



# POSTMEDIA NETWORK

## PRINT

EDMONTON JOURNAL

**The Gazette**  
montrealgazette.com

THE WINDSOR STAR

CALGARY HERALD

**THE TILBURY TIMES**  
For Community Engagement Since 1827

**The Province**

TECUMSEH  
**SHORELINE**  
At the heart of your community.

THE KINGSVILLE  
**REPORTER**

**NATIONAL POST**

**WindsorParent**  
MAGAZINE

**LASALLE POST**

LEADER-POST

THE VANCOUVER SUN

Lakeshore News  
Using the community since 1946.

The StarPhoenix

OTTAWA CITIZEN

## DIGITAL



 **canada.com**

 **Dose.ca**

**infomart**

**sprouter**

 **SwarmJam**  
SWEET DEALS DAILY

 **celebrating.com**  
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## SERVICES

CALGARY FLYER  
**FORCE**  
A DIVISION OF POSTMEDIA NETWORK INC.

EDMONTON FLYER  
**FORCE**  
A DIVISION OF POSTMEDIA NETWORK INC.

OTTAWA FLYER  
**FORCE**  
A DIVISION OF POSTMEDIA NETWORK INC.

**POSTMEDIA** EDITORIAL SERVICES

**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, 2012, which can be found on the Company’s website at [www.postmedia.com](http://www.postmedia.com), on SEDAR at [www.sedar.com](http://www.sedar.com) or on the SEC’s website at [www.sec.gov](http://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.

# Q4 Fiscal 2012 Highlights

## Operating Results

- Q4 consolidated revenue declined 5.9% relative to the same quarter in the prior year.
- Largest declines experienced in the classified advertising category.
- Digital revenue increased \$0.7 million or 3.5% compared to Q4, 2011.
- Operating cost decreases in Q4, 2012 versus Q4, 2011 of 4% helped partially offset revenue declines resulting in a drop in operating income before depreciation, amortization and restructuring of \$5.4 million to \$28.2 million.

## Three Year Transformation Program

- As of August 31, 2012 implemented transformation initiatives expected to yield annualized cost savings of approximately \$37 million.

## Refinancing of Term Loan

- Issued \$250 million of 8.25% first lien notes on August 16, 2012. Net proceeds were used to repay US\$ first lien term loan.
- New debt provides increased financial flexibility and eliminates financial maintenance covenants.

# Q4 Fiscal 2012 Highlights (Continued)

## Sale of Head Office in Toronto

- On October 12, 2012, the sale of the Toronto corporate headquarters was completed. Net proceeds of \$23.2 million will be used to redeem first lien notes.

## Content Metering

- Expanded content metering system beyond Montreal Gazette to include Ottawa Citizen, Vancouver Sun, Vancouver Province and National Post (international visitors).
- Subscription sales focus on all access bundles and digital access bundles.

## Audience

- Postmedia's newspaper websites<sup>1</sup> rank #1 in the newspaper category reaching 32% of Canadians who visit newspaper websites with 5.4 million average monthly unique visitors.
- Postmedia mobile audiences<sup>2</sup> surpassed 4 million monthly unique visitors in Q4, up 121% compared to the prior year.
- NADbank fall mid-year survey shows Postmedia combined readership<sup>3</sup> (seven of our ten surveyed newspapers – print and online) up 6% to 4.4 million readers each week.

1. Source: comScore, MediaMetrix., Total Canada, All Locations, August 2012 (3-mth avg – June/July/August )

2. Omniture SiteCatalyst, June/July/August 2012. \* Note: UV duplication among properties. Note: Year-over-Year August 2012 vs. August 2011.

3. NADbank 2011/12 Mid-Year Readership Study , September 2012

# Q4 Fiscal 2012 – Financial Highlights

In thousands of Canadian dollars

For the three months ended August 31, 2012 and 2011

For the years ended August 31, 2012 and 2011

	For the three months ended August 31, 2012 and 2011			For the years ended August 31, 2012 and 2011		
	Q4 F2012	Q4 F2011 <sup>(1)</sup>	Variance favourable (unfavourable)	F2012	F2011 <sup>(1)</sup>	Variance favourable (unfavourable)
<b>Revenues</b>						
Print advertising	112,157	122,283	(10,126)	514,987	573,920	(58,933)
Print circulation	51,223	54,417	(3,194)	209,177	219,296	(10,119)
Digital	21,937	21,200	737	89,076	87,050	2,026
Other	4,807	4,251	556	18,637	18,622	15
	190,124	202,151	(12,027)	831,877	898,888	(67,011)
<b>Operating expenses</b>						
Compensation	81,367	84,745	3,378	348,133	368,516	20,383
Newsprint	11,717	12,885	1,168	52,628	57,423	4,795
Distribution	29,218	30,926	1,708	123,872	126,825	2,953
Other operating	39,649	40,062	413	162,908	156,922	(5,986)
<b>Operating income before depreciation, amortization and restructuring</b>	28,173	33,533	(5,360)	144,336	189,202	(44,866)
Depreciation	6,593	6,671	78	26,157	27,015	858
Amortization	10,881	11,227	346	43,566	45,209	1,643
Restructuring and other items	13,014	2,971	(10,043)	35,355	38,011	2,656
<b>Operating income (loss)</b>	(2,315)	12,664	(14,979)	39,258	78,967	(39,709)
<b>Net loss from continuing operations</b>	(28,351)	(838)	(27,513)	(37,275)	(12,154)	(25,121)
<b>Net earnings from discontinued operations</b>	-	487	(487)	14,053	2,565	11,488
<b>Net loss</b>	(28,351)	(351)	(28,000)	(23,222)	(9,589)	(13,633)

**Notes:**

- (1) Results for the three months and year ended August 31, 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.

# Q4 Fiscal 2012 – Factors Affecting Revenue

## Change vs. Same Period Prior Year for Key Revenue Categories

Revenue Category	3 months ended Nov 30, 2011	3 months ended Feb 29, 2012	3 months ended May 31, 2012	3 months ended August 31, 2012
National print advertising	- 20%	-15%	-12%	-6%
Retail print advertising	- 7%	-8%	-8%	-8%
Classified print advertising	- 7%	-11%	-14%	-15%
Insert revenue	- 3%	-4%	-3%	-4%
Digital revenue - Advertising	- 2%	+1%	+4%	+6%
Digital revenue - Other	- 1%	-1%	+13%	-2%
Print circulation	- 3%	-4%	-5%	-6%

### Factors affecting Q4 Fiscal 2012 Revenue

- Classified advertising category was largest contributor to print advertising declines.
- Growth in digital advertising due to strong gains in local digital advertising revenue partially offset by weakness in national digital advertising and online classified.





**Postmedia Network Canada Corp.  
Q4 F2012 Investor and Analyst Conference Call**

**October 25, 2012**