



Postmedia Network Canada Corp.
Q4 F2018 Investor and Analyst
Conference Call
October 25, 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, 2018 and 2017, 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.

Q4 Fiscal 2018 Highlights

Q4 Overview

- Seventh consecutive quarter of double-digit percentage digital advertising revenue growth up 13.2% in Q4 F2018. Excluding the publications acquired and sold in Q1 F2018 digital advertising revenue is up 17.9% in Q4 F2018.
- Total digital advertising revenue for fiscal 2018 reached \$100 million.
- In Q4 F2018 implemented cost savings initiatives that are expected to result in approximately \$21 million in annualized cost savings.

Q4 Operating Results

- Revenue for the quarter was down 10.3% relative to Q4 F2017.
- Operating income before depreciation, amortization, impairment and restructuring (EBITDA) decreased \$7.5 million relative to Q4 F2017.

Cost Reductions

- Cost savings target, from the previously announced 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, has been substantially met and will be complete by the end of Q1 F19.

Debt Repayment

- During Q4 2018, the Regina production facility was sold for net proceeds of \$7.0 million and were used to redeem \$6.8 million aggregate principal amount of First-Lien Notes and pay accrued interest of \$0.2 million.

Q4 Fiscal 2018 – Financial Highlights

(In thousands of Canadian dollars)

	For the three months ended August 31, 2018 and 2017			For the year ended August 31, 2018 and 2017		
	Q4 F2018	Q4 F2017	Variance favourable (unfavourable)	Q4 F2018	Q4 F2017	Variance favourable (unfavourable)
Revenue						
Print advertising	68,781	82,835	(14,054)	308,557	373,514	(64,957)
Print circulation	53,965	59,666	(5,701)	220,406	239,036	(18,630)
Digital	28,871	26,324	2,547	116,422	105,471	10,951
Other	7,060	7,988	(928)	30,908	36,243	(5,335)
	<u>158,677</u>	<u>176,813</u>	<u>(18,136)</u>	<u>676,293</u>	<u>754,264</u>	<u>(77,971)</u>
Expenses						
Compensation	62,599	67,067	4,468	241,835	302,668	60,833
Newsprint	9,382	10,591	1,209	39,120	45,905	6,785
Distribution	31,763	36,598	4,835	131,688	149,930	18,242
Production	21,155	19,618	(1,537)	84,050	75,057	(8,993)
Other operating	28,873	30,581	1,708	114,219	126,106	11,887
	<u>153,772</u>	<u>164,455</u>	<u>10,683</u>	<u>610,912</u>	<u>699,666</u>	<u>88,754</u>
Operating income before depreciation, amortization, impairment and restructuring	4,905	12,358	(7,453)	65,381	54,598	10,783
Depreciation	5,142	5,988	846	21,158	23,145	1,987
Amortization	5,083	3,382	(1,701)	17,009	14,576	(2,433)
Impairments	-	-	-	9,400	25,758	16,358
Restructuring and other items	13,009	1,716	(11,293)	26,464	37,814	11,350
	<u>(18,329)</u>	<u>1,272</u>	<u>(19,601)</u>	<u>(8,650)</u>	<u>(46,695)</u>	<u>38,045</u>
Operating income (loss)						
Net earnings (loss) from continuing operations	(22,852)	2,417	(25,269)	(33,870)	844	(34,714)
Net earnings from discontinued operations, net of tax of nil	-	37,910	(37,910)	-	43,911	(43,911)
Net earnings (loss) attributable to equity holders of the Company	<u>(22,852)</u>	<u>40,327</u>	<u>(63,179)</u>	<u>(33,870)</u>	<u>44,755</u>	<u>(78,625)</u>