

Postmedia Network Canada Corp. Q3 F2014 Investor and Analyst Conference Call July 10, 2014

Forward Looking Statements

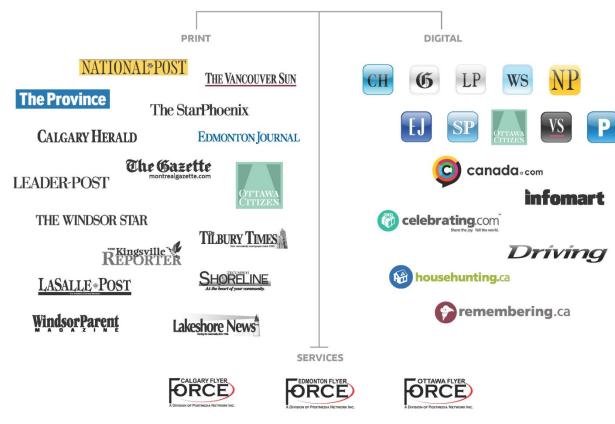
This presentation may include certain information that is "forward-looking information" under applicable Canadian securities laws and "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. The Company has tried, where possible, to identify such information and statements by using words such as "believe," "expect," "intend," "estimate," "anticipate," "may," "will," "could," "would," "should" and similar expressions and derivations thereof in connection with any discussion of future events, trends or prospects or future operating or financial performance. Forward-looking statements in this presentation include statements with respect to the implementation and results of the Company's transformation initiatives and the realization of anticipated cost savings.

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; not being able to refinance our ABL Facility on attractive terms or at all; 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 and analysis for the years ended August 31, 2013, 2012 and 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.





Our English-language paid daily newspapers have, in total, the highest weekly print readership when compared to other media organizations in Canada, reaching 3.9 million Canadians each week⁽¹⁾

Digital properties with 6.2 million average monthly unique visitors⁽²⁾, including newspaper sites ranked #1 in Canada that reach 35% of Canadian newspaper site visitors⁽²⁾

⁽¹⁾ Source: NADbank 2013, 10 owned Postmedia daily newspapers. Weekly print readership includes print or pdf replica

⁽²⁾ Source: comScore, MediaMetrix, Total Canada, All Locations, Q3F'14 (3 month Average March/Apr/May '14)

Operating Results



Q3 Fiscal 2014 Highlights

Q3 Operating Results

- Consolidated revenue declined 10.8% relative to Q3 F2013.
- Revenue declines experienced in all print advertising categories.
- Digital revenue decreased \$1.0 million or 4.3% relative to Q3 F2013.
- Expense decreases of 8.6%, relative to Q3 F2013, partially offset revenue declines resulting
 in a decrease in operating income before depreciation, amortization and restructuring of
 \$7.1 million to \$25.7 million.

Three Year Transformation Program

- Implemented additional cost reductions in Q3 that are expected to result in net annualized cost savings of \$8 million.
- Total net annualized cost reductions since the three year program was announced total approximately \$106 million.
- Remain focused on implementing additional cost savings to reach transformation targets announced in July 2012.

Q3 Fiscal 2014 - Financial Highlights

(In thousands of Canadian dollars)

For the three months ended May 31, 2014 and 2013

For the nine months ended May 31, 2014 and 2013

			Variance favourable			Variance favourable
<u> </u>	Q3 F2014	Q3 F2013	(unfavourable)	Q3 YTD F2014	Q3 YTD F2013	(unfavourable)
		(revised) (1)			(revised) (1	
Revenues						
Print advertising	94,716	113,395	(18,679)	301,265	•	(50,314)
Print circulation	49,029	49,401	(372)	146,167	146,540	(373)
Digital	23,067	24,093	(1,026)	67,757	70,198	(2,441)
Other	4,177	4,895	(718)	12,262	13,957	(1,695)
	170,989	191,784	(20,795)	527,451	582,274	(54,823)
Operating expenses						
Compensation	72,492	83,075	10,583	218,498	247,433	28,935
Newsprint	7,588	10,147	2,559	24,110	32,111	8,001
Distribution	25,978	27,542	1,564	76,990	82,099	5,109
Other operating	39,264	38,268	(996)	114,049	113,826	(223)
Operating income before depreciation,						
amortization and restructuring	25,667	32,752	(7,085)	93,804	106,805	(13,001)
Depreciation	15,918	6,706	(9,212)	40,314	20,336	(19,978)
Amortization	9,542	11,111	1,569	29,553	32,679	3,126
Impairments	-	93,883	93,883	-	93,883	93,883
Restructuring and other items	5,813	6,305	492	31,351	12,916	(18,435)
Operating loss	(5,606)	(85,253)	79,647	(7,414)	(53,009)	45,595
Net loss attributable to equity holders of the Company	(20,605)	(103,256)	82,651	(57,700)	(112,313)	54,613

^{1.} Results for the three and nine months ended May 31, 2013 have been revised from amounts previously reported as a result of the adoption of new and amended accounting standards on September 1, 2013. See note 2 of our interim condensed consolidated financial statements for additional information.

Q3 Fiscal 2014 - Factors Affecting Revenue

Change vs. Same Period Prior Year for Key Revenue Categories

Revenue Category	3 months ended August 31, 2013	3 months ended November 30, 2013	3 months ended February 28, 2014	3 months ended May 31, 2014
National print advertising	-20%	-11%	-14%	-19%
Retail print advertising	-14%	-12%	-23%	-18%
Classified print advertising	-17%	-24%	-22%	-21%
Insert revenue	-7%	-	+5%	-5%
Digital revenue - Advertising	-5%	-7%	-4%	-10%
Digital revenue - Other	+5%	+1%	+6%	+9%
Print circulation	-4%	+1%	-1%	-1%

Factors affecting Q3 Fiscal 2014 Revenue

• The automotive segment was the most significant challenge in Q3 F'14 accounting for 41% of print advertising revenue decline.

Thank you

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