



Postmedia Network Canada Corp.
Q3 F2015 Investor and Analyst
Conference Call
July 9, 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.

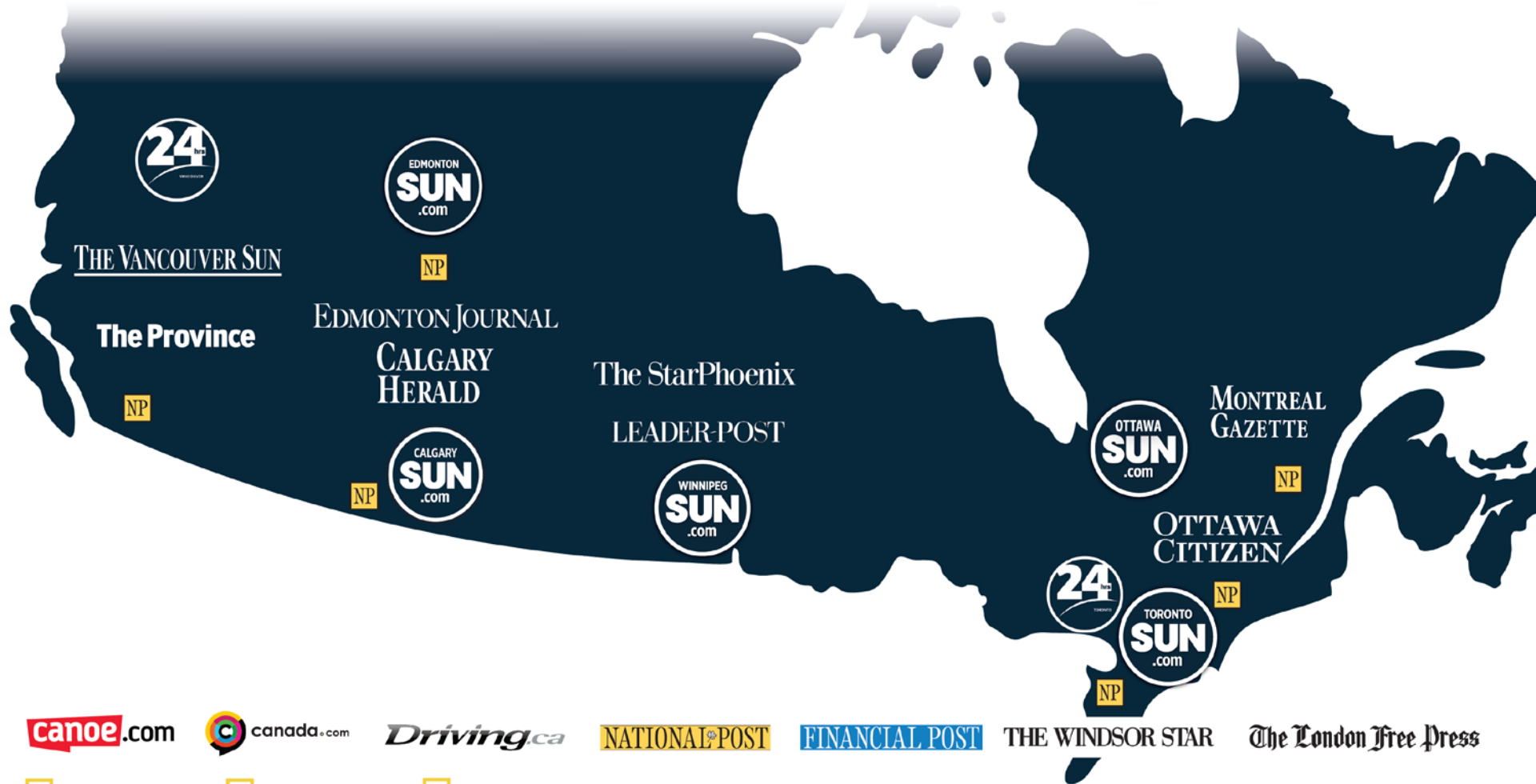
By their nature, forward-looking information and statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements in this presentation include statements with respect to the implementation and results of the Company’s transformation initiatives, the realization of anticipated cost savings, the impact of the Company’s organizational redesign and the ability of the Company to leverage future opportunities. 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 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 Brands



canoe.com

canada.com

Driving.ca

NATIONAL POST

FINANCIAL POST

THE WINDSOR STAR

The London Free Press

POSTMEDIA DAILIES

POSTMEDIA COMMUNITIES

POSTMEDIA SPECIALTY PUBLICATIONS

Postmedia Audience



+ more than 150 weekly community and specialty publications in Ontario and Western Canada



Our daily newspapers have, in total, the highest weekly print readership when compared to other media organizations in Canada, reaching 6.3 million Canadians each week⁽¹⁾

