



Postmedia Network Canada Corp.
Q1 F2018 Investor and Analyst
Conference Call
January 11, 2018

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 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.

Q1 Fiscal 2018 Highlights

Q1 Overview

- Fourth consecutive quarter of double-digit percentage digital advertising revenue growth up 17.3% in Q1 F2018.
- In Q1 F2018 implemented cost savings initiatives that are expected to result in approximately \$14 million in annualized cost savings.

Q1 Operating Results

- Revenue for the quarter was down 10.3% relative to Q1 F2017.
- Operating income before depreciation, amortization, impairment and restructuring (EBITDA) increased \$4.2 million relative to Q1 F2017.

Debt Repayment

- During the three months ended November 30, 2017, the Company redeemed \$79.4 million aggregate principal amount of First-Lien Notes with the proceeds from various asset sales and its required annual repayment.

Q1 Fiscal 2018 – Financial Highlights

(In thousands of Canadian dollars)

	For the three months ended		
	November 30, 2017 and 2016		
	Q1 F2018	Q1 F2017	Variance favourable (unfavourable)
Revenue			
Print advertising	91,125	110,997	(19,872)
Print circulation	58,013	61,786	(3,773)
Digital	31,289	27,322	3,967
Other	8,563	10,656	(2,093)
	<u>188,990</u>	<u>210,761</u>	<u>(21,771)</u>
Expenses			
Compensation	66,364	85,421	19,057
Newsprint	10,801	13,134	2,333
Distribution	35,461	39,189	3,728
Production	22,048	19,271	(2,777)
Other operating	<u>30,405</u>	<u>34,022</u>	<u>3,617</u>
	<u>165,079</u>	<u>191,037</u>	<u>25,958</u>
Operating income before depreciation, amortization, impairment and restructuring	23,911	19,724	4,187
Depreciation	5,335	6,428	1,093
Amortization	3,389	4,097	708
Impairments	-	21,592	21,592
Restructuring and other items	<u>6,924</u>	<u>35,983</u>	<u>29,059</u>
Operating income (loss)	<u>8,263</u>	<u>(48,376)</u>	<u>56,639</u>
Net earnings from continuing operations	5,773	15,750	(9,977)
Net earnings from discontinued operations, net of tax of nil	-	2,085	(2,085)
Net earnings attributable to equity holders of the Company	<u>5,773</u>	<u>17,835</u>	<u>(12,062)</u>