

A nighttime photograph of a city skyline, likely Sydney, with several tall buildings illuminated with colorful lights. In the foreground, a crowd of people is gathered on a rooftop or terrace, looking out at the city. Some people are holding up their phones to take pictures. The scene is lit with a mix of warm city lights and cooler blue tones from the sky and some building lights.

# 2018 FULL-YEAR RESULTS

INVESTOR PRESENTATION

15 AUGUST 2018

*Going for growth*

Fairfax Media

# DISCLAIMER

---

## SUMMARY INFORMATION

This presentation contains summary information about Fairfax Media Limited and its activities current as at 15 August 2018. The information in this presentation is of a general background nature and does not purport to be complete. It should be read in conjunction with Fairfax Media Limited other periodic and continuous disclosure announcements which are available at [www.fairfaxmedia.com.au](http://www.fairfaxmedia.com.au).

## NOT FINANCIAL PRODUCT ADVICE

This presentation is for information purposes only and is not financial product or investment advice or a recommendation to acquire Fairfax Media Limited securities and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal and taxation advice appropriate to their jurisdiction. Statements made in this presentation are made as at the date of the presentation unless otherwise stated.

## PAST PERFORMANCE

Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

## FUTURE PERFORMANCE

This presentation contains certain “forward-looking statements”. The words “expect”, “should”, “could”, “may”, “predict”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

Actual results, performance or achievements may vary materially for many projections because events and actual circumstances frequently do not occur as forecast and these differences can be material. This presentation contains such statements that are subject to risk factors associated with the industries in which Fairfax Media Limited operates which may materially impact on future performance. Investors should form their own views as to these matters and any assumptions on which any forward-looking statements are based. Fairfax Media Limited assumes no obligation to update or revise such information to reflect any change in expectations or assumptions. The inclusion of forward-looking statements in this presentation should not be regarded as a representation, warranty or guarantee with respect to its accuracy or the accuracy of the underlying assumptions or that Fairfax Media Limited will achieve, or is likely to achieve, any particular results.

# AGENDA

## 2018 FULL-YEAR RESULTS

---

### OVERVIEW & CEO COMMENTARY

Greg Hywood .....4

### CURRENT TRADING ENVIRONMENT & OUTLOOK

Greg Hywood .....27

### GROUP FINANCIALS

David Housego .....29

### Q & A

Greg Hywood & David Housego .....35

### APPENDICES .....37

Group Trading Performance FY18

Group Trading Performance FY17

Printing Operations

Non-Controlling Interest

Group Digital Revenue

Metro Digital Revenue

Australian Total Masthead Readership (emma)

# OVERVIEW & CEO COMMENTARY

---

GREG HYWOOD, CEO

Fairfax Media

# GROUP TRADING PERFORMANCE

## EXCLUDING SIGNIFICANT ITEMS

	Trading Performance excluding significant items	Trading Performance excluding significant items	Change
	FY18	FY17	
24 June 2018	\$m	\$m	%
Total revenue	1,684.0	1,732.6	(2.8%)
Expenses	(1,408.9)	(1,460.9)	3.6%
Operating EBITDA	274.2	271.1	1.2%
EBIT	217.4	230.3	(5.6%)
Net profit attributable to members of the Company	124.9	142.6	(12.4%)
Earnings per share	5.4	6.2	(12.4%)

- Group revenue for continuing businesses decreased 2.8% to \$1,684.0m.
- Group expenses for continuing businesses decreased 3.6% to \$1,408.9m.
- Underlying EBITDA of \$274.2m increased by 1.2%.
- Underlying EBIT of \$217.4m decreased 5.6%.
- Net profit of \$124.9m decreased 12.4%.
- Statutory net loss of \$63.8m including significant items of \$188.7m loss after tax.
- Final dividend of 1.8¢ per share (50% franked) payable on 6 September 2018.

# SEGMENT RESULTS OVERVIEW

## EXCLUDING SIGNIFICANT ITEMS

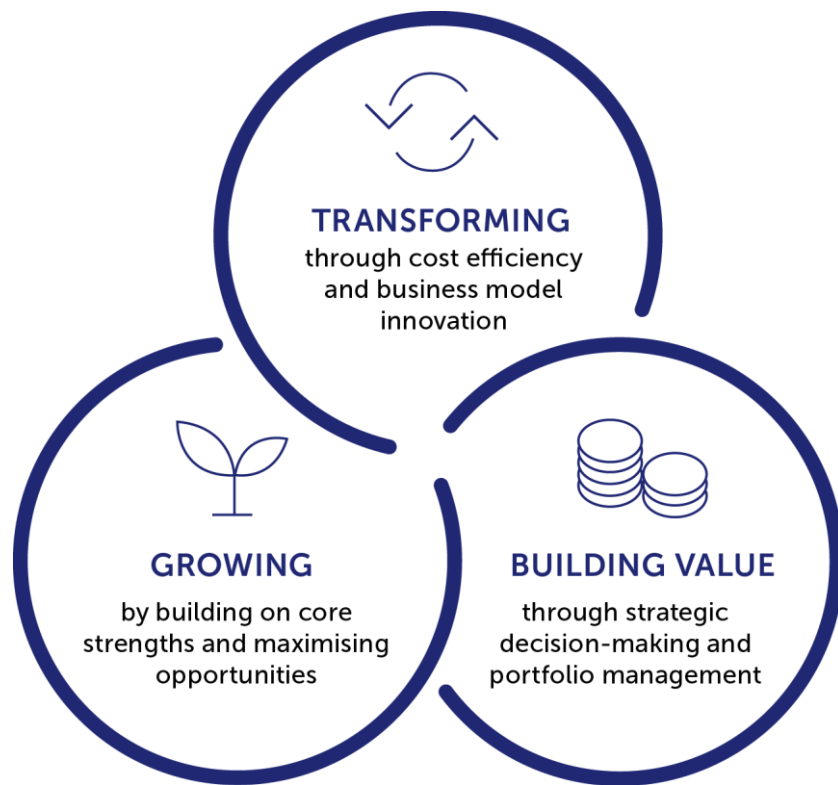
	Revenue			EBITDA		
	FY18	FY17	%	FY18	FY17	%
	A\$m	A\$m	change	A\$m	A\$m	change
Domain Group	357.3	320.3	11.5%	117.6	113.1	3.9%
Australian Metro Media	490.2	522.2	(6.1%)	53.1	49.1	8.3%
Australian Community Media	400.2	428.2	(6.5%)	57.2	73.0	(21.6%)
Stuff	280.8	310.6	(9.6%)	37.3	52.4	(28.8%)
Macquarie Media Limited	136.6	137.0	(0.3%)	32.6	31.5	3.3%
Corporate and Other	19.0	14.3	32.8%	(23.5)	(48.0)	51.0%
Total	1,684.0	1,732.6	(2.8%)	274.2	271.1	1.2%
New Zealand Media \$NZD	304.6	329.1	(7.4%)	40.5	55.5	(27.1%)

- Reported group revenue decrease of 2.8%:
  - Domain Group revenue up 11.5% with digital revenue up 20%.
  - Australian Metro Media revenues down 6.1%.
  - Australian Community Media revenues down 6.5% (8.8% excl. external print revenue).
  - Stuff (\$NZ) revenues down 7.4% (7.5% excl. external print revenue).
  - Macquarie Media revenues down 0.3% (excl. disposals up 4%).
- Reported group EBITDA increase of 1.2%.
- Corporate overheads declined 51.0%.

