

Part II

# **Background and evidence**

# 3 The background to the proposed transfer

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## Introduction

3.1. On 4 July 1997 the board of Mirror Group and the board of MIN announced that they had agreed terms for Mirror Group to make an offer to acquire the whole of the share capital of MIN not already owned by it. The offer, which values MIN at approximately £297 million (compared with a market capitalization for MIN on the last day of dealing before the offer was announced of £210 million and for Mirror Group of around £900 million), is conditional, *inter alia*, upon approval being given by the Secretary of State to the transfer to Mirror Group of the newspaper titles owned by MIN on a basis satisfactory to the respective boards of Mirror Group and MIN. Mirror Group has subsequently acquired 24.9 per cent of MIN.

3.2. The acquisition would involve the transfer of 38 (originally 39)<sup>1</sup> newspaper titles and also 36 magazine titles (or similar publications). All the newspaper titles are distributed in the Midlands region of England. They include one morning daily newspaper (*The Birmingham Post*), two evening daily newspapers (the *Evening Mail* and the *Coventry Evening Telegraph*) and one monthly publication. The remainder are weekly publications, the largest circulation among these belonging to the *Sunday Mercury*. Nine of the newspapers are paid-for, the others are free. A list of titles in the terms of reference is set out in Appendix 1.1.

3.3. The relationship between the two parties to the merger began in 1995 when Mirror Group and MIN entered into a joint venture to operate a local cable television channel called Birmingham Live. This contact was followed by further discussions in 1996 regarding the possibility of Mirror Group subcontracting part of its printing to MIN or the setting up of a joint printing facility. These discussions had come to nothing when Mirror Group suggested the possibility of a full merger between the two companies.

3.4. The attraction of this to both groups was that, as part of a larger media organization, they would have greater resources to deploy and a wider variety of activities, thereby providing greater strength and

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<sup>1</sup>See Appendix 3.4.

security than either group could hope to achieve individually in the short term. The scope for a number of cost savings and synergies was also identified.

3.5. After further discussions between the parties and consultations with their advisers an agreement was reached that Mirror Group would offer to acquire MIN at a price of £2.10 per MIN share (payable in cash or loan notes, but likely to include Mirror Group shares as an alternative in respect of up to 50 per cent of the shares in MIN not already owned by Mirror Group). This led to the announcement of 4 July and a commitment in principle by the boards of both companies to support the bid.

## **The companies**

3.6. Both Mirror Group and MIN are public companies listed on the London Stock Exchange. In the following paragraphs we consider the history, development and financial position of, first, Mirror Group, and then MIN. We then consider some aspects of the proposed acquisition.

### ***Mirror Group***

3.7. The origin of the newspaper business of Mirror Group goes back over 100 years, to the newspaper business established by Alfred Harmsworth (founder of the *Daily Mail*). The *Daily Mirror* was launched in 1903 and it was owned by Daily Mail and General Trust (or its predecessors) until 1947 when the company which owned it was floated on the stock market. The *Daily Mirror* (and other titles) were acquired by IPC in 1968 and belonged to Reed International plc between 1970 and 1984, when the Mirror business was sold to companies controlled by Robert Maxwell, who subsequently floated 49 per cent of Mirror Group on the stock market in 1991. Following Robert Maxwell's death, financial irregularities were discovered and a number of Maxwell companies, including those that controlled Mirror Group, were put into administration.

3.8. Trading in the shares of the company on the Stock Exchange, which had been suspended, recommenced in July 1992. The senior management team of Mirror Group was restructured, with the appointment of a new Chief Executive in October 1992 and a new Finance Director. In 1993 the administrators sold the Maxwell companies' controlling shareholding in Mirror Group to a number of institutional investors. Mirror Group's main shareholders are financial institutions, the largest of which (PDFM Ltd) holds 18.6 per cent of the company's shares and the second largest 5.9 per cent.

3.9. The principal activity of Mirror Group is the publishing and printing of daily and Sunday newspapers. Its main titles are sold throughout the UK, but it also publishes several titles either wholly or primarily sold in Scotland or Northern Ireland. A full list of the titles in which Mirror Group has an interest, showing their type, frequency and circulation, is set out in Appendix 3.1.

