



Postmedia Network Canada Corp.
Q2 F2016 Investor and Analyst
Conference Call
April 7, 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, 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 Audience



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⁽¹⁾

Digital properties with 12.8 million average monthly unique visitors⁽²⁾, including websites that rank #1 in Canada in the newspaper category and reach 56% of Canadian newspaper site visitors

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

DIGITAL



(1) Source: Vividata Q2 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 (Dec 2015/Jan/Feb 2016)

Q2 Fiscal 2016 Initiatives



+
Ottawa Citizen
London Free Press

Q2 Fiscal 2016 Highlights

Q2 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 \$0.2 million relative to Q2 F2015.

Cost Savings and Synergies

- The Company is currently in the process of implementing operating cost reductions expected to total \$80 million by the end of fiscal 2017.
- In Q2, the Company implemented initiatives which are expected to result in approximately \$23 million of net annualized cost savings.
- Total net annualized cost savings, since the program was announced in July 2015, are approximately \$55 million or 69% of the \$80 million target.

Q2 Fiscal 2016 – Financial Highlights

(In thousands of Canadian dollars)

	For the three months ended February 29, 2016 and February 28, 2015			For the six months ended February 29, 2016 and February 28, 2015		
	Q2 F2016 ⁽¹⁾	Q2 F2015	Variance favourable (unfavourable)	Q2 YTD F2016 ⁽¹⁾	Q2 YTD F2015	Variance favourable (unfavourable)
Revenues						
Print advertising	111,540	75,511	36,029	253,682	168,638	85,044
Print circulation	63,758	45,512	18,246	131,668	92,946	38,722
Digital	25,452	20,534	4,918	55,620	44,803	10,817
Other	8,334	3,888	4,446	19,194	8,572	10,622
	209,084	145,445	63,639	460,164	314,959	145,205
Operating expenses						
Compensation	90,067	66,510	(23,557)	184,806	120,659	(64,147)
Newsprint	11,268	6,001	(5,267)	25,066	13,176	(11,890)
Distribution	40,066	22,436	(17,630)	82,259	46,900	(35,359)
Production	16,627	11,208	(5,419)	34,573	22,570	(12,003)
Other operating	38,371	26,447	(11,924)	78,267	53,189	(25,078)
Operating income before depreciation, amortization, impairment and restructuring	12,685	12,843	(158)	55,193	58,465	(3,272)
Depreciation	5,492	9,515	4,023	11,139	21,547	10,408
Amortization	5,509	9,528	4,019	11,165	19,063	7,898
Impairment	187,000	-	(187,000)	187,000	1,843	(185,157)
Restructuring and other items	11,089	4,692	(6,397)	22,884	8,916	(13,968)
Operating income (loss)	(196,405)	(10,892)	(185,513)	(176,995)	7,096	(184,091)
Net loss attributable to equity holders of the Company	(225,129)	(58,218)	(166,911)	(229,360)	(68,473)	(160,887)

⁽¹⁾ Includes the results of the properties acquired in the Sun Acquisition.

Q2 Fiscal 2016 – Factors Affecting Revenue

Change vs. Same Period Prior Year for Key Revenue Categories

Revenue Category	3 months ended May 31, 2015 ⁽¹⁾	3 months ended August 31, 2015 ⁽¹⁾	3 months ended November 30, 2015 ⁽¹⁾	3 months ended February 29, 2016 ⁽¹⁾
Local run-of-press revenue	-17%	-10%	-17%	-15%
National run-of-press revenue	-26%	-20%	-23%	-26%
Insert revenue	-14%	-10%	-7%	-8%
Digital revenue - Advertising	-7%	-5%	-10%	-6%
Digital revenue - Other	+1%	+2%	0%	-1%
Print circulation	-7%	-5%	-7%	-8%

Factors affecting Q2 Fiscal 2016 Revenue

- Largest decline was in the Automotive category, accounting for 31% of Postmedia print advertising decline.

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