Note: Australian Community Media and Stuff– Revenue includes external printing revenue (only included in the segment slide). FXJ's reported "Domain Group" EBITDA reflects actual separation costs incurred in the months prior to separation (22 November 2017) versus DHG's reported pro forma EBITDA reflecting pro forma separation costs for 12 months to June 2017 and 12 months to June 2018.



# SUCCESSFUL MULTI-YEAR DELIVERY OF THREE STRATEGIC PRIORITIES UNDERPINS SHAREHOLDER VALUE CREATION

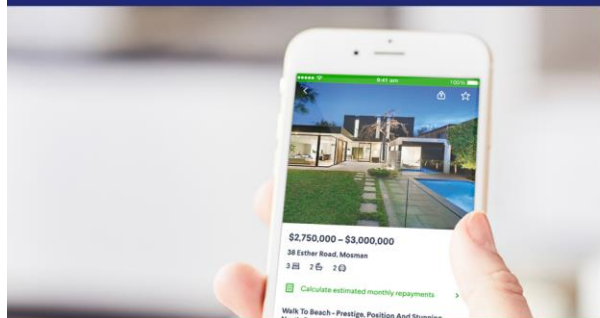


# A STRONG AND VALUABLE PORTFOLIO OF DOMAIN, PUBLISHING AND INVESTMENTS

CONNECTING WITH 70% OF AUSTRALIANS AND 90% OF NEW ZEALANDERS

Fairfax Media

## Domain



### Domain

59.4%-owned ASX-listed  
real estate media and  
services business

## PUBLISHING



### AUSTRALIAN METRO MEDIA

Leading  
metropolitan  
digital media,  
newspapers  
and events

### AUSTRALIAN COMMUNITY MEDIA

Leading rural  
and regional  
newspapers, digital  
media and events

### stuff

Leading New  
Zealand  
digital media,  
newspapers  
and events

## INVESTMENTS



### Stan.

50%-owned  
leading Australian  
SVOD service



54.5%-owned  
ASX-listed national  
news, talk, sport and  
music radio network




# GROWTH-FOCUSED AND COST-EFFICIENT ASSETS WITH MOMENTUM

	DOMAIN	PUBLISHING			INVESTMENTS	
ASSET	Domain	AUSTRALIAN METRO MEDIA	AUSTRALIAN COMMUNITY MEDIA	stuff		Stan.
STRATEGIC FOCUS	Growing core residential listings while expanding property ecosystem	Strengthening earnings and long-term growth by driving digital performance and maximising print contribution	Optimising operating structure, growing digital, and maximising cash flows from low capital intensive and profitable print	Leveraging enormous power of Stuff brand to grow digital revenues while rationalising the long-tail of print	Efficiently operating Australia's leading news/ talk/ sport radio network	Strengthening position as leading local SVOD platform
COMPETITIVE STRENGTHS	<ul style="list-style-type: none"> <li>• 6.1m digital audience</li> <li>• 2.1m print audience</li> <li>• 1.6m social audience</li> <li>• 90%+ relative agent market share</li> <li>• 95%+ relative listings market share</li> <li>• 6.5m+ downloads of highly-rated app</li> <li>• Mobile-led product innovation leadership</li> </ul>	<ul style="list-style-type: none"> <li>• Australia's No. 1 masthead (<i>The Sydney Morning Herald</i>), premier financial daily (<i>The Australian Financial Review</i>), and network of leading news and lifestyle titles</li> <li>• Quality journalism and premium content and audiences</li> <li>• 11m cross-platform audience</li> <li>• 313k paid digital subscribers</li> </ul>	<ul style="list-style-type: none"> <li>• Strong reach and connections across rural and regional communities</li> <li>• 4.9m cross-platform audience</li> <li>• Strong agricultural franchise</li> </ul>	<ul style="list-style-type: none"> <li>• New Zealand's No. 1 local website Stuff.co.nz</li> <li>• 3.6m cross-platform audience</li> <li>• Leading hyper-local social network Neighbourly with 600k members</li> </ul>	<ul style="list-style-type: none"> <li>• No. 1 stations in Sydney (2GB) and Melbourne (3AW)</li> <li>• 1.8m network audience</li> <li>• Quality programming</li> <li>• High-profile talent</li> <li>• Differentiated content</li> </ul>	<ul style="list-style-type: none"> <li>• 1.1m+ active subscribers</li> <li>• Best of global studio content and original local productions</li> <li>• Strategic media partners</li> </ul>
PRIORITIES	<ul style="list-style-type: none"> <li>• Continued growth in depth</li> <li>• Geographic expansion</li> <li>• Transactions services growth</li> </ul>	<ul style="list-style-type: none"> <li>• Strong consumer offering to build audience loyalty and drive subscriptions</li> <li>• Market-leading commercial solutions for advertisers</li> <li>• Maximise earnings potential of print</li> </ul>	<ul style="list-style-type: none"> <li>• Maximise valuable cash flows of regional portfolio, with minimal capex</li> <li>• Agricultural sector growth</li> <li>• B2B revenues</li> <li>• Local news subscription initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Leverage power of national Stuff brand to build new revenues</li> <li>• Migrate digital audiences into higher ARPU tiers</li> <li>• Profitable print</li> </ul>	<ul style="list-style-type: none"> <li>• Ratings leadership in Sydney and Melbourne</li> <li>• Monetisation of network audience strength</li> </ul>	<ul style="list-style-type: none"> <li>• Continue subscriber growth trajectory</li> <li>• Deliver world-class differentiated content proposition</li> </ul>
MILESTONES & MOMENTUM	<ul style="list-style-type: none"> <li>• Standalone ASX-listed entity</li> <li>• Highly competitive product with leading mobile/app experiences</li> <li>• Total audience at 75% of competitor</li> <li>• 24% depth revenue growth</li> <li>• Strong enquiry growth in emerging markets, particularly Queensland</li> <li>• Strong growth from new transactions businesses</li> </ul>	<ul style="list-style-type: none"> <li>• EBITDA growth (two consecutive years) and continuing momentum</li> <li>• Google partnership improving digital programmatic performance</li> <li>• Product innovation step change</li> <li>• Simplified low-cost tech stack</li> <li>• Digital subscriptions revenue growth momentum (9% in FY18)</li> <li>• Print revenue declines moderating (some months growth YOY)</li> <li>• Cost-out and cost variabilisation including from News Corp printing agreements</li> </ul>	<ul style="list-style-type: none"> <li>• Efficient operating model</li> <li>• Cost-out and cost variabilisation including from News Corp printing agreements</li> <li>• Growing digital audiences</li> <li>• Strong B2B revenues from Fairfax Marketing Services</li> <li>• Encouraging progress with local news subscription initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Strong and highly engaged audiences/members of Stuff and Neighbourly</li> <li>• E-commerce and transactions adjacencies, e.g. ISP, new release movie-on-demand streaming service, lead gen partnerships</li> <li>• Industry cooperation (print and digital programmatic advertising)</li> <li>• Print portfolio rationalisation</li> </ul>	<ul style="list-style-type: none"> <li>• \$120m+ value creation through Macquarie Media merger with Fairfax Radio Network</li> <li>• Margin expansion from 16.4% (pre-merger) to 23.8% (FY18)</li> <li>• Launch of Macquarie Sports Network</li> <li>• Revenue upside from ratings leadership in Sydney and Melbourne</li> </ul>	<ul style="list-style-type: none"> <li>• 1.1m+ active subscribers in 3.5 years since launch</li> <li>• Leading Australian streaming brand</li> <li>• Exclusive SHOWTIME, Starz and MGM Australian output deals</li> <li>• Stan Original programming</li> <li>• Broadening subscriber demographic</li> </ul>

