



Postmedia Network Canada Corp.
Q1 F2019 Investor and Analyst
Conference Call
January 10, 2019

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.

Q1 Fiscal 2019 Highlights

Q1 Overview

- Eighth consecutive quarter of double-digit percentage digital advertising revenue growth up 10.1% in Q1 F2019 – excluding the publications acquired and sold in Q1 F2018.
- In Q1 F2019 implemented cost savings initiatives that are expected to result in approximately \$4 million in annualized cost savings.

Q1 Operating Results

- Revenue for the quarter was down 9.4% relative to Q1 F2018.
- Total digital revenue up 4.7%.
- Operating income before depreciation, amortization, and restructuring decreased \$2.2 million relative to Q1 F2018.

Debt Repayment

- During the three months ended November 30, 2018 the Company made a mandatory debt repayment of \$8.7 million bringing the total of first-lien notes outstanding to \$125.6 million.
- Subsequent to the end of the quarter, the company sold the Ottawa Citizen facility. Net proceeds from the sale will be used as part of a redemption of \$20.4 million first-lien notes at par. After this redemption the Company will have \$105.3 million of first-lien debt outstanding – bringing the total repayments made, since October 2016, to \$119.7 million.
- As at November 30, 2018, the Company had two real estate assets classified as assets held-for-sale with a carrying amount of \$15.0 million (including the Ottawa Citizen facility). In addition, the Company has six real estate assets with a carrying amount of \$28.0 million currently listed for sale, however these properties do not meet the requirements to be classified as held-for-sale.

Q1 Fiscal 2019 – Financial Highlights

(In thousands of Canadian dollars)

	For the three months ended November 30, 2018 and 2017		
	Q1 F2019	Q1 F2018	Variance favourable (unfavourable)
Revenue			
Print advertising	77,091	91,125	(14,034)
Print circulation	53,451	58,013	(4,562)
Digital	32,747	31,289	1,458
Other	7,984	8,563	(579)
	<u>171,273</u>	<u>188,990</u>	<u>(17,717)</u>
Expenses			
Compensation	58,324	66,364	8,040
Newsprint	9,760	10,801	1,041
Distribution	31,443	35,461	4,018
Production	20,921	22,048	1,127
Other operating	29,119	30,405	1,286
	<u>149,567</u>	<u>165,079</u>	<u>15,512</u>
Operating income before depreciation, amortization and restructuring	<u>21,706</u>	<u>23,911</u>	<u>(2,205)</u>
Depreciation	4,999	5,335	336
Amortization	4,192	3,389	(803)
Restructuring and other items	2,678	6,924	4,246
Operating income	<u>9,837</u>	<u>8,263</u>	<u>1,574</u>
Net earnings (loss) attributable to equity holders of the Company	<u>(1,419)</u>	<u>5,773</u>	<u>(7,192)</u>