



**Postmedia Network Canada Corp.
Q2 F2013 Investor and Analyst Conference Call**

April 11, 2013

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, 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.

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

POSTMEDIA NETWORK

PRINT

DIGITAL

NATIONAL POST

THE VANCOUVER SUN

The Province

The StarPhoenix

CALGARY HERALD

EDMONTON JOURNAL

LEADER-POST

The Gazette
montrealgazette.com

THE WINDSOR STAR

OTTAWA CITIZEN

Kingsville
REPORTER

TILBURY TIMES

LASALLE POST

SHORELINE
At the heart of your community.

WindsorParent
MAGAZINE

Lakeshore News



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SERVICES



POSTMEDIA EDITORIAL SERVICES

POSTMEDIA NEWS

Q2 Fiscal 2013 Highlights

Q2 Operating Results

- Consolidated revenue declined 10.0% relative to Q2 Fiscal 2012.
- Largest revenue declines experienced in the classified and national print advertising categories.
- Digital revenue increased \$0.4 million or 1.7% compared to Q2 Fiscal 2012.
- Expense decreases of 11.4%, relative to Q2 F2012, offset revenue declines resulting in a decrease in operating income before depreciation, amortization and restructuring of \$0.1 million to \$25.2 million.

Three Year Transformation Program

- Implemented additional cost reductions in Q2 that are expected to result in additional net annualized savings of approximately \$16 million.
- Total net annualized cost reductions since the three year program was announced total approximately \$58 million.

Q2 Fiscal 2013 Highlights (Continued)

Audience

- NADbank results released in March show growth in both print and online readership – combined readership up 4% to 5.1 million readers each week⁽¹⁾.
- Unique Monthly Visitors to Newspaper Websites up 9%⁽²⁾ as compared to the same quarter in prior year.
- Postmedia mobile audience grew 38% versus the same quarter of the previous year, up to 4.9 million average monthly unique visitors⁽³⁾.

⁽¹⁾ NADbank 2012 Study

⁽²⁾ comScore, MediaMetrix., Total Canada, All Locations, *based on 3 month average: Dec2012/Jan/ Feb 2013 vs. Dec2011/Jan - Feb 2012

⁽³⁾ Omniture SiteCatalyst, Dec2012/Jan-Feb 2013

Q2 Fiscal 2013 – Financial Highlights

(In thousands of Canadian dollars)

For the three months ended February 28, 2013
and February 29, 2012

For the six months ended February 28, 2013
and February 29, 2012

	Q2 F2013	Q2 F2012	Variance favourable (unfavourable)	Q2 YTD F2013	Q2 YTD F2012	Variance favourable (unfavourable)
Revenues						
Print advertising	105,443	122,385	(16,942)	238,184	271,753	(33,569)
Print circulation	47,863	51,201	(3,338)	97,139	105,470	(8,331)
Digital	21,292	20,933	359	46,105	43,555	2,550
Other	4,220	4,123	97	9,062	8,954	108
	178,818	198,642	(19,824)	390,490	429,732	(39,242)
Operating expenses						
Compensation	81,172	90,176	9,004	164,120	177,297	13,177
Newsprint	9,856	12,633	2,777	21,964	27,267	5,303
Distribution	26,365	30,493	4,128	54,557	63,198	8,641
Other operating	36,240	40,052	3,812	75,558	82,035	6,477
Operating income before depreciation, amortization and restructuring	25,185	25,288	(103)	74,291	79,935	(5,644)
Depreciation	6,740	6,517	(223)	13,630	12,979	(651)
Amortization	10,834	10,836	2	21,568	21,857	289
Restructuring and other items	1,814	4,629	2,815	6,611	7,611	1,000
Operating income	5,797	3,306	2,491	32,482	37,488	(5,006)
Net earnings (loss) from continuing operations	(14,162)	(11,065)	(3,097)	(5,858)	3,213	(9,071)
Net earnings from discontinued operations, net of tax of nil	-	-	-	-	14,053	(14,053)
Net earnings (loss)	(14,162)	(11,065)	(3,097)	(5,858)	17,266	(23,124)

Q2 Fiscal 2013 – Factors Affecting Revenue

Change vs. Same Period Prior Year for Key Revenue Categories

Revenue Category	3 months ended May 31, 2012	3 months ended August 31, 2012	3 months ended November 30, 2012	3 months ended February 28, 2013
National print advertising	-12%	-6%	-11%	-17%
Retail print advertising	-8%	-8%	-8%	-7%
Classified print advertising	-14%	-15%	-20%	-21%
Insert revenue	-3%	-4%	-7%	-8%
Digital revenue - Advertising	+4%	+6%	+10%	+2%
Digital revenue - Other	+13%	-2%	+9%	+1%
Print circulation	-5%	-6%	-9%	-7%

Factors affecting Q2 Fiscal 2013 Revenue

- Classified category experienced declines in all major segments (auto, employment & real estate).
- Largest national declines were in automotive and entertainment categories.
- Growth in digital revenue due to gains in local advertising, offset by declines in digital classified.
- Circulation revenue decline is partially due to implementation of cost reduction initiatives, including reduced publishing days and elimination of unprofitable circulation.

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