# MEDIA CONSOLIDATION CREATES POWERFUL GROWTH ENGINE OF COMBINED AUDIENCES AND MARKETING PLATFORMS

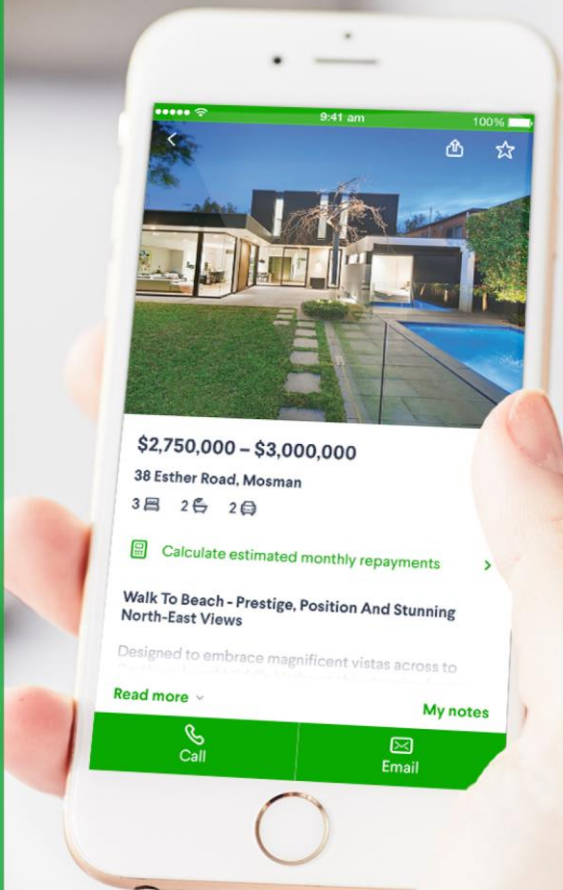


GROWTH OPPORTUNITY	STRATEGY	GROWTH DRIVERS	BENEFITS
<b>COMBINED FAIRFAX / NINE DIGITAL ASSETS AND BRANDS</b>	<ul style="list-style-type: none"> <li>Leverage combined assets to drive audience and revenue growth</li> </ul>	<ul style="list-style-type: none"> <li>New and unique at-scale solutions for advertisers: larger audiences, enriched data, brand and platform footprint and simplified execution</li> <li>Cross-promotion</li> </ul>	<ul style="list-style-type: none"> <li>Increased revenue from greater scale and relevance to advertisers</li> </ul>
<b>ENHANCED SALES PROPOSITION</b>	<ul style="list-style-type: none"> <li>Leverage cross-platform media sales proposition with unique and innovative advertising solutions</li> </ul>	<ul style="list-style-type: none"> <li>Enriched data and premium content proposition</li> <li>Sales function efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>Additional advertising market share</li> <li>Higher margins</li> </ul>
<b>Domain</b>	<ul style="list-style-type: none"> <li>Leverage expanded marketing platform to turbocharge Domain's geographic expansion and revenue from transactions businesses</li> <li>Domain value acceleration through expanded marketing and cross-promotion</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced national marketing reach through Nine's national screen audience and data</li> <li>Brand integration with content (e.g. <i>The Block</i>)</li> </ul>	<ul style="list-style-type: none"> <li>Increased Domain revenue from larger audiences</li> <li>Stronger Domain brand and platform to drive growth</li> </ul>
<b>Stan.</b>	<ul style="list-style-type: none"> <li>Move from 50% to 100% ownership/control</li> </ul>	<ul style="list-style-type: none"> <li>Increased content purchasing power (FTA, BVOD, SVOD)</li> <li>Cross-platform marketing</li> </ul>	<ul style="list-style-type: none"> <li>Subscriber growth</li> <li>Content acquisition efficiencies</li> <li>Flexibility/optionality for new strategic partnerships</li> </ul>
	<ul style="list-style-type: none"> <li>Maximise value of 54.5% ownership/control</li> </ul>	<ul style="list-style-type: none"> <li>Macquarie/Nine audience cross-over</li> <li>Integrated marketing, content and cross-promotion</li> </ul>	<ul style="list-style-type: none"> <li>Audience and ratings growth</li> </ul>
<b>REDUCED CORPORATE OVERHEADS</b>	<ul style="list-style-type: none"> <li>Realise cost efficiencies</li> </ul>	<ul style="list-style-type: none"> <li>Remove duplication of support functions and corporate costs</li> </ul>	<ul style="list-style-type: none"> <li>Reduced corporate overheads</li> <li>Operating synergies</li> </ul>
<b>COMBINED BALANCE SHEET</b>	<ul style="list-style-type: none"> <li>Utilise balance sheet strength and low gearing</li> </ul>	<ul style="list-style-type: none"> <li>Invest in market opportunities for growth</li> <li>Capital management</li> </ul>	<ul style="list-style-type: none"> <li>Greater strategic optionality and flexibility</li> <li>Shareholder value creation</li> </ul>