3.10. Mirror Group's main titles in terms of circulation are *The Mirror*, the *Sunday Mirror* and *The People*. It also owns *The Sporting Life*, which is a national daily newspaper devoted largely to horse racing and it has a 46.43 per cent shareholding in Newspaper Publishing plc (Newspaper Publishing) which publishes *The Independent* (daily) and the *Independent on Sunday*. The remaining 53.57 per cent of Newspaper Publishing is owned by Independent Newspapers plc (46.4 per cent), Promatura de Informaciones SA (5.4 per cent) and by 60 small shareholders.

3.11. Mirror Group's main Scottish titles are the *Daily Record* and the *Sunday Mail*. It also distributes a free weekly newspaper in and around Glasgow, called *The Glaswegian*. In Northern Ireland Mirror Group has a 90 per cent shareholding in Century Press and Publishing Limited, which publishes the *News Letter* (Ulster and Belfast editions), Northern Ireland's third largest daily newspaper.

3.12. Printing of Mirror Group's newspapers is carried out at four print sites in the UK, at Watford, Oldham, Glasgow and Belfast. Its head office is at Canary Wharf in London Docklands, where the main editorial staff of *The Mirror* and other national titles are also located. In 1996 it employed on average 3,535 employees (full-time equivalent).

3.13. In addition to its investment in newspapers, Mirror Group has since 1995 held roughly a 20 per cent shareholding in Scottish Media (formerly Scottish Television plc). As well as broadcasting independent television programmes in Scotland, Scottish Media, through Caledonian Publishing plc which it acquired in 1996, also publishes *The Herald* (daily) and the *Evening Times* in Glasgow. Scottish Media has recently acquired Grampian Television, another Scottish independent television franchise. Following the completion of this acquisition Mirror Group's interest in Scottish Media will fall to around 18.7 per cent. Flextech plc (a major supplier of cable and satellite television programmes) has a similar sized shareholding in Scottish Media to that of Mirror Group. Mirror Group accounts for Scottish Media as an associated undertaking in its accounts rather than as an investment, although it told us that it was a passive shareholder. Mirror Group's Chief Executive sits on the board of Scottish Media as a non-executive director.

3.14. Mirror Group also owns 90 per cent of Live TV which is a 24-hour cable television channel offering a combination of news, information and entertainment. The national Live TV channel, which operates from Canary Wharf, is customized in a number of UK cities so as to offer a combination of national programming and local news and features. There are local Live TV stations in Birmingham, Edinburgh, Liverpool, Manchester, Westminster and one is planned to open shortly in Glasgow. Birmingham Live TV is a 50:50 joint venture with MIN. It was launched in 1995 and has 113,000 subscribers in Birmingham and Solihull, compared with 1.2 million for the national Live TV channel and its local city stations as a whole.

### *Financial performance of Mirror Group*

3.15. Profit and loss accounts and balance sheets for Mirror Group for each of the past five years ended 31 December 1996 are set out in Appendices 3.2 and 3.3 respectively. Some of the more significant figures derived from those appendices are extracted and analysed in Table 3.1.

TABLE 3.1 **Mirror Group: group profitability, 1992 to 1996**

	<i>£ million</i>				
	<i>Years ended 31 December</i>				
	<i>1992</i>	<i>1993</i>	<i>1994</i>	<i>1995</i>	<i>1996</i>
Turnover	466.1	476.1	462.9	512.0	537.7
Gross profit	180.1	195.8	196.6	193.0	201.7
Trading profit	97.5	115.9	116.1	106.7	99.2
Operating (loss)/profit	(23.7)	174.0	227.5	134.7	112.0
Net profit/(loss) before tax	(88.7)	131.9	189.3	106.7	101.6
Average capital employed*	341.9	296.3	293.6	293.6	298.1
Average capital employed#	966.9	921.3	918.6	918.6	923.1
					<i>per cent</i>
Return on sales~	20.9	24.3	25.1	20.8	18.4
Return on average capital employed*~	28.5	39.1	39.5	36.3	33.3
Return on average capital employed#~	10.1	12.6	12.6	11.6	10.7

Source: Mirror Group.

\*Excluding intangible assets.

#Including intangible assets.

~ Based on trading profit.

