



Postmedia Network Canada Corp.
Q1 F2015 Investor and Analyst
Conference Call
January 8, 2015

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.

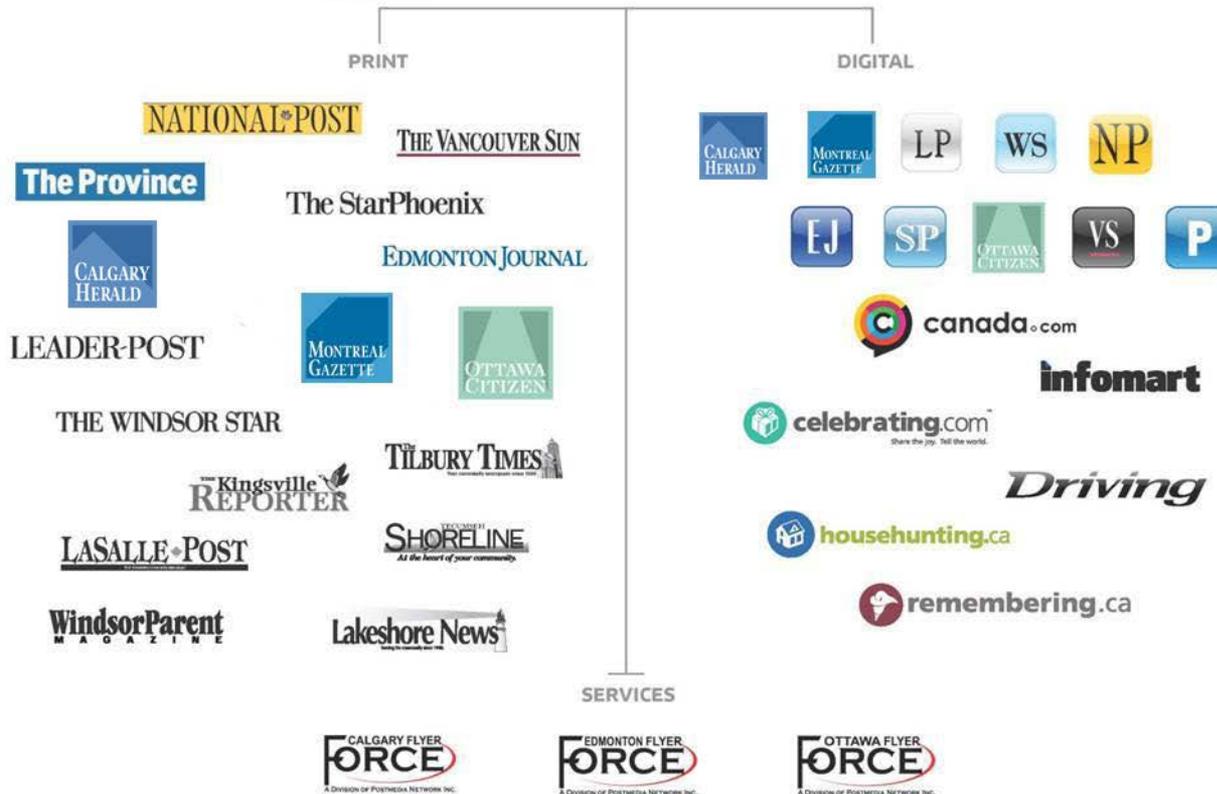
By their nature, forward-looking information and statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements in this presentation include statements with respect to the acquisition of certain Sun Media publications, the review of the transaction by the Competition Bureau, the proposed debt and equity financing for the transaction and the anticipated benefits to Postmedia from the transaction and financings, including improved financial strength, free cash flow, leverage ratios and synergies. Any “financial outlook” in this presentation, as defined by applicable securities legislation, has been approved by management of Postmedia and is included for the purpose of illustrating the materiality of the acquisition of the assets of QMI’s English language publications, and for no other purpose. 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: the possibility that the transaction, including the related financings, will not close (including, without limitation, as a result of the failure to gain regulatory approvals); the risks associated with the possible failure to realize the anticipated synergies in integrating the operations of the Sun Media publications with the operations of Postmedia; competition from digital and other forms of media; the effect of economic conditions and structural changes in the industry 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 labor 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, 2014, 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.