Domain  
group

DOMAIN  
GROUP

---



Residential depth  
revenue growth



Strong core digital revenue  
growth from residential,  
developers & commercial



Increase in residential  
mobile enquiries

# DOMAIN HOLDINGS AUSTRALIA LIMITED

59.4% SHAREHOLDING IN ASX-LISTED REAL ESTATE AND MEDIA SERVICES BUSINESSES

- 20% digital revenue growth, supported by residential depth revenue growth of 24% (82:18 depth:subscriber split for FY18).
- Strong developers & commercial revenue growth.
- Print revenue decline of 13%.
- Total expenses increased 16% (11% on a DHG reported pro forma basis).
  - Digital expenses increased 24.3% (22.5% on a DHG reported pro forma basis) reflecting continued investment in staff, workspace and new transactions businesses.
  - Print expenses declined 14.9% (15.4% on a DHG reported pro forma basis).
- Loss from Associates reflects investment in early stage businesses Oneflare and Homepass.

	FY18	FY17	%
	A\$m	A\$m	change
Digital	278.9	232.1	20.2%
Print	77.1	88.3	(12.6%)
Corporate	1.3	-	
Total Revenue	357.3	320.3	11.5%
Associate profit (loss)	(1.4)	(1.2)	(15.5%)
Expenses	(238.3)	(206.0)	(15.7%)
EBITDA	117.6	113.1	3.9%
EBITDA - Digital	112.0	97.7	14.6%
EBITDA - Print	20.0	21.2	(5.2%)
EBITDA - Corporate	(14.5)	(5.7)	(153.7%)
Margin - Total	32.9%	35.3%	
Margin - Digital	40.2%	42.1%	
Margin - Print	26.0%	24.0%	

# DOMAIN HOLDINGS AUSTRALIA LIMITED



## BUSINESS PERFORMANCE DETAIL

	REVENUE			EBITDA			EBITDA Margin	
	FY18	FY17	%	FY18	FY17	%	FY18	FY17
	A\$m	A\$m	change	A\$m	A\$m	change		
Residential	172.5	143.9	19.9%					
Media, Developers & Commercial	54.1	48.6	11.2%					
Agent Services	27.9	25.6	9.2%					
<b>Core Digital</b>	<b>254.5</b>	<b>218.1</b>	<b>16.7%</b>	<b>114.7</b>	<b>98.4</b>	<b>16.6%</b>	<b>45.1%</b>	<b>45.1%</b>
Transactions & Other	24.4	14.0	74.5%	(2.7)	(0.7)	(300.9%)	(11.0%)	(4.8%)
<b>Digital</b>	<b>278.9</b>	<b>232.1</b>	<b>20.2%</b>	<b>112.0</b>	<b>97.7</b>	<b>14.6%</b>	<b>40.2%</b>	<b>42.1%</b>
<b>Print</b>	<b>77.1</b>	<b>88.3</b>	<b>(12.6%)</b>	<b>20.0</b>	<b>21.2</b>	<b>(5.2%)</b>	<b>26.0%</b>	<b>24.0%</b>
<b>Corporate</b>	<b>1.3</b>	<b>-</b>		<b>(14.5)</b>	<b>(5.7)</b>	<b>(153.7%)</b>		
<b>Domain Group</b>	<b>357.3</b>	<b>320.3</b>	<b>11.5%</b>	<b>117.6</b>	<b>113.1</b>	<b>3.9%</b>	<b>32.9%</b>	<b>35.3%</b>



# DOMAIN HOLDINGS AUSTRALIA LIMITED

## RECONCILIATION - FAIRFAX TO DHG DISCLOSURE



**Fairfax: Domain EBITDA (pre separation costs)**

Fairfax: Domain separation costs

**Fairfax: Domain reported EBITDA**

DHG Pro forma separation costs

**DHG reported EBITDA**

**DHG reported EBITDA margin**

FY18	FY17	%
A\$m	A\$m	change
127.2	113.1	12.4%
(9.6)		
117.6	113.1	3.9%
(1.8)	(10.2)	
115.7	102.9	12.5%
32.4%	32.1%	

# PUBLISHING



METRO

## AUSTRALIAN METRO MEDIA

- 8% EBITDA growth and margin improvement
- 9% digital subscription revenue growth
- 313k paid digital subscribers (SMH/Age/Financial Review)
- 9% publishing cost improvement

ACM

## AUSTRALIAN COMMUNITY MEDIA

- 6% cost improvement

stuff

## STUFF

- 21% digital revenue growth
- 6% adjusted cost improvement

# METRO IS A REMARKABLE TRANSFORMATION SUCCESS STORY



## PRODUCT INNOVATION

### NEW WEBSITES AND APPS

Growing engagement, subscriptions and revenue

**THE AGE** **The Sydney Morning Herald**  
INDEPENDENT. ALWAYS. INDEPENDENT. ALWAYS.

**WAtoday** **brisbane times** **FINANCIAL REVIEW**  
INDEPENDENT. ALWAYS. INDEPENDENT. ALWAYS.

### SUBSTANTIAL EDITORIAL INVESTMENT

Focused on points of difference and areas of journalistic excellence



## REVENUE INITIATIVES

### WORLD-FIRST GOOGLE PROGRAMMATIC SALES AND TECHNOLOGY PARTNERSHIP

Improving digital advertising performance



### PRINT REVENUE MITIGATION

New industry-aligned vertical sales structure driving deeper, more valuable partnerships with advertisers

Direct sales and print ad volume maximisation initiatives



## COST EFFICIENCY

### AGILE, FLEXIBLE AND LOWER COST PUBLISHING SYSTEMS

Replacing complex, higher cost legacy systems

### NEWS CORP PRINTING AGREEMENTS

Variabilisation of printing and distribution costs with benefits from late FY19 H1

# AUSTRALIAN METRO MEDIA

METROPOLITAN NEWSPAPERS, DIGITAL MEDIA,  
TRANSACTIONS AND EVENTS

- EBITDA growth of 8% and margin improvement.
- Reduction in Metro Media costs of 8% with publishing costs down 9%.
- Publishing cost savings in staff, technology and print production.
- Growth in digital subscription revenue of 9%.
- Digital revenue performance supported by Google programmatic ad sales partnership, offset by sale of Tenderlink in October 2016.
- Sports Media and Entertainment (SME 360) business and management acquired and combined with Events to drive value across combined portfolio.

