



Postmedia Network Canada Corp.
Q3 F2018 Investor and Analyst
Conference Call
July 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.

Q3 Fiscal 2018 Highlights

Q3 Overview

- Sixth consecutive quarter of double-digit percentage digital advertising revenue growth up 10% in Q3 F2018. Excluding the publications acquired and sold in Q1 F2018 digital advertising revenue is up 14.7% in Q3 F2018.
- In Q3 F2018 implemented cost savings initiatives that are expected to result in approximately \$7 million in annualized cost savings.

Q3 Operating Results

- Revenue for the quarter was down 10.0% relative to Q3 F2017.
- Operating income before depreciation, amortization, impairment and restructuring (EBITDA) decreased \$3.1 million relative to Q3 F2017.

Cost Reductions

- The Company is currently undertaking a cost reduction initiative with the goal of further reducing compensation expenses by approximately 10% by the end of the fiscal year through a combination of voluntary and involuntary headcount reductions.

Q3 Fiscal 2018 – Financial Highlights

(In thousands of Canadian dollars)

	For the three months ended May 31, 2018 and 2017			For the nine months ended May 31, 2018 and 2017		
	Q3 F2018	Q3 F2017	Variance favourable (unfavourable)	Q3 YTD F2018	Q3 YTD F2017	Variance favourable (unfavourable)
Revenue						
Print advertising	78,580	93,352	(14,772)	239,776	290,679	(50,903)
Print circulation	54,816	59,349	(4,533)	166,441	179,370	(12,929)
Digital	29,890	27,873	2,017	87,551	79,147	8,404
Other	7,763	9,450	(1,687)	23,848	28,255	(4,407)
	171,049	190,024	(18,975)	517,616	577,451	(59,835)
Expenses						
Compensation	63,525	74,049	10,524	179,236	235,601	56,365
Newsprint	9,880	11,554	1,674	29,738	35,314	5,576
Distribution	32,540	37,373	4,833	99,925	113,332	13,407
Production	21,895	18,781	(3,114)	62,895	55,439	(7,456)
Other operating	27,757	29,758	2,001	85,346	95,525	10,179
	155,597	171,515	15,918	457,140	535,211	78,071
Operating income before depreciation, amortization, impairment and restructuring	15,452	18,509	(3,057)	60,476	42,240	18,236
Depreciation	5,490	5,171	(319)	16,016	17,157	1,141
Amortization	4,259	3,538	(721)	11,926	11,194	(732)
Impairments	9,400	4,166	(5,234)	9,400	25,758	16,358
Restructuring and other items	2,961	(16,691)	(19,652)	13,455	36,098	22,643
Operating income (loss)	(6,658)	22,325	(28,983)	9,679	(47,967)	57,646
Net earnings (loss) from continuing operations	(15,539)	11,133	(26,672)	(11,018)	(1,573)	(9,445)
Net earnings from discontinued operations, net of tax of nil	-	1,913	(1,913)	-	6,001	(6,001)
Net earnings (loss) attributable to equity holders of the Company	(15,539)	13,046	(28,585)	(11,018)	4,428	(15,446)