3.16. In fact Mirror Group's financial year runs for 52 or 53 weeks (and hence not precisely to 31 December). The incidence of a 53-week year in 1993 was the cause of higher turnover in that year. Over the whole period from 1992 to 1996 Mirror Group's turnover increased by 15 per cent from £466.1 million to £537.7 million, whilst trading profit rose and fell so as to increase only marginally overall from £97.5 million to £99.2 million. During the period the results were adversely affected by

cover price cutting by *The Sun* and *The Times*, which was not reciprocated by Mirror Group, a sharp rise in the cost of newsprint and start-up losses on Live TV. These adverse effects were partially offset by improvements in efficiency.

3.17. Average capital employed excluding intangible assets fell by 13 per cent from £341.9 million to £296.3 million between 1992 and 1993, as a result of a write-down in the value of fixed assets-attributed to overcapacity and restructuring. Thereafter, average capital employed excluding intangible assets remained virtually static. Average capital employed including intangible assets was much higher (because it included a £625 million valuation of the titles owned by Mirror Group), but followed a similar pattern, reducing from £966.9 million to £921.3 million between 1992 and 1993 and thereafter remaining almost static.

3.18. Mirror Group's return on sales increased from 20.9 per cent in 1992 to a peak of 25.1 per cent in 1994 following gains in efficiency. Since then it has fallen to 18.4 per cent in 1996 mainly as a result of increased costs of newsprint and start-up losses at Live TV. Return on average capital employed excluding intangible assets has fluctuated similarly from 28.5 per cent in 1992, reaching 39.5 per cent in 1994 and falling to 33.3 per cent in 1996. Return on average capital employed including intangible assets is much lower than return on average capital employed excluding intangible assets, for the reasons explained in paragraph 3.17.

3.19. A more detailed analysis of the revenues and associated costs of Mirror Group's newspaper interests from 1994 to 1996 and for the first six months of 1997 is set out in Tables 3.2 and 3.3.

TABLE 3.2 **Mirror Group: newspaper profit and loss accounts, 1994 to 1997**

	<i>Years ended 31 December</i>			<i>6 months ended 30 June</i>
	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>
	<i>£ million</i>			
<i>Revenues</i>				
Circulation	283.7	295.8	309.3	150.0
Advertisement	169.3	179.5	191.6	102.7
Other	9.7	24.6	29.6	14.7
Total revenue	<u>462.7</u>	<u>499.9</u>	<u>530.5</u>	<u>267.4</u>
<i>Costs</i>				
Newsprint	[			
Production				
Editorial				
Marketing				
Distribution				
Circulation/selling				
Other				
Allocated indirect costs				
Allocated corporate costs				]
Total costs	<u>346.6</u>	<u>383.3</u>	<u>422.4</u>	<u>212.4</u>
Trading profit	<u>116.1</u>	<u>116.6</u>	<u>108.1</u>	<u>55.0</u>
Average capital employed*#	<u>293.6</u>	<u>290.4</u>	<u>290.6</u>	~
Average capital employed*£	<u>918.6</u>	<u>915.4</u>	<u>915.6</u>	~
	<i>per cent</i>			
Return on sales	25.1	23.3	20.4	20.6
Return on average capital employed#	39.5	40.2	37.2	~
Return on average capital employed£	12.6	12.7	11.8	~
	<i>tonnes</i>			
Newsprint consumption	277,875	281,784	269,214	158,723
	<i>£ per tonne</i>			
Average cost of newsprint	318	392	483	374

Source: Mirror Group.

\*In newspaper publishing.  
 #Excluding intangible assets.  
 ~ Figures not available.  
 DIncluding intangible assets.

TABLE 3.3 **Mirror Group: newspaper profit and loss accounts (expressed as percentages of revenue), 1994 to 1997**  
*per cent of revenue*

	<i>Years ended 31 December</i>			<i>6 months ended</i>
	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>30 June 1997</i>
<i>Revenues</i>				
Circulation	61.3	59.2	58.3	56.1
Advertisement	36.6	35.9	36.1	38.4
Other	2.1	4.9	5.6	5.5
Total revenue	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
<i>Costs</i>				
Newsprint	[			
Production				
Editorial				
Marketing				
Distribution				
Circulation/selling				
Other				
Allocated indirect costs				
Allocated corporate costs				]
Total costs	<u>74.9</u>	<u>76.7</u>	<u>79.6</u>	<u>79.4</u>
Trading profit	<u>25.1</u>	<u>23.3</u>	<u>20.4</u>	<u>20.6</u>

Source: Mirror Group.