Advertising  
Circulation  
Other  
Total Revenue  
Associate profit (loss)  
Costs  
EBITDA  
EBIT  
  
EBITDA Margin

	FY18	FY17	%
	A\$m	A\$m	change
Advertising	203.9	225.5	(9.6%)
Circulation	220.1	226.8	(3.0%)
Other	66.2	69.9	(5.2%)
Total Revenue	490.2	522.2	(6.1%)
Associate profit (loss)	0.5	0.1	286.9%
Costs	(437.6)	(473.3)	7.5%
EBITDA	53.1	49.1	8.3%
EBIT	47.7	44.1	8.0%
EBITDA Margin	10.8%	9.4%	

Note: Printing contribution nets off in costs.

# AUSTRALIAN COMMUNITY MEDIA

## AUSTRALIAN REGIONAL/COMMUNITY/AGRICULTURAL NEWSPAPERS, DIGITAL MEDIA AND EVENTS

- Cost improvement of 6% with ongoing cost savings initiatives.
- Advertising revenue decline of 9% with declines in local and real estate print revenue.
- Stable contribution from Agricultural titles, benefiting from strong agricultural prices and digital investment in the sector.
- Circulation revenue declines reflected lower retail volumes.
- Closure of six Community titles and one speciality magazine.

Agriculture Total  
Regional Advertising  
Regional Circulation  
Regional Other  
Total Revenue  
Associate profit (loss)  
Expenses  
EBITDA  
EBIT  
  
EBITDA Margin

	FY18	FY17	%
	A\$m	A\$m	change
Agriculture Total	64.2	65.9	(2.6%)
Regional Advertising	211.3	237.3	(11.0%)
Regional Circulation	60.1	67.2	(10.6%)
Regional Other	15.8	14.8	7.2%
Total Revenue	351.4	385.1	(8.8%)
Associate profit (loss)	1.4	1.3	1.5%
Expenses	(295.5)	(313.5)	5.7%
EBITDA	57.2	73.0	(21.6%)
EBIT	52.4	67.5	(22.4%)
EBITDA Margin	16.3%	18.9%	

Note: Printing contribution nets off in costs. ACM results includes ACT Publishing.

ACM FY18H1 Revenue \$187.0m: Agriculture Total \$34.6m, Regional Advertising \$113.5m, Regional Circulation \$30.8m and Regional Other \$8.0m.

ACM FY17H1 Revenue \$204.5m: Agriculture Total \$35.2m, Regional Advertising \$127.4m, Regional Circulation \$34.9m and Regional Other \$7.0m.



## STUFF

## NEW ZEALAND NEWSPAPERS, DIGITAL MEDIA, TRANSACTIONS AND EVENTS

#1  
LOCAL NZ  
DIGITAL  
BRAND

- In \$AU, revenue is down 9.7% and EBITDA is down 28.8% from FY17.
- FY18 adjusted EBITDA down 21% with results impacted by:
  - One-off estimated \$3.4m provision for Holidays Act recalculation.
  - Additional investment in Stuff Fibre of \$2.6m.
  - Offset by gain on sale of \$2.8m (recorded in Other revenue).
- Digital revenue growth of 21% driven by Stuff Fibre growing strongly and Neighbourly continued growth.
- Adjusted cost improvement of 6%.

Print Advertising	140.8	169.8	(17.1%)
Print Circulation / Subscription	95.2	101.2	(5.9%)
Digital	47.8	39.4	21.1%
Other	17.6	15.5	13.8%
Total Revenue	301.4	325.9	(7.5%)
Associate Profits (Loss)	(1.1)	0.1	(1,562.2%)
Expenses	(259.8)	(270.4)	3.9%
EBITDA	40.5	55.5	(27.1%)
EBIT	25.2	44.4	(43.3%)
EBITDA Margin	13.4%	17.0%	

	FY18	FY17	%
	NZ\$m	NZ\$m	change
Print Advertising	140.8	169.8	(17.1%)
Print Circulation / Subscription	95.2	101.2	(5.9%)
Digital	47.8	39.4	21.1%
Other	17.6	15.5	13.8%
Total Revenue	301.4	325.9	(7.5%)
Associate Profits (Loss)	(1.1)	0.1	(1,562.2%)
Expenses	(259.8)	(270.4)	3.9%
EBITDA	40.5	55.5	(27.1%)
EBIT	25.2	44.4	(43.3%)
EBITDA Margin	13.4%	17.0%	

Note: Printing contribution nets off in costs.

## STUFF

## LARGE AND GROWING DIGITAL AUDIENCES

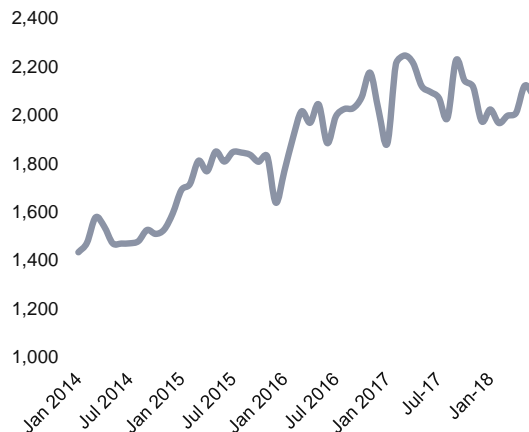
**stuff** IS NEW ZEALAND'S  
LEADING LOCAL WEBSITE

BRAND	UNIQUE AUDIENCE (000)		% CHANGE
	Jun 2018	Jun 2017	
Google	3,302	3,261	1.3%
Facebook	2,629	2,689	-2.2%
MSN/Outlook/Bing/Skype	2,440	2,602	-6.2%
YouTube	2,355	2,236	5.3%
Stuff	2,083	2,096	-0.6%
nzherald.co.nz	1,677	1,885	-11.0%
Trade Me	1,503	1,782	-15.7%
New Zealand Government	1,816	1,715	5.9%
Wikipedia	1,348	1,322	2.0%

New Zealand Digital Audience Ranking

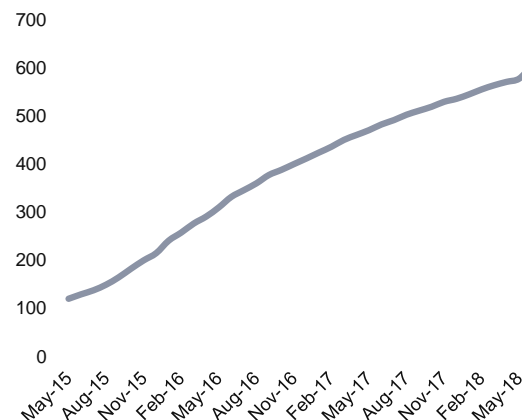
Source: Nielsen Online; Neighbourly.

