



## **Gannett Holds Investor Meeting to Present Growth Strategy and Cash Flow-Funded Capital Program and Expects to Return More Than \$1.3 Billion to Shareholders by 2015**

February 22, 2012

**Annual Dividend Increased By 150% to \$0.80 Per Share  
Plans To Repurchase \$300 Million of Shares in Next Two Years  
Expects Strategy to Drive Growth Of 2% to 4% in Annual Revenues By 2015  
Key Initiatives to Return Publishing to Revenue Growth Starting in 2013  
Forecasts Double-Digit Growth in Digital Revenues**

MCLEAN, Va., Feb. 22, 2012 /PRNewswire/ -- At its first Investor Day in New York City today, Gannett Co., Inc. (NYSE: GCI) President and Chief Executive Officer Gracia Martore and her senior leadership team presented the company's new growth strategy and capital policies that put Gannett on a pace to return over \$1.3 billion to shareholders by 2015 from the company's cash flow.

"Gannett is once again playing offense, poised for growth and value creation," said Martore. "Our Board and management have designed a strategy that leverages our deep-rooted consumer and marketer relationships in 100-plus local communities, or what we call our hometown advantage, with our mainstream brand recognition and our strong balance sheet and cash flow. Our differentiators are critical to our success, and we are confident this new strategy will return Gannett to a path of profitable and sustainable revenue growth, and deliver value for all of our stakeholders."

Martore continued, "2012 is an inflection point for Gannett. We have always been committed to responsible capital stewardship and in the past three years, despite the impact of a global recession, this financial discipline allowed us to repay over \$2 billion of debt while generating \$2.4 billion in free cash flow. It is because of the aggressive actions we took to fortify our balance sheet that we now have the flexibility to focus on growth while returning increased capital to shareholders. Our new capital allocation program, which puts Gannett on a pace to return more than \$1.3 billion to shareholders by 2015, is a reflection not only of our current strength, but also of our belief in Gannett's prospects and potential in years to come."

### **Growth Strategy**

During the Investor Day, Gannett leadership discussed a detailed strategy focused on generating sustainable revenue growth, increasing profitability and creating shareholder value. The strategy's three components are: (1) enhancing our core by stabilizing publishing while continuing to grow broadcast and diversified digital businesses; (2) accelerating growth by entering or expanding into related high-potential businesses; and (3) maintaining focus on operating efficiency and asset optimization.

### **Financial Outlook:**

In connection with this strategy, Gannett disclosed that by 2015, it expects overall annual revenue growth in the range of 2% to 4%, and pre-tax margins to increase to between 15% and 19%.

### **Capital Program:**

Gannett also announced a new capital program to be funded entirely through free cash flow from operations. The company expects to return more than \$1.3 billion to shareholders by 2015. Excess free cash flow will be used for further opportunistic debt reduction. Gannett expects no change in its credit rating as a result of the following actions:

- The Board has authorized a 150% increase in Gannett's dividend to \$0.80 per share on an annual basis. The first \$0.20 quarterly dividend under this policy will be payable on April 2 to shareholders of record on March 9.
- The Board approved an acceleration of its share repurchases with a new \$300 million share repurchase program targeted to be completed over the next two years, which it anticipates making an ongoing part of cash return to shareholders.
- The company will continue to evaluate opportunistic bolt-on acquisitions similar to Fantasy Sports Ventures (owner of Big Lead Sports and related websites), but has no current plans to pursue sizeable acquisitions.

Also during the presentation, Gannett highlighted a number of key initiatives and expected performance metrics, including:

- A new subscription model for U.S. Community Publishing, which charges for content regardless of platform and limits non-subscriber access. The company expects this model to contribute an incremental \$100 million in earnings to the publishing segment annually beginning in 2013. The company also expects to generate significant incremental advertising revenue from digital platforms launching with the new model.
- The re-launch of all desktop, mobile and tablet products across Gannett in the next 12-24 months, beginning with USA TODAY.
- The development of a new digital marketing services business targeted at small and medium size businesses, which is expected to generate between \$275 million and \$350 million in annual revenue by 2015.
- The expansion of USA TODAY Sports Media Group, which is expected to be among the top five sports media companies in the country with over \$300 million in annual revenue by 2015.
- The continued growth of Gannett's broadcasting business, including the expectation of \$90 million in retransmission

revenues from distributors in 2012, a 13% increase year-over-year from 2011.

