



Postmedia Network Canada Corp.
Q2 F2012 Investor and Analyst Conference Call

April 12, 2012

POSTMEDIA NETWORK

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POSTMEDIA NEWS

Forward-Looking Statements

This presentation may include certain information that is “forward-looking information” under applicable Canadian securities laws and “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995.

By their nature, forward-looking information and statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These risks and uncertainties include, among others, competition from other newspapers and alternative forms of media; the effect of economic conditions on advertising revenue; the ability of the Company to build out its digital media and online businesses; the failure to maintain current print and online newspaper readership and circulation levels; the realization of anticipated cost savings; possible damage to the reputation of the Company’s brands or trademarks; possible labour disruptions; possible environmental liabilities, litigation and pension plan obligations; fluctuations in foreign exchange rates and the prices of newsprint and other commodities. For a complete list of our risk factors please refer to the section entitled “Risk Factors” contained in our annual management’s discussion & analysis for the year ended August 31, 2011, which can be found on the Company’s website at www.postmedia.com, on SEDAR at www.sedar.com or on the SEC’s website at www.sec.gov. Although the Company bases such information and statements on assumptions believed to be reasonable when made, they are not guarantees of future performance and actual results of operations, financial condition and liquidity, and developments in the industry in which the Company operates may differ materially from any such information and statements in this presentation.

Given these risks and uncertainties, undue reliance should not be placed on any forward-looking information or forward-looking statements, which speak only as of the date of such information or statements. Other than as required by law, the Company does not undertake, and specifically declines, any obligation to update such information or statements or to publicly announce the results of any revisions to any such information or statements.

Unless otherwise noted, all references to “\$” are to Canadian dollars.

Q2 Fiscal 2012 Highlights

Operating Results

- YTD earnings from continuing operations show improvement as decrease in operating costs, restructuring and interest more than offset revenue declines.
- Q2 consolidated revenue declined 7.6% as compared to the same quarter in the prior year. With national print advertising accounting for more than half of revenue decline.
- Online advertising growth of 0.5%.
- Weakness with national advertisers contributed to weaker results in national print, inserts and national online revenue.
- Operating income before depreciation, amortization and restructuring decreased \$14.6 million to \$25.3 million versus Q2 in prior year.
- Q2 debt repayment totaled \$9.9 million including repurchase and retirement of US\$6.4 million of 12.5% senior secured notes.

Audience

- NADbank results released in March show growth in both print and online readership.
- Unique Monthly Visitors to Newspaper Websites up 7%* as compared to the same quarter in prior year.
- In December, announced major update to apps making them accessible to readers on iPhone or iPod touch.



*Source: comScore, MediaMetrix., Total Canada, All Locations, *based on 3 month average: Dec2011/Jan - Feb 2012 vs. Dec2010/Jan - Feb 2011

Q2 Fiscal 2012 – Financial Highlights

In thousands of Canadian dollars

	For the three months ended February 29, 2012 and February 28, 2011			For the six months ended February 29, 2012 and February 28, 2011		
	Q2 F2012	Q2 F2011 ⁽¹⁾	Variance favourable (unfavourable)	Q2 F2012	Q2 F2011 ⁽¹⁾	Variance favourable (unfavourable)
Revenues						
Print advertising	122,385	136,839	(14,454)	271,753	306,036	(34,283)
Print circulation	51,201	53,522	(2,321)	105,470	109,552	(4,082)
Digital	20,933	20,836	97	43,555	43,773	(218)
Other	4,123	3,813	310	8,954	9,748	(794)
	198,642	215,010	(16,368)	429,732	469,109	(39,377)
Operating expenses						
Compensation	90,176	91,084	908	177,297	187,970	10,673
Newsprint	12,633	13,391	758	27,267	30,045	2,778
Distribution	30,493	30,495	2	63,198	63,314	116
Other operating	40,052	40,133	81	82,035	78,691	(3,344)
	173,354	175,103	1,749	349,797	360,020	10,223
Operating income before depreciation, amortization and restructuring						
	25,288	39,907	(14,619)	79,935	109,089	(29,154)
Depreciation	6,517	6,435	(82)	12,979	13,575	596
Amortization	10,836	11,416	580	21,857	22,880	1,023
Restructuring and other items	4,629	12,212	7,583	7,611	33,451	25,840
Operating income	3,306	9,844	(6,538)	37,488	39,183	(1,695)
Net earnings (loss) from continuing operations	(11,065)	(10,728)	(337)	3,213	(6,154)	9,367
Net earnings (loss) from discontinued operations	-	(1,790)	1,790	14,053	(359)	14,412
Net earnings (loss)	(11,065)	(12,518)	1,453	17,266	(6,513)	23,779

Notes:

(1) Results for the three and six months ended February 28, 2011 have been revised from amounts previously reported to present the results of the properties sold to Glacier Media Inc. as discontinued operations as well as to reflect the adoption of IFRS.

Q2 Fiscal 2012 – Factors Affecting Revenue

Change vs. Prior Year for Key Revenue Categories

Revenue Category	3 months ended May 31, 2011 ⁽¹⁾	3 months ended Aug 31, 2011 ⁽¹⁾	3 months ended Nov 30, 2011	3 months ended Feb 29, 2012
National print advertising	- 2%	- 5%	- 20%	-15%
Retail print advertising	- 9%	- 6%	- 7%	-8%
Classified print advertising	- 11%	- 13%	- 7%	-11%
Insert revenue	+ 4%	+ 3%	- 3%	-4%
Digital revenue - Advertising	+ 17%	+ 15%	- 2%	+1%
Digital revenue - Other	- 10%	- 5%	- 1%	-1%
Print circulation	- 3%	- 3%	- 3%	-4%

Notes:

(1) Variances for periods prior to Q1 Fiscal 2012 have not been revised to exclude the results of discontinued operations.

Factors affecting Q2 Fiscal 2012 Revenue

- National Print category accounted for approximately one-half of total revenue decline, with most significant weakness in financial services category.
- Weakness in digital advertising due to similar factors as national print category.

Liquidity and Covenants

- Cash at February 29, 2012 of \$14.1 million.
- Revolver remains undrawn.
- Debt repayments in Q2 of \$9.9 million including the repurchase and retirement of US\$6.4 million of 12.5% senior secured notes.
- Term loan maintenance covenants:

	Feb 29, 2012	Nov 30, 2011	Aug 31, 2011	Credit Agreement	
				at	after
				Feb 29, 2012 ¹	Nov 29, 2012 ¹
Consolidated Interest Coverage Ratio	2.56	2.74	2.97	>2.00	>2.00
Consolidated Total Leverage Ratio	3.36	3.13	3.07	<4.50	<4.00
Consolidated First Lien Indebtedness Leverage Ratio	1.60	1.48	1.68	<3.00	<2.50

Notes:

(1) Financial maintenance covenants as set out in First Amendment to Term Loan Credit Agreement which became effective April 4, 2011.



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