**stuff** HAS GROWN  
AUDIENCE 42% OVER 4 YEARS



Stuff Monthly Audience (000s)

**Neighbourly** IS ACHIEVING  
STRONG MOMENTUM



Neighbourly members (000s)

# INVESTMENTS

*Younger*



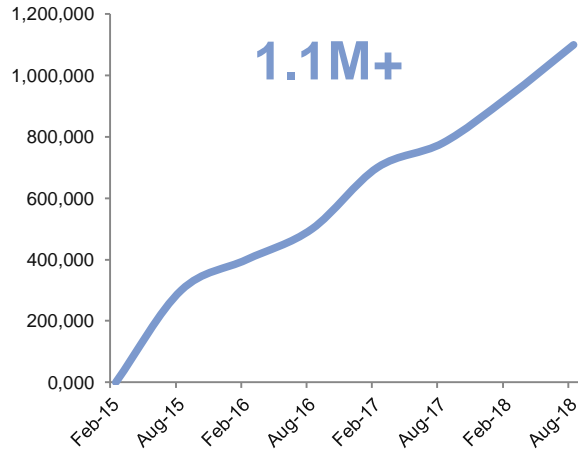
1.1M+  
active subscribers



EBITDA margin of 24%

## STAN

50% SHAREHOLDING IN SUBSCRIPTION VIDEO-ON-DEMAND SERVICE

CONTINUED STRONG ACTIVE  
SUBSCRIBER GROWTHSTRONG BUSINESS  
OPERATING PERFORMANCE

**↑72% YoY**  
Subscription  
Revenue



**↑23% YoY**  
Operating  
Costs



**↓50%**  
Reduction in  
EBITDA loss  
FY18 Q1 to FY18 Q4

STRONG VIEWING GROWTH FROM  
DIFFERENTIATED CONTENT

**↑70% YoY**  
Total viewing



**↑~25% YoY**  
Average viewing  
per subscriber

STAN

SUBSCRIBER GROWTH FUELLED BY EXCLUSIVE CONTENT




























Stan.

**Stan. ORIGINALS**

**Q1**

**Q2**

**FY 19 EXCLUSIVE PREMIERES**

 The Second	 No Activity U.S. S2	 Bloom S1	 No Activity - Christmas special
 Power S5	 Better Call Saul S4	 The Royal S1-4	 Ten Days in the Valley S1
 SMILF S2	 Bond Films x 24	 Get Shorty S1	 Get Shorty S2
 Kidding S1	 The Circus S3 part 2	 The Bisexual	 Escape at Dannemora S1
 Who is America?	 Damned S1	 The Last Ship S5	 Warriors of liberty city
 Insomnia S1	 Deutschland 86	 UnREAL S4	 America to me
 No tomorrow	 The Truth About the Harry Quebert Affair	 Will & Grace S2	

Note: Timing is indicative and subject to change.



#1

RADIO  
STATION IN  
SYDNEY

#1

RADIO  
STATION IN  
MELBOURNE

# MACQUARIE MEDIA LIMITED

54.5% SHAREHOLDING IN ASX-LISTED METROPOLITAN RADIO BUSINESS

- Reported revenue was flat.
- Underlying revenue increased 4% excluding disposals and one-time items.
- Reported expenses declined 1.7%.
- EBITDA increased 3.3% with margin improvement.
- Sale of Satellite Music in FY18 H1 and 2CH in FY17 H2.

	FY18	FY17	%
	A\$m	A\$m	change
Total Revenue	136.6	137.0	(0.3%)
Associate Profit (Loss)	(0.2)	0.2	(182.6%)
Expenses	(103.8)	(105.7)	1.7%
EBITDA	32.6	31.5	3.3%
EBIT	28.7	28.2	1.7%
EBITDA Margin	23.8%	23.0%	

# CORPORATE

---



**+51%**

Improvement in  
Corporate overheads  
to (\$23.5m)

---



Targeting annualised  
run-rate below (\$20m)  
for FY19

# CORPORATE

- Overheads reduction of 51.0% reflects:
  - Accelerated accounting treatment of lease incentive benefit for Sydney office of \$8.1m;
  - Transfer of costs to businesses including Domain and Metro;
  - Savings in underlying corporate costs.
- Accounting treatment of Sydney office relocation at end of calendar 2019:
  - Lease incentive benefit \$8.1m in FY18, \$8.8m in FY19 and \$4.4m in FY20;
  - Cash flow payment of \$12m in January 2020.

Net Revenue  
Associate Profit (Loss)  
Expenses  
EBITDA

	FY18	FY17	%
	A\$m	A\$m	change
Net Revenue	19.0	14.3	32.8%
Associate Profit (Loss)	(0.2)	(1.2)	82.8%
Expenses	(42.3)	(61.1)	30.7%
EBITDA	(23.5)	(48.0)	51.0%

# CURRENT TRADING ENVIRONMENT & OUTLOOK

---

GREG HYWOOD, CEO

Fairfax Media

# CURRENT TRADING ENVIRONMENT & OUTLOOK

- Trading in the first six weeks of FY19 H1 saw revenues around 5% below last year.
  - Domain, Metro Media publishing and Macquarie Media achieved year-on-year revenue growth;
  - Events revenue was impacted by timing changes in the events schedule;
  - Stuff revenue reflected the closure of loss-making publications;
  - Australian Community Media is seeing continuing softness in regional markets and the impact of drought conditions.
- Across the Fairfax Group we continue to implement cost savings measures.



# GROUP FINANCIALS

The background image is a dark, blue-tinted photograph of a festival or event at night. In the foreground, there are several white tents and a large crowd of people. A tall, thin tree stands in the center. In the background, there is a large building with arched windows and a hillside with many small houses or buildings. The overall atmosphere is festive and lively.