- Cost management and other asset optimization initiatives with total annual incremental savings expected to reach \$100 million to \$150 million by 2015. As part of those initiatives, Gannett Publishing Services (GPS) is expected to contribute approximately \$40 million to the bottom line in 2012, with an increasing impact thereafter.

#### **Guidance:**

At the Investor Day, Gannett announced that it is making upfront investments to pursue its strategic initiatives, and that the majority of the investments in 2012 will take place in the first half, particularly in the first quarter. The company expects the full year to remain in line with the current consensus of earnings per share estimates of approximately \$2.18 as the new initiatives begin to contribute to profitability in the second half of the year. Most analysts' estimates for earnings per share in the first quarter range from 37 cents to 41 cents. This range does not reflect approximately \$32 million pre-tax or 9 cents per share of up-front investments in strategic growth initiatives and higher pension expenses in the first quarter. Including these items, the company expects earnings per share in the first quarter to be in the range of 28 cents to 32 cents.

#### **Certain factors affecting forward-looking statements**

Certain statements in this press release may be deemed "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. The forward-looking statements contained in this press release are subject to certain risks and uncertainties that could cause actual results and events to differ materially from those anticipated in the forward-looking statements. The company is not responsible for updating or revising any forward-looking statements, whether the result of new information, future events or otherwise, except as required by law. Potential risks and uncertainties which could adversely affect the company's results include, without limitation, the following factors: (a) increased consolidation among major retailers or other events which may adversely affect business operations of major customers and depress the level of local and national advertising; (b) a potential increase in competition for the company's digital segment businesses; (c) a decline in viewership of major networks and local news programming resulting from increased competition or other factors; (d) a continuance of the generally soft economic conditions in the U.S. and the U.K. or a further economic downturn leading to a continuing or accelerated decrease in circulation or local, national or classified advertising; (e) a further decline in general print readership and/or advertiser patterns as a result of competitive alternative media or other factors; (f) an increase in newsprint or syndication programming costs over the levels anticipated; (g) labor disputes which may cause revenue declines or increased labor costs; (h) acquisitions of new businesses or dispositions of existing businesses; (i) rapid technological changes and frequent new product introductions prevalent in electronic publishing; (j) an increase in interest rates; (k) a weakening in the British pound to U.S. dollar exchange rate; (l) volatility in financial and credit markets which could affect the value of retirement plan assets and the company's ability to raise funds through debt or equity issuances; (m) changes in the regulatory environment; (n) an other than temporary decline in operating results and enterprise value that could lead to further non-cash goodwill, other intangible asset, investment or property, plant and equipment impairment charges; (o) credit rating downgrades, which could affect the availability and cost of future financing; (p) adverse outcomes in proceedings with governmental authorities or administrative agencies; and (q) general economic, political and business conditions.

Gannett is not responsible for updating the information contained in this release beyond the published date, or for changes by wire services, Internet service providers or other media.

This press release discusses free cash flow, a non-GAAP liquidity measure. Free cash flow is defined as "net cash flow from operating activities" as reported on the statement of cash flows reduced by "purchase of property, plant and equipment" as well as "payments for investments" and increased by "proceeds from investments" and voluntary pension contributions, net of related tax benefit.

#### **Webcast:**

A webcast of today's presentations will be available at [www.gannett.com](http://www.gannett.com) through March 7, 2012 and will be archived in the "Investor Relations" section of the company's web site.

#### **About Gannett**

Gannett Co., Inc. (NYSE: GCI) is an international media and marketing solutions company that informs and engages more than 100 million people every month through its powerful network of broadcast, digital, mobile and publishing properties. Our portfolio of trusted brands offers marketers unmatched local-to-national reach and customizable, innovative marketing solutions across any platform. Gannett is committed to connecting people – and the companies who want to reach them – with their interests and communities. For more information, visit [www.gannett.com](http://www.gannett.com).

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