



Postmedia Network Canada Corp.
Q2 F2017 Investor and Analyst
Conference Call
April 6, 2017

Forward Looking Statements

This presentation may include certain information that is “forward-looking information” under applicable Canadian securities laws.

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, 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: 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, 2016 and 2015, which can be found on the Company’s website at www.postmedia.com or on SEDAR at www.sedar.com. 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.

Q2 Fiscal 2017 Highlights

Q2 Overview

- Continue to pursue real estate sales in numerous locations
- 18% growth in digital advertising revenues
- Cost Reductions

Q2 Operating Results

- Revenue for the quarter was down 13.5% relative to Q2 F2016.
- Operating income before depreciation, amortization, impairment and restructuring (EBITDA) decreased \$6.7 million relative to Q2 F2016.

Cost Savings and Synergies

- In the first half of fiscal 2017 Postmedia has implemented cost savings initiatives that are expected to result in approximately \$61 million in annualized savings.
- Continued focus on cost saving transformation initiatives

Q2 Fiscal 2017 – Financial Highlights

(In thousands of Canadian dollars)

For the three months ended
February 28, 2017 and February 29, 2016

For the six months ended
February 28, 2017 and February 29, 2016

	Q2 F2017	Q2 F2016	Variance favourable (unfavourable)	Q2 YTD F2017	Q2 YTD F2016	Variance favourable (unfavourable)
Revenues						
Print advertising	86,330	111,540	(25,210)	197,327	253,682	(56,355)
Print circulation	58,235	63,758	(5,523)	120,021	131,668	(11,647)
Digital	28,085	25,452	2,633	59,496	55,620	3,876
Other	8,149	8,334	(185)	18,805	19,194	(389)
	180,799	209,084	(28,285)	395,649	460,164	(64,515)
Operating expenses						
Compensation	76,745	90,067	13,322	162,747	184,806	22,059
Newsprint	10,626	11,268	642	23,760	25,066	1,306
Distribution	36,770	40,066	3,296	75,959	82,259	6,300
Production	17,387	16,627	(760)	36,658	34,573	(2,085)
Other operating	33,261	38,371	5,110	68,706	78,267	9,561
Operating income before depreciation, amortization, impairment and restructuring	6,010	12,685	(6,675)	27,819	55,193	(27,374)
Depreciation	5,558	5,492	(66)	11,986	11,139	(847)
Amortization	3,559	5,509	1,950	7,656	11,165	3,509
Impairments	-	187,000	187,000	21,592	187,000	165,408
Restructuring and other items	16,806	11,089	(5,717)	52,789	22,884	(29,905)
Operating loss	(19,913)	(196,405)	176,492	(66,204)	(176,995)	110,791
Net loss attributable to equity holders of the Company	(26,453)	(225,129)	198,676	(8,618)	(229,360)	220,742

Q2 Fiscal 2017 – Factors Affecting Revenue

Change vs. Same Period Prior Year for Key Revenue Categories

Revenue Category	3 months ended May 31, 2016 ⁽¹⁾	3 months ended August 31, 2016	3 months ended November 30, 2016	3 months ended February 28, 2017
Local run-of-press revenue	-20%	-22%	-24%	-22%
National run-of-press revenue	-26%	-30%	-27%	-35%
Insert revenue	-4%	-7%	-9%	-7%
Digital revenue - Advertising	-6%	+2%	+7%	+18%
Digital revenue - Other	+4%	-1%	-3%	-5%
Print circulation	-7%	-8%	-9%	-9%

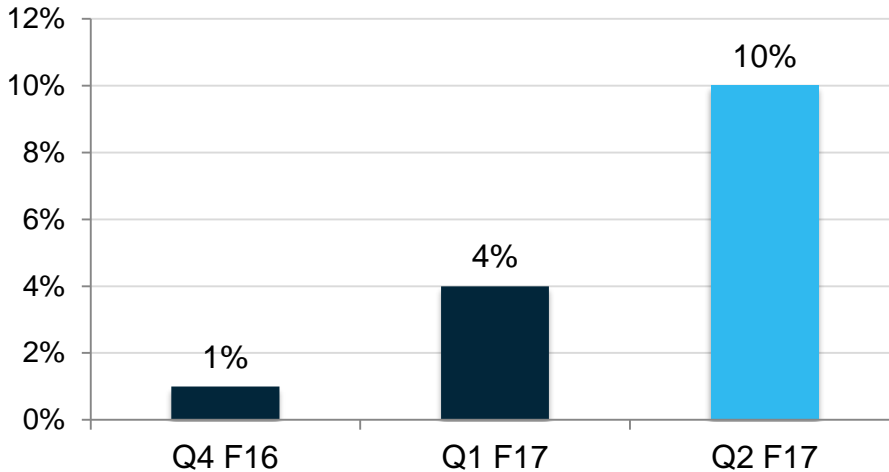
Factors affecting Q2 Fiscal 2017 Revenue

- Largest decline was in the Automotive category, accounting for 32% of Postmedia print advertising decline.

(1) Excludes the impact of the Sun Media properties acquired in fiscal 2015.

Traction with Digital Revenue Growth: Early Signs of Investment Paying Off

Digital Revenue Percentage Growth YoY



Advertising Revenue up 18% in Q2-F2017 fueled by Digital Marketing Services & Programmatic growth

EXISTING OFFERS

Digital Display
Programmatic
Print
Native

NEW SERVICES

Digital Marketing Services

- Search
- Social
- Websites



FULL SERVICE ONE STOP SHOP FOR LOCAL MEDIA NEEDS