Digital properties with 11.8 million monthly unique visitors⁽²⁾, including newspaper sites ranked #1 in Canada that reach 52% of Canadian newspaper site visitors⁽²⁾

(1) Source: NADbank Spring 2015; Base 48 Markets Adults 18+ Weekly print readership includes print or pdf replica
Postmedia Network = 10 owned + 2 represented + Sun Media (Calgary, Edmonton, Winnipeg, Ottawa, Toronto, London Free Press) + 24 Hours (Toronto/Vancouver) +18 City Dailies

(2) Source: comScore, Multi-Platform Total Digital Population (Web + Mobile), Total Canada, All Locations, May 2015

NOTE: May 2015 is first full month where Postmedia/Sun Media properties have been rolled under one entity that provides total monthly Unique Visitors

Q3 Fiscal 2015 Highlights

Q3 Operating Results

- Consolidated revenue increased 19.9% relative to Q3 F2014. Excluding the impact of the Sun Acquisition revenue for the quarter was down 13.5%.
- Operating income before depreciation, amortization, impairment and restructuring (EBITDA) increased \$5.0 million, or 19.4%, relative to Q3 F2014. Excluding impact of the acquisition, EBITDA declined \$3.3 million or 13.0% .

Sun Media Integration Update

- Combined digital audience places Postmedia in top 15 in Canada for first time.
- Integration synergies are greater than originally indicated.
- Similar challenges from revenue perspective but advertising declines are not as severe due to less emphasis on national advertisers.

Three Year Transformation Program

- Implemented additional cost reductions in Q3 that are expected to result in net annualized cost savings of \$5 million.
- Three year program now completed which resulted in total net annualized cost reductions of \$136 million or 20% since the program was announced in July 2012.

New Cost Savings and Synergies

- We plan to eliminate an estimated additional \$50 million in operating costs by the end of fiscal 2017.

Q3 Fiscal 2015 – Financial Highlights

(In thousands of Canadian dollars)

	For the three months ended May 31, 2015 and 2014			For the nine months ended May 31, 2015 and 2014		
	Q3 F2015 ⁽¹⁾	Q3 F2014	Variance favourable (unfavourable)	Q3 YTD F2015 ⁽¹⁾	Q3 YTD F2014	Variance favourable (unfavourable)
Revenues						
Print advertising	112,177	94,716	17,461	280,815	301,265	(20,450)
Print circulation	59,043	49,029	10,014	151,989	146,167	5,822
Digital	25,833	23,067	2,766	70,636	67,757	2,879
Other	8,039	4,177	3,862	16,611	12,262	4,349
	205,092	170,989	34,103	520,051	527,451	(7,400)
Operating expenses						
Compensation	80,527	72,492	(8,035)	201,186	218,498	17,312
Newsprint	10,300	7,588	(2,712)	23,476	24,110	634
Distribution	33,661	25,978	(7,683)	80,561	76,990	(3,571)
Production	17,275	10,164	(7,111)	39,845	28,289	(11,556)
Other operating	32,690	29,100	(3,590)	85,879	85,760	(119)
Operating income before depreciation, amortization, impairment and restructuring	30,639	25,667	4,972	89,104	93,804	(4,700)
Depreciation	4,628	15,918	11,290	26,175	40,314	14,139
Amortization	10,236	9,542	(694)	29,299	29,553	254
Impairments	151,200	-	(151,200)	153,043	-	(153,043)
Restructuring and other items	14,357	5,813	(8,544)	23,273	31,351	8,078
Operating loss	(149,782)	(5,606)	(144,176)	(142,686)	(7,414)	(135,272)
Net loss attributable to equity holders of the Company	(140,840)	(20,605)	(120,235)	(209,313)	(57,700)	(151,613)

⁽¹⁾ Includes the results of the properties acquired in the Sun Acquisition for the period from April 13, 2015 to May 31, 2015.

Q3 Fiscal 2015 – Factors Affecting Revenue

Change vs. Same Period Prior Year for Key Revenue Categories

Revenue Category	3 months ended August 31, 2014	3 months ended November 30, 2014	3 months ended February 28, 2015	3 months ended May 31, 2015 ⁽¹⁾
Local run-of-press revenue	-21%	-14%	-9%	-17%
National run-of-press revenue	-28%	-29%	-23%	-26%
Insert revenue	-4%	-13%	-15%	-14%
Digital revenue - Advertising	-10%	+3%	-10%	-7%
Digital revenue - Other	+5%	+4%	+11%	+1%
Print circulation	-3%	-4%	-4%	-7%

Factors affecting Q3 Fiscal 2015 Revenue

- Largest decline was in Automotive category, accounting for 16% of Postmedia print advertising decline.

⁽¹⁾ Excludes the impact of the properties acquired in the Sun Acquisition for the period from April 13, 2015 to May 31, 2015.

Thank you

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