POSTMEDIA



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 33% 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, Q1F'15 (3 month Average Sept/Oct/Nov '14)

REIMAGINED

FOR YOUR DAY

NEW IPAD APP

- Live stream of local news and information
- Specific content for the mobile audience
- Crafted for a skim, share, follow experience
- Designed for news on the go
- **Free* download on iTunes and Google Play**



NEW WEBSITE

- New responsive design adapts to all screen sizes
- Colour-coded for easier navigation
- Optimized for faster loading time
- Improved search functionality
- More entertainment, sports, opinion and multimedia journalism from your respected source

NEW PRINT EDITION

- New masthead unifies our print, web, smartphone and tablet platforms
- New Index on A2 with enhanced listings
- Great local coverage of news, business, arts, culture, food, fitness, fashion and more
- Colour comics every day

Sun Media Overview

Newspapers



The London Free Press



The Intelligencer



Packet & Times

The Sun Times



Simcoe Reformer



The Daily Press



+ weekly community and specialty publications located in Ontario and Western Canada



Une compagnie de Quebecor Media



Digital

Printing

- Broad range of paid and free urban daily newspapers reach ~4 million readers each week across Ontario and Western Canada⁽¹⁾
- Includes 140 properties in smaller communities where it is often the only newspaper
- Digital network averages more than 4 million unique monthly visitors, including newspaper websites and related sites⁽²⁾

(1) Source: NADbank 2013; Weekly Print/PDF (Sun Media English and 24H two markets)

(2) Source: Comscore May 2014 Multi-Platform including web and mobile and excluding Quebec visitors

Operating Results

Q1 Fiscal 2015 Highlights

Q1 Operating Results

- Consolidated revenue declined 12.6% relative to Q1 F2014.
- Revenue declines experienced in all print advertising categories.
- Digital revenue increased \$0.7 million or 3.0% relative to Q1 F2014.
- Expense decreases of 16.3%, relative to Q1 F2014 were offset by revenue declines resulting in a decrease in operating income before depreciation, amortization, impairment and restructuring of \$0.4 million to \$45.6 million.
- The decrease in operating expenses was due to a compensation expense recovery totaling \$13.8 million related to the company's Ontario Interactive Digital Media Tax Credit claim and other expense reductions of \$10.3 million primarily related to restructuring initiatives.

Three Year Transformation Program

- Implemented additional cost reductions in Q1 that are expected to result in net annualized cost savings of \$3 million.
- Total net annualized cost reductions since the three year program was announced total approximately \$112 million or 16% of operating costs.

Real Estate Update

- Completed the sale of the Montreal Gazette production facility for gross proceeds of \$12.5 million and realized a gain on sale of \$0.7 million. The net proceeds of \$12.4 million from the sale will be used to fund a portion of the Sun Media acquisition.

Q1 Fiscal 2015 – Financial Highlights

(In thousands of Canadian dollars)

For the three months ended
November 30, 2014 and 2013

	Q1 F2015	Q1 F2014	Variance favourable (unfavourable)
Revenues			
Print advertising	93,127	116,605	(23,478)
Print circulation	47,434	49,588	(2,154)
Digital	24,269	23,554	715
Other	4,684	4,231	453
	169,514	193,978	(24,464)
Expenses			
Compensation	54,149	73,958	19,809
Newsprint	7,175	9,120	1,945
Distribution	24,464	26,308	1,844
Production	11,362	9,102	(2,260)
Other operating	26,742	29,479	2,737
Operating income before depreciation, amortization, impairment and restructuring	45,622	46,011	(389)
Depreciation	12,032	13,227	1,195
Amortization	9,535	10,412	877
Impairment	1,843	-	(1,843)
Restructuring and other items	4,224	20,113	15,889
Operating income	17,988	2,259	15,729
Net loss	(10,255)	(11,805)	1,550

Q1 Fiscal 2015 – Factors Affecting Revenue

Change vs. Same Period Prior Year for Key Revenue Categories

Revenue Category	3 months ended February 28, 2014	3 months ended May 31, 2014	3 months ended August 31, 2014	3 months ended November 30, 2014
Run-of-press advertising	-18%	-19%	-25%	-22%
Insert revenue	+5%	-5%	-4%	-13%
Digital revenue - Advertising	-4%	-10%	-10%	+3%
Digital revenue - Other	+6%	+9%	+5%	+4%
Print circulation	-1%	-1%	-3%	-4%

Factors affecting Q1 Fiscal 2015 Revenue

- The most significant declines were in the automotive, technology and travel categories which, on a combined basis, accounted for approximately 45% of print advertising declines.

Thank you

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