increased by 9% to 2.4p
- Excellent progress in delivering integration on time and on budget, with no dilution of service
- SAP now in 17 locations, 14 major network changes impacting 25 depots
- On track to deliver £6m of annualised 'Dawsons related' cost savings
- £1m of cost savings delivered in 'base' Smiths News business – offsets impact of inflation
- Bertrams performing well with operating profit of £2.4m
- New contract with HMV to supply their 272 stores in the UK

## Key Financials (28/02/10)

### FINANCIAL HIGHLIGHTS

	6 mths Feb 2010	YOY Change
Revenue	<b>919.8m</b>	50.9%
Profit before tax	<b>17.3m</b>	13.1%
Earnings per share	<b>7.2p</b>	4.3%*
Dividend per share	<b>2.4p</b>	9.1%
Free cash flow	<b>4.1m</b>	(32.8%)

All numbers underlying & \* EPS calculated on an expected full year tax basis.

## Financial History

	YE Aug 08	YE Aug 09	6 mths Feb 10
Turnover (£m)	1,240.6	1,326.0	919.8
EBITDA (£m)	42.1	39.1	22.1
Pre-Tax Profit (£m)	32.5	30.5	17.3
EPS (p)	14.5	13.8	7.2
DPS (p)	6.7	6.8	2.4
Net Debt (£m)	44.0	49.5	57.3
Net Debt : EBITDA	1.05	1.27	1.37*

Note: all numbers shown are underlying. \* Based on EBITDA 12 mths to Feb 10 of £41.8m

## Enquiries

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## Stock Data at 26 June 2010

Price	114.25p	Dividend Yield	6.5%
Listing	LSE	Forward PE Ratio	8x
Ticket	SNWS.L		
Sector	Support Services		
Market cap	£209.4m		

## Consensus of Analyst Forecasts \*\*

	YE Aug 10	YE Aug 11
Turnover (£m)	1,810	1,812
Pre-Tax Profit (£m)	34.4	37.4
EPS (p)	14.4	14.9
DPS (p)	7.4	7.7

## Major Investors

Shareholder	Holding(%)
Silchester International Investors Ltd	19.87
M&G Investment Management Ltd	8.82
Henderson New Star	6.90
Aberforth Partners	5.63

## Management

### PLC Board

Dennis Millard – Chairman & non-executive director  
Mark Cashmore – Group Chief Executive  
Jon Bunting – Group Chief Commercial Officer  
Alan Humphrey – Group Finance Director  
Andrew Brent – Non-executive director  
Anthony Cann – Non-executive director  
John Worby – Non-executive director

### Executive

Mark Cashmore – Chief Executive  
Alan Humphrey – Finance Director  
Jon Bunting – Chief Commercial Officer  
Mark Charlton – Company Secretary  
Glenn Leech – Human Resources Director  
Michael Neil – Managing Director, Bertrams  
Richard Webb – Information Systems Director  
Graeme Underhill – Operations Director

## Recent News

- Smiths News announces appointment of Nick Gresham as Chief Financial Officer, 22 Apr 2010
- Smiths News announces Alan Humphrey's intention to retire and Jon Bunting's appointment to the Board, 1 Mar 2010
- Smiths News announces its year-end results, 22 Oct 2009
- Smiths News acquires assets from Dawsons, 3 Aug 2009
- Site tour for analysts & investors at Bertrams, 1 Jul 2009
- News International contract to five additional areas commences 22 June, two weeks earlier than planned
- Marketforce contract secured until 2015
- Telegraph Media Group contract secured until 2014
- COMAG contract secured until 2015
- Acquisition of the business & assets of Bertrams, Mar 2009

## Financial Calendar

<b>14 Dec 2009</b>	Annual Report available / posted
<b>15 Jan 2010</b>	IMS announced
<b>15 Jan 2010</b>	Annual General Meeting
<b>22 Apr 2010</b>	Interim results
<b>15 Jul 2010</b>	IMS announced
<b>21 Oct 2010</b>	Preliminary results

\*\* Consensus numbers presented represent an average across those analysts actively covering Smiths News' stock. They are: J P Morgan Cazenove, Oriel Securities, Altium Securities, Shore Capital Stockbrokers, Numis Securities and Brewin Dolphin Limited