---

DAVID HOUSEGO, CFO

Fairfax Media

# GROUP TRADING PERFORMANCE

	Reported 4E FY18	Less Significant items	Trading Performance excluding significant items	Trading Performance excluding significant items
24 June 2018	\$m	\$m	\$m	FY17 \$m
Total revenue	1,687.9	(3.9)	1,684.0	1,732.6
Associate losses	(0.9)	-	(0.9)	(0.6)
Expenses	(1,672.2)	263.3	(1,408.9)	(1,460.9)
Operating EBITDA	14.9	259.3	274.2	271.1
Depreciation and amortisation	(56.8)	-	(56.8)	(40.7)
EBIT	(41.9)	259.3	217.4	230.3
Net finance costs	(6.8)	-	(6.8)	(9.8)
Net profit/(loss) before tax	(48.7)	259.3	210.6	220.5
Tax (expense)/benefit	(4.9)	(57.3)	(62.2)	(64.3)
Net profit/(loss) after tax	(53.6)	202.0	148.4	156.2
Net profit attributable to non-controlling interest	(10.2)	(13.3)	(23.5)	(13.6)
Net profit/(loss) attributable to members of the Company	(63.8)	188.7	124.9	142.6
Earnings per share (cents)	(2.8)		5.4	6.2

## SIGNIFICANT ITEMS

A\$m	FY18	FY17
Impairment of intangibles, property, plant and equipment and other assets due to CGU testing	(162.3)	(15.8)
Impairment of intangibles, inventories, investments, and property, plant and equipment	(61.3)	(17.8)
Income tax benefit	47.7	4.7
Impairment of intangibles, inventories, investments, and property, plant and equipment, net of tax	(175.9)	(28.9)
Restructuring and redundancy charges	(36.0)	(43.8)
Income tax benefit	9.4	10.9
Restructuring and redundancy, net of tax	(26.6)	(32.8)
Gain on sale of controlled entities and investments	3.9	7.3
Gain on investment at fair value	-	2.7
Loss on disposal of property, plant and equipment	(0.7)	(0.3)
Loss on revaluation of put option over subsidiary shares	-	(7.8)
Income tax expense	(0.6)	0.1
Gains on controlled entities, property, plant and equipment and investments, net of tax	2.6	2.1
Other	(3.0)	0.9
Income tax expense	0.9	(0.3)
Other, net of tax	(2.1)	0.7
<b>NET SIGNIFICANT ITEMS AFTER INCOME TAX</b>	<b>(202.0)</b>	<b>(59.0)</b>

# CASHFLOW/NET DEBT POSITION

- Net debt of \$135.7m:
  - Fairfax wholly-owned entities net cash position of \$9.5m.
  - Domain net debt of \$127.1m.
  - Macquarie Media net debt of \$18.2m.

Cash from trading  
 Restructure/redundancy payments  
 Net finance charges  
 Dividends received  
 Tax payments

**Net Cash Inflow from operating activities**

Proceeds from asset sales and divestments  
 Investment in acquired business/ventures  
 Investment in PP&E and software  
 Loans advanced  
 Dividends paid  
 Net other

**Net Cash Outflow from investing and financing activities**

**Net Cash In / (Out) Flow**

Net Debt / (Cash) at beginning of period

**Net Debt / (Cash) At End of Period**

	FY18	FY17
	A\$m	A\$m
Cash from trading	260	261
Restructure/redundancy payments	(26)	(33)
Net finance charges	(13)	(13)
Dividends received	2	6
Tax payments	(41)	(28)
<b>Net Cash Inflow from operating activities</b>	<b>182</b>	<b>193</b>
Proceeds from asset sales and divestments	14	39
Investment in acquired business/ventures	(9)	(13)
Investment in PP&E and software	(70)	(107)
Loans advanced	(30)	(36)
Dividends paid	(95)	(104)
Net other	(11)	(2)
<b>Net Cash Outflow from investing and financing activities</b>	<b>(200)</b>	<b>(222)</b>
<b>Net Cash In / (Out) Flow</b>	<b>(18)</b>	<b>(29)</b>
Net Debt / (Cash) at beginning of period	118	89
<b>Net Debt / (Cash) At End of Period</b>	<b>136</b>	<b>118</b>

# FUNDING POSITION

AS AT JUNE 2018

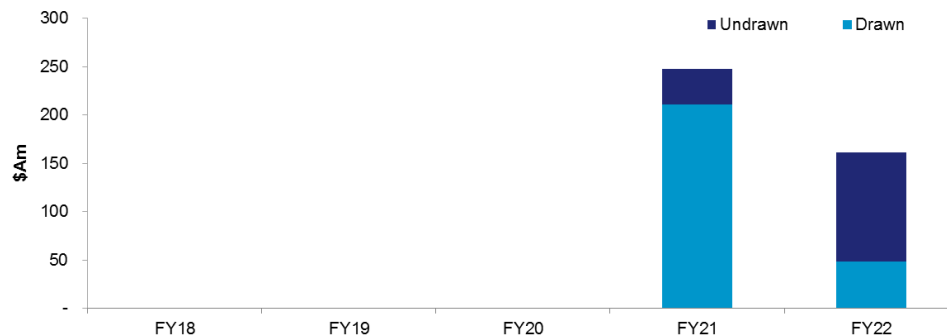
- FY18 includes \$127.1m of net debt from Domain and \$18.2m of net debt from Macquarie Media.

A\$m	Jun 18	Jun 17	Jun 16
Total interest bearing liabilities	259	239	179
Debt related derivatives	-	(9)	(9)
Cash and cash equivalents	(123)	(113)	(81)
<b>Net Debt / (Cash)</b>	<b>136</b>	<b>118</b>	<b>89</b>
EBITDA (last 12 months)	274	271	283
<b>Net Debt / (Cash) to EBITDA</b>	<b>0.5</b>	<b>0.4</b>	<b>0.3</b>
Net interest (last 12 months)	7	10	11
<b>EBITDA to Net Interest</b>	<b>40.5</b>	<b>27.6</b>	<b>25.5</b>

# FACILITY MATURITY

AS AT JUNE 2018

- Net debt position of \$135.7m at June 2018.



Facilities as at June 2018	Limit	Usage
	\$m	\$m
Fairfax 100%-owned entities	122.8	35.0
Domain	250.0	188.0
Weatherzone	0.0	0.0
Macquarie Media	36.0	35.8
<b>Total</b>	<b>408.8</b>	<b>258.8</b>



Q & A

Fairfax Media





THANK YOU

---



A nighttime cityscape with tall buildings illuminated by city lights. In the foreground, a crowd of people is gathered on a plaza. Overlaid on the scene are several bright blue light projections: two large circles and multiple beams of light radiating from the upper right corner. The word "APPENDICES" is centered in white, bold, sans-serif capital letters.