3.20. Tables 3.2 and 3.3 indicate that slightly over half of Mirror Group's income from newspaper publishing is derived from copy sales (rather than advertising or other sources). It is also evident that the increased cost of newsprint between 1994 and 1996 had a negative impact on profit margins of some 5.4 percentage points.

## **MIN**

3.21. MIN is the sixth largest regional newspaper publisher in the UK (seventh largest if Mirror Group's Scottish titles are treated as regional newspapers-see paragraph 4.24). As well as owning 38 regional and local newspaper titles around the Midlands it is involved in publishing specialist magazines, organizing exhibitions and in providing cable television services. Its newspaper businesses have pre-press departments in Birmingham, Coventry, Wolverhampton, Loughborough and Northampton, with print sites in Birmingham and Coventry. In 1996 the group employed on average 2,084 employees (full-time equivalent). Its head office is in Birmingham.

3.22. The core of MIN's business is The Birmingham Post & Mail Ltd, which publishes *The Birmingham Post*, the *Evening Mail* (and the *Sports Argus* published late each Saturday) and the *Sunday Mercury* and Coventry Newspapers Ltd, which publishes the *Coventry Evening Telegraph* (with a late Saturday edition called *The Pink*). These businesses date back more than 100 years. *The Birmingham Post* was established in 1857, the *Evening Mail* in 1870 and the *Coventry Evening Telegraph* in 1891. In 1943 these two companies were acquired by Lord Iliffe. The Iliffe family retained control of both companies until 1988 when they were sold to Ingersoll, a subsidiary of a US group. However, by 1991 Ingersoll was facing financial difficulties and decided to sell them to their senior operational managers in a management buyout. MIN was formed in the same year with the backing of Candover Investments plc and CINven in order to effect the buyout of both companies.

3.23. Following the buyout, MIN's range of titles was expanded through the launch of new titles and by a series of acquisitions, and in 1994 the expanded group was floated on the Stock Exchange. Since then a number of loss-making titles have been closed and further titles added. In late 1994 MIN took a strategic decision to diversify as a hedge against the cyclical nature of regional newspaper publishing and because the multiples then being paid for newspapers were high, making them unduly expensive. As a result, in 1995 MIN acquired Inside Communications Ltd, a specialist magazine publisher and organizer of exhibitions. MIN now has a number of non-print media interests including Birmingham Live (a 50:50 cable television joint venture with Mirror Group) and it provides news bulletins to two local radio stations. It also has direct marketing and commercial photographic operations.

3.24. MIN continued to express an interest in regional newspaper groups which were for sale. However, it was outbid on more than one occasion and in early 1996 it was forced to issue a profit warning after writing off £1.4 million of abortive bid costs.

3.25. A full list of the titles in which MIN has an interest, showing their type, frequency and circulation, is set out in Appendix 3.4.

### *Financial performance of MIN*

3.26. Profit and loss accounts and balance sheets for MIN for each of the past five years ended 31 December 1996 are set out in Appendices 3.5 and 3.6 respectively. Some of the more significant figures derived from those appendices are extracted and analysed in Table 3.4.

TABLE 3.4 MIN: profitability of MIN, 1992 to 1996

	<i>£ million</i>				
	<i>Years ended 31 December</i>				
	<i>1992</i>	<i>1993</i>	<i>1994</i>	<i>1995</i>	<i>1996</i>
Turnover	66.6	79.6	89.5	98.3	113.9
Operating profit before exceptional items	13.5	16.0	17.8	19.1	20.9
Operating profit	13.4	15.7	17.8	19.1	19.5
Net profit before tax	4.7	0.8	12.7	16.3	12.0
Average capital employed*	43.8	42.2	42.1	43.9	46.1
Average capital employed#	130.6	135.8	141.5	150.8	165.7
					<i>per cent</i>
Return on sales~	20.3	20.1	19.9	19.4	18.3
Return on average capital employed*~	30.8	37.9	42.3	43.5	45.3
Return on average capital employed#~	10.3	11.8	12.6	12.7	12.6

Source: MIN.

\*Excluding intangible assets.

#Including intangible assets.

~ Based on operating profit before exceptional items.

