



**Postmedia Network Canada Corp.  
Q4 F2017 Investor and Analyst  
Conference Call**

October 19, 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, 2017 and 2016, which can be found on the Company’s website at [www.postmedia.com](http://www.postmedia.com) or on SEDAR at [www.sedar.com](http://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.*

# Q4 Fiscal 2017 Highlights

## Q4 Overview

- Divesting of non-core assets include the sales of Infomart and the Islington print facility (combined \$67 million of net proceeds).
- 19.7% growth in digital advertising revenues in Q4 F2017 – third consecutive quarter of growth.
- In Q4 F2017 implemented cost savings initiatives that are expected to result in approximately \$9 million in annualized cost savings.

## Q4 Operating Results

- Revenue for the quarter was down 9.2% relative to Q4 F2016.
- Operating income before depreciation, amortization, impairment and restructuring (EBITDA) increased \$7.1 million relative to Q4 F2016.

## Annual Cost Savings

- In the fiscal year 2017 implemented cost savings initiatives that are expected to result in approximately \$84 million in annualized cost savings.

# Q4 Fiscal 2017 – Financial Highlights

(In thousands of Canadian dollars)

	For the three months ended August 31, 2017 and 2016			For the year ended August 31, 2017 and 2016		
	Q4 F2017	Q4 F2016	Variance favourable (unfavourable)	F2017	F2016	Variance favourable (unfavourable)
<b>Revenue</b>						
Print advertising	82,835	97,500	(14,665)	373,514	466,573	(93,059)
Print circulation	59,666	64,357	(4,691)	239,036	260,885	(21,849)
Digital	26,324	22,884	3,440	105,471	93,798	11,673
Other	7,988	9,901	(1,913)	36,243	39,121	(2,878)
	<u>176,813</u>	<u>194,642</u>	<u>(17,829)</u>	<u>754,264</u>	<u>860,377</u>	<u>(106,113)</u>
<b>Expenses</b>						
Compensation	67,067	84,686	17,619	302,668	358,967	56,299
Newsprint	10,591	12,765	2,174	45,905	50,591	4,686
Distribution	36,598	39,967	3,369	149,930	162,778	12,848
Production	19,618	18,246	(1,372)	75,057	70,787	(4,270)
Other operating	30,581	33,704	3,123	126,106	143,124	17,018
	<u>164,455</u>	<u>189,368</u>	<u>24,913</u>	<u>699,666</u>	<u>786,247</u>	<u>86,581</u>
<b>Operating income before depreciation, amortization, impairment and restructuring</b>	12,358	5,274	7,084	54,598	74,130	(19,532)
Depreciation	5,988	5,599	(389)	23,145	22,018	(1,127)
Amortization	3,382	5,323	1,941	14,576	21,919	7,343
Impairments	-	60,700	60,700	25,758	267,700	241,942
Restructuring and other items	1,716	12,313	10,597	37,814	42,570	4,756
<b>Operating income (loss)</b>	<u>1,272</u>	<u>(78,661)</u>	<u>79,933</u>	<u>(46,695)</u>	<u>(280,077)</u>	<u>233,382</u>
<b>Net earnings (loss) from continuing operations</b>	2,417	(101,527)	103,944	844	(360,693)	361,537
Net earnings from discontinued operations, net of tax of nil	37,910	2,087	35,823	43,911	8,211	35,700
<b>Net earnings (loss) attributable to equity holders of the Company</b>	<u>40,327</u>	<u>(99,440)</u>	<u>139,767</u>	<u>44,755</u>	<u>(352,482)</u>	<u>397,237</u>