



Postmedia Network Canada Corp.
Q3 F2017 Investor and Analyst
Conference Call
July 7, 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 and the proposed and the announced sale of Infomart. 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; the failure to maintain current print and online newspaper readership and circulation levels; and the risk the Infomart transaction will not be completed as described, or at all and the anticipated benefits and consequences will not be achieved.

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.

Q3 Fiscal 2017 Highlights

Q3 Overview

- Continue to pursue real estate sales in numerous locations
- 22.8% growth in digital advertising revenues in Q3 F2017
- In Q3 F2017 implemented cost savings initiatives that are expected to result in approximately \$14 million in annualized cost savings.

Q3 Operating Results

- Revenue for the quarter was down 11.1% relative to Q3 F2016.
- Operating income before depreciation, amortization, impairment and restructuring (EBITDA) increased \$0.6 million relative to Q3 F2016.

Annual Cost Savings

- In the nine months of fiscal 2017 implemented cost savings initiatives that are expected to result in approximately \$75 million in annualized cost savings.

Infomart Transaction

- On June 22, 2017, announced an agreement to sell the media monitoring division Infomart for gross proceeds of approximately \$38.25 million, subject to adjustments.

Q3 Fiscal 2017 – Financial Highlights

(In thousands of Canadian dollars)

	For the three months ended May 31, 2017 and 2016			For the nine months ended May 31, 2017 and 2016		
	Q3 F2017	Q3 F2016	Variance favourable (unfavourable)	Q3 F2017	Q3 F2016	Variance favourable (unfavourable)
Revenue						
Print advertising	93,352	115,391	(22,039)	290,679	369,073	(78,394)
Print circulation	59,349	64,860	(5,511)	179,370	196,528	(17,158)
Digital	31,894	28,041	3,853	91,390	83,661	7,729
Other	9,450	10,026	(576)	28,255	29,220	(965)
	<u>194,045</u>	<u>218,318</u>	<u>(24,273)</u>	<u>589,694</u>	<u>678,482</u>	<u>(88,788)</u>
Expenses						
Compensation	74,640	91,673	17,033	237,387	276,479	39,092
Newsprint	11,554	12,760	1,206	35,314	37,826	2,512
Distribution	37,373	40,552	3,179	113,332	122,811	9,479
Production	18,781	17,968	(813)	55,439	52,541	(2,898)
Other operating	<u>31,275</u>	<u>35,578</u>	<u>4,303</u>	<u>99,981</u>	<u>113,845</u>	<u>13,864</u>
	<u>173,623</u>	<u>198,531</u>	<u>24,908</u>	<u>541,453</u>	<u>603,502</u>	<u>62,049</u>
Operating income before depreciation, amortization, impairment and restructuring	20,422	19,787	635	48,241	74,980	(26,739)
Depreciation	5,171	5,280	109	17,157	16,419	(738)
Amortization	3,538	5,431	1,893	11,194	16,596	5,402
Impairments	4,166	20,000	15,834	25,758	207,000	181,242
Restructuring and other items	<u>(16,691)</u>	<u>7,373</u>	<u>24,064</u>	<u>36,098</u>	<u>30,257</u>	<u>(5,841)</u>
Operating income (loss)	<u>24,238</u>	<u>(18,297)</u>	<u>42,535</u>	<u>(41,966)</u>	<u>(195,292)</u>	<u>153,326</u>
Earnings (loss) attributable to equity holders of the Company	<u>13,046</u>	<u>(23,682)</u>	<u>36,728</u>	<u>4,428</u>	<u>(253,042)</u>	<u>257,470</u>

Q3 Fiscal 2017 – Factors Affecting Revenue

Change vs. Same Period Prior Year for Key Revenue Categories

Revenue Category	3 months ended August 31, 2016	3 months ended November 30, 2016	3 months ended February 28, 2017	3 months ended May 31, 2017
Local run-of-press revenue	-22%	-24%	-22%	-19%
National run-of-press revenue	-30%	-27%	-35%	-31%
Insert revenue	-7%	-9%	-7%	-8%
Digital revenue - Advertising	+2%	+7%	+18%	+23%
Digital revenue - Other	-1%	-3%	-5%	-6%
Print circulation	-8%	-9%	-9%	-9%

Factors affecting Q3 Fiscal 2017 Revenue

- Largest decline was in the Automotive category, accounting for 29% of Postmedia print advertising decline.