3.27. Over the period from 1992 to 1996 MIN's turnover has increased steadily by 71 per cent from £66.6 million to £113.9 million and operating profit before exceptional items has increased similarly by 55 per cent from £13.5 million to £20.9 million, both reflecting the strategy of growing by acquisition.

3.28. Average capital employed excluding intangible assets has fluctuated narrowly, increasing overall during the period by only 5.3 per cent from £43.8 million to £46.1 million. This is because a substantial part of the cost of MIN's acquisitions has been attributable to the value of titles acquired which it capitalizes as an intangible asset. By contrast average capital employed including intangible assets has increased by 26.9 per cent from £130.6 million to £165.7 million.

3.29. MIN's return on sales decreased steadily from 20.3 per cent in 1992 to 18.3 per cent in 1996 as a result of the increased cost of newsprint and start-up losses at Birmingham Live TV. Return on average capital employed excluding intangible assets has increased steadily from 30.8 to 45.3 per cent. Return on average capital employed including intangible assets has increased more moderately from 10.3 to 12.6 per cent.

3.30. The turnover and operating profit of the newspaper division of MIN for the last three and a half years is set out in Table 3.5. A more detailed analysis of the revenues and associated costs of the division's largest constituent, Birmingham Post & Mail Ltd (publisher of *The Birmingham Post*, the *Evening Mail* and the *Sunday Mercury*), for the same period is set out in Tables 3.6 and 3.7.

TABLE 3.5 MIN newspaper division: profit and loss accounts, 1994 to 1997

	<i>£ million</i>			
	<i>Years ended 31 December</i>			<i>6 months ended</i>
	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>30 June 1997</i>
Turnover	85.9	89.4	96.3	[
Operating expenses	<u>68.4</u>	<u>71.9</u>	<u>79.4</u>	*
Operating profit	<u>17.5</u>	<u>17.5</u>	<u>16.9</u>	]
	<i>per cent</i>			
Return on sales	20.4	19.6	17.5	[ * ]

Source: MIN.

TABLE 3.6 Birmingham Post & Mail Ltd: newspaper profit and loss accounts, 1994 to 1997

	<i>£ million</i>			
	<i>Years ended 31 December</i>			<i>6 months ended</i>
	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>30 June 1997</i>
<i>Revenues</i>				
Circulation	[			
Advertisement				
Other				
Total revenue				
<i>Costs</i>				
Newsprint				
Production				
Editorial				
Marketing				
Circulation/distribution				
Indirect costs				
Other				
Total costs				
Operating profit				]
	<i>per cent</i>			
Return on sales	[		*	]
	<i>tonnes</i>			
Newsprint consumption	[		*	]

\*Figures omitted. See note on page iv.

		<i>£ per tonne</i>
Average cost of newsprint	[	*
	]	

Source: MIN.

TABLE 3.7 **Birmingham Post & Mail Ltd: newspaper profit and loss accounts (expressed as percentages of revenue), 1994 to 1997**

	<i>per cent of revenue</i>			
	<i>Years ended 31 December</i>			<i>6 months ended</i>
	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>30 June 1997</i>
<i>Revenues</i>				
Circulation	[			
Advertisement				
Other				
Total revenue				
<i>Costs</i>				
Newsprint		<i>Figures omitted.</i>		
Production		<i>See note on page iv.</i>		
Editorial				
Marketing				
Circulation/distribution				
Indirect costs				
Other				
Total costs				
Operating profit				]

Source: MIN.

3.31. Tables 3.5, 3.6 and 3.7 show that Birmingham Post & Mail Ltd accounts for somewhat over half MIN's turnover and roughly 70 per cent of MIN's operating profit from newspapers and derives approximately 30 per cent of its income from copy sales and 70 per cent from advertising. This is significantly different from the profile of Mirror Group's revenue (see paragraph 3.20) and explains why newsprint is a much lower cost as a proportion of revenue. Nonetheless the impact of increased newsprint costs reduced profit margins by over five percentage points between 1994 and 1996, because of the very steep increase in prices which MIN experienced.

