



Postmedia Network Canada Corp.  
Q1 F2016 Investor and Analyst  
Conference Call  
January 13, 2016

# 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.*

*Forward-looking statements in this presentation include statements with respect to the implementation and results of the Company’s transformation initiatives, including 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: 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 and the failure to maintain current print and online newspaper readership and circulation levels.*

*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 years ended August 31, 2015, 2014 and 2013, 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.*

# Our Audience



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



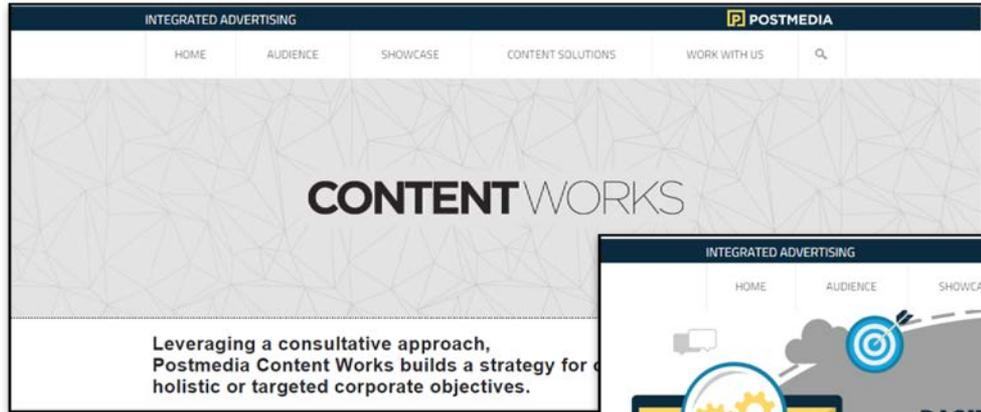
Our daily newspapers have, in total, the highest weekly print readership when compared to other media organizations in Canada, reaching 8.3 million Canadians each week<sup>(1)</sup>

Digital properties with 12.8 million average monthly unique visitors<sup>(2)</sup>, including newspaper sites ranked #1 in Canada that reach 54% of Canadian newspaper site visitors<sup>(2)</sup>

(1) Source: Vividata Fall 2015; Base Adults 18+. Weekly print readership = 9 Postmedia metropolitan dailies + National Post + Sun Media (Calgary, Edmonton, Winnipeg, Ottawa, Toronto, London Free Press ) + 24 Hours (Toronto/Vancouver) + 18 Community Dailies

(2) Source: comScore, MediaMetrix Trend, Multi-Platform Total Digital Population (Desktop + Mobile), Total Canada, All Locations, Average 3-month Unique Visitors (Sept/Oct/Nov 2015)

# Q1 Fiscal 2016 Initiatives



+  
**WINDSOR**  
**MONTREAL**  
**SASKATOON**  
**REGINA**

# Q1 Fiscal 2016 Highlights

## Q1 Operating Results

- Excluding the impact of the Sun Acquisition revenue for the quarter was down 13.1%
- Operating income before depreciation, amortization, impairment and restructuring (EBITDA) decreased \$3.1 million relative to Q1 F2015. Excluding the recovery of \$13.8 million relating to the company's Ontario Interactive Digital Media Tax Credit in Q1 F2015 EBITDA would have increased \$10.7 million relative to Q1 F2015.

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## Cost Savings and Synergies

- As announced in July 2015, the Company planned to eliminate an estimated additional \$50 million in operating costs by the end of fiscal 2017. The Company is now targeting to complete the implementation of the \$50 million in cost savings by the end of Q3 of fiscal 2016 and is targeting an additional \$30 million in cost savings to be implemented by the end of fiscal 2017.
- In Q1 the Company implemented initiatives which are expected to result in approximately \$17.0 million in net annualized cost savings.
- Total net annualized cost reductions since the program was announced are approximately \$32 million.

# Q1 Fiscal 2016 – Financial Highlights

(In thousands of Canadian dollars)

For the three months ended  
November 30, 2015 and 2014

	Q1 F2016 <sup>(1)</sup>	Q1 F2015	Variance favourable (unfavourable)
<b>Revenues</b>			
Print advertising	142,142	93,127	49,015
Print circulation	67,910	47,434	20,476
Digital	30,168	24,269	5,899
Other	10,860	4,684	6,176
	<u>251,080</u>	<u>169,514</u>	<u>81,566</u>
<b>Expenses</b>			
Compensation	94,739	54,149	(40,590)
Newsprint	13,798	7,175	(6,623)
Distribution	42,193	24,464	(17,729)
Production	17,946	11,362	(6,584)
Other operating	39,896	26,742	(13,154)
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<b>Operating income before depreciation, amortization, impairment and restructuring</b>	42,508	45,622	(3,114)
Depreciation	5,647	12,032	6,385
Amortization	5,656	9,535	3,879
Impairment	-	1,843	1,843
Restructuring and other items	11,795	4,224	(7,571)
<b>Operating income</b>	<u>19,410</u>	<u>17,988</u>	<u>1,422</u>
<b>Net loss</b>	<u>(4,231)</u>	<u>(10,255)</u>	<u>6,024</u>

<sup>(1)</sup> Includes the results of the properties acquired in the Sun Acquisition.

# Q1 Fiscal 2016 – Factors Affecting Revenue

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

Revenue Category	3 months ended February 28, 2015	3 months ended May 31, 2015 <sup>(1)</sup>	3 months ended August 31, 2015 <sup>(1)</sup>	3 months ended November 30, 2015 <sup>(1)</sup>
Local run-of-press revenue	-9%	-17%	-10%	-17%
National run-of-press revenue	-23%	-26%	-20%	-23%
Insert revenue	-15%	-14%	-10%	-7%
Digital revenue - Advertising	-10%	-7%	-5%	-10%
Digital revenue - Other	+11%	+1%	+2%	+5%
Print circulation	-4%	-7%	-5%	-7%

### Factors affecting Q1 Fiscal 2016 Revenue

- Largest decline was in Automotive category, accounting for 20% of Postmedia print advertising decline.

<sup>(1)</sup> Excludes the impact of the properties acquired in the Sun Acquisition on April 13, 2015.