## Funding of the acquisition

3.32. Mirror Group's proposed offer for MIN values the latter company at £297 million, which is payable in cash or loan notes, although due to the proposal for a partial share alternative (see paragraph 3.5) part of the consideration may be met by shares. In order to fund the acquisition Mirror Group has aggregated its own funding requirements and its assessment of MIN's funding requirements together with the cost of the acquisition in order to determine the maximum total group facility that it will need over the next five years. To this end it has negotiated a new bank facility of £600 million which it estimates will provide it with sufficient headroom to enable it to complete the acquisition of MIN. Within the cash flow projections allowance has been made for £40 million of capital expenditure in 1997 and £39 million in 1998 by the combined group. On past experience Mirror Group alone would account for roughly half of this.

3.33. If the acquisition is funded entirely out of cash or loan notes, Mirror Group estimates that its gearing at the end of 1997 would be 117 per cent and interest cover would be 4.2 times. However, Mirror Group is hopeful that the acquisition can be funded partly by shares through the partial share alternative and also that its allowance for capital expenditure will prove to be unnecessarily large.

## **Proposed strategies following the acquisition**

3.34. Mirror Group's proposed strategies following the acquisition may be considered in terms of cost savings, revenue enhancement, management structures and future expansion of the business. We consider these in the following paragraphs.

### ***Cost savings***

3.35. Mirror Group has stated that it expects to save £5 million a year in costs from the combined group. These savings will come from eliminating various head office functions which would otherwise be duplicated, from buying raw materials in bulk and from rationalization of a number of other functions (for example, advertising sales) of the enlarged group. It is anticipated that there would be around [\*] redundancies of mainly administrative staff.

3.36. A further option which has been discussed between Mirror Group and MIN is the construction of a new greenfield printing plant in the Midlands. It is estimated that this would cost in excess of £30 million and would save £3 million a year. However, no concrete plans regarding this exist at present.

3.37. There are, however, likely to be some immediate savings as a result of using spare daytime capacity at Watford in order to print some of MIN's non-time-sensitive weekly titles which are currently contracted out. The merger would also give MIN access to Mirror Group's inserting equipment at Watford, which could be used to enhance MIN's weekly newspapers by inserting supplements and advertising material. It is not envisaged that any of MIN's daily or evening titles would be printed at Watford as they need to be locally based for logistical reasons. Mirror Group estimates that a further £1 million on top of the £5 million already identified could be saved on printing costs.

3.38. Mirror Group would also like to harmonize pre-press technology throughout the enlarged group, by investing in advanced page make-up software in order to improve the efficiency of MIN's journalists and editorial staff. No value has been placed on any cost savings arising from this.

### ***Revenue enhancement***

3.39. Both Mirror Group and MIN anticipate that there will be opportunities for revenue enhancement within the enlarged group, for instance by offering advertisers a choice of cross-title packages and by joint sales canvassing to increase copy sales. It is also hoped that the strength of the Mirror brand will increase the number of business opportunities available to MIN's exhibitions division.

### ***Management structure***

3.40. Mirror Group has undertaken in its joint press release with MIN dated 4 July 1997 to establish a regional board for the Midlands following the acquisition, which will be subsidiary to the Mirror Group main board. The functions of the regional board would be to assist in the transfer of ownership, to help in representing Mirror Group in the Midlands region, to review regularly the progress of the Midland titles, to keep contact with the local market and to consider local strategy. The regional board would have a mainly non-executive role and would not interfere with direct management channels from MIN's Chief Executive to the Mirror Group main board.

3.41. It is intended that the regional board should have non-executive responsibility for all Mirror Group's business interests in the Midlands region and provide a focal point for prominent local people representing the region and its media. Mirror Group's Chief Executive will sit on the Midlands regional board and MIN's Chief Executive will sit on Mirror Group's board.

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\*Figure omitted. See note on page iv.

### ***Future expansion plans***

3.42. Mirror Group told us that it did not at present have any further major expansion plans within regional newspapers in other regions of the UK. This is partly because of a desire to achieve a balance in its portfolio of media interests but also because, if any opportunities did become available, it considered that they would be very fiercely contested by other groups. It did envisage some minor acquisitions or disposals within the regions where it was represented-to make ownership of titles more contiguous, to eliminate unprofitable titles or to expand.

3.43. Further development of Mirror Group's interests in other media, in television and exhibitions, was, however, envisaged so as to develop into a more broadly-based media group with a balanced portfolio of interests, maybe ultimately becoming an international media group.