# APPENDICES

---

Fairfax Media

# APPENDIX 1

## GROUP TRADING PERFORMANCE FY18

	Reported 4E FY18	Less Significant items	Trading Performance excluding significant items	Trading Performance excluding significant items
24 June 2018	\$m	\$m	\$m	FY17 \$m
Total revenue	1,687.9	(3.9)	1,684.0	1,732.6
Associate losses	(0.9)	-	(0.9)	(0.6)
Expenses	(1,672.2)	263.3	(1,408.9)	(1,460.9)
Operating EBITDA	14.9	259.3	274.2	271.1
Depreciation and amortisation	(56.8)	-	(56.8)	(40.7)
EBIT	(41.9)	259.3	217.4	230.3
Net finance costs	(6.8)	-	(6.8)	(9.8)
Net profit/(loss) before tax	(48.7)	259.3	210.6	220.5
Tax (expense)/benefit	(4.9)	(57.3)	(62.2)	(64.3)
Net profit/(loss) after tax	(53.6)	202.0	148.4	156.2
Net profit attributable to non-controlling interest	(10.2)	(13.3)	(23.5)	(13.6)
Net profit/(loss) attributable to members of the Company	(63.8)	188.7	124.9	142.6
Earnings per share (cents)	(2.8)		5.4	6.2

# APPENDIX 2

## GROUP TRADING PERFORMANCE FY17

	Reported 4E FY17	Less Significant item	Trading Performance excluding significant items
25 June 2017	\$m	\$m	\$m
Total revenue	1,742.7	(10.1)	1,732.6
Associate losses	(0.6)	-	(0.6)
Expenses	(1,545.5)	84.6	(1,460.9)
Operating EBITDA	196.6	74.5	271.1
Depreciation and amortisation	(40.7)	-	(40.7)
EBIT	155.8	74.5	230.3
Net finance costs	(9.8)	-	(9.8)
Net (loss)/profit before tax	146.0	74.5	220.5
Tax (expense)/benefit	(48.9)	(15.5)	(64.3)
Net profit/(loss) after tax	97.2	59.0	156.2
Net profit attributable to non-controlling interest	(13.2)	(0.4)	(13.6)
Net profit/(loss) attributable to members of the Company	83.9	58.7	142.6
Earnings per share (cents)	3.6		6.2

# APPENDIX 3

## PRINTING OPERATIONS

- Printing Australia had external print revenue growth of 14% with new and returning customers.

Total Revenue	
Internal Revenue	
Net Revenue	
Associate profit (loss)	
Expenses	
<b>EBITDA</b>	
<i><b>Segment allocation</b></i>	
<i>Australian Metropolitan Media</i>	
<i>Australian Community Media</i>	
<i>New Zealand Media</i>	
EBITDA	
EBIT	
EBITDA Margin	

FY18	FY17	%
A\$m	A\$m	change
<b>207.8</b>	224.2	(7.3%)
<b>(156.0)</b>	(178.1)	(12.4%)
<b>51.8</b>	46.1	12.5%
<b>0.0</b>	0.0	
<b>(48.2)</b>	(36.5)	(32.0%)
<b>3.6</b>	9.6	(62.1%)
1.3	4.7	(73.5%)
1.1	3.0	(64.7%)
1.3	1.8	(27.8%)
3.6	9.6	(62.1%)
(0.3)	3.9	(107.4%)
1.7%	4.3%	

# APPENDIX 4

## NON-CONTROLLING INTEREST

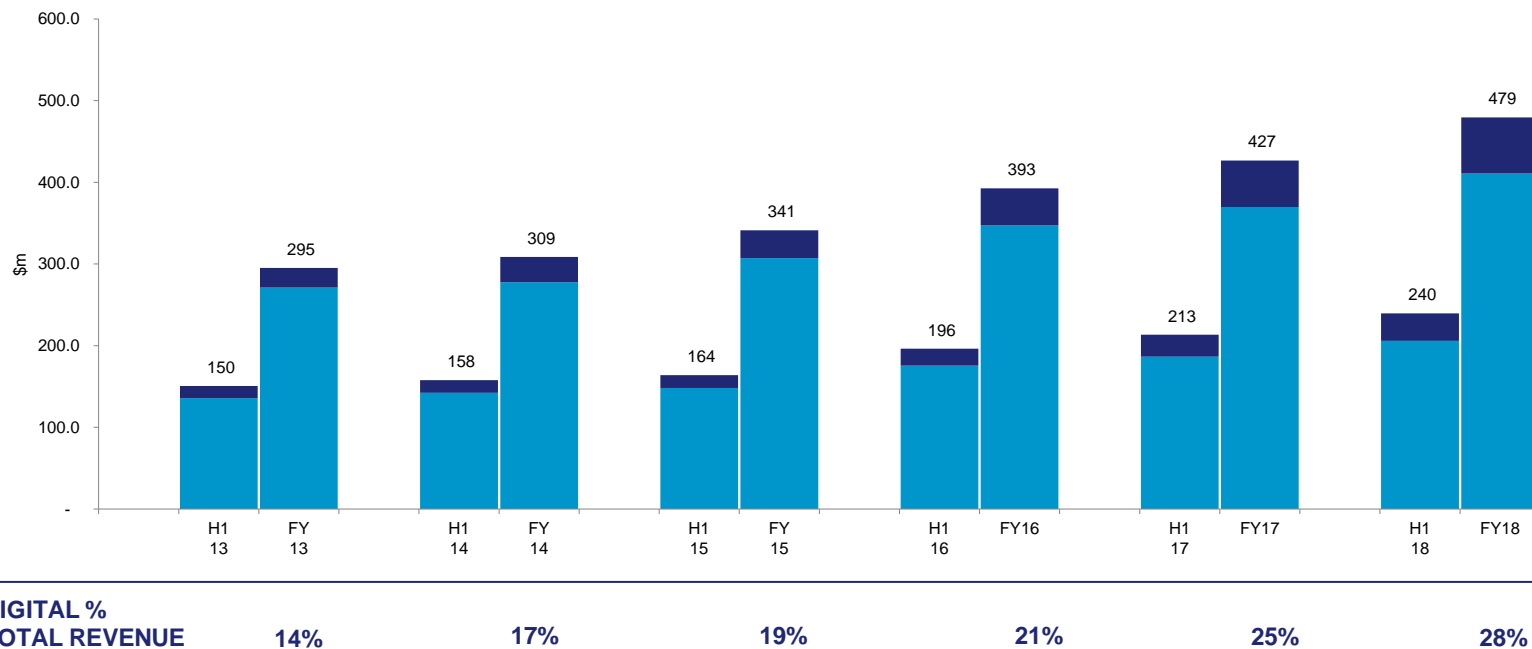
- Domain NCI from 22 November 2017.
- Other includes Fibre Co (Stuff Fibre).

Domain Group  
Macquarie Media  
Other  
Total Non-Controlling Interest

FY18	FY17	%
A\$m	A\$m	change
<b>(16.6)</b>	(7.0)	(135.8%)
<b>(8.6)</b>	(8.5)	(1.9%)
<b>1.7</b>	1.9	(8.0%)
<b>(23.5)</b>	(13.6)	(72.7%)

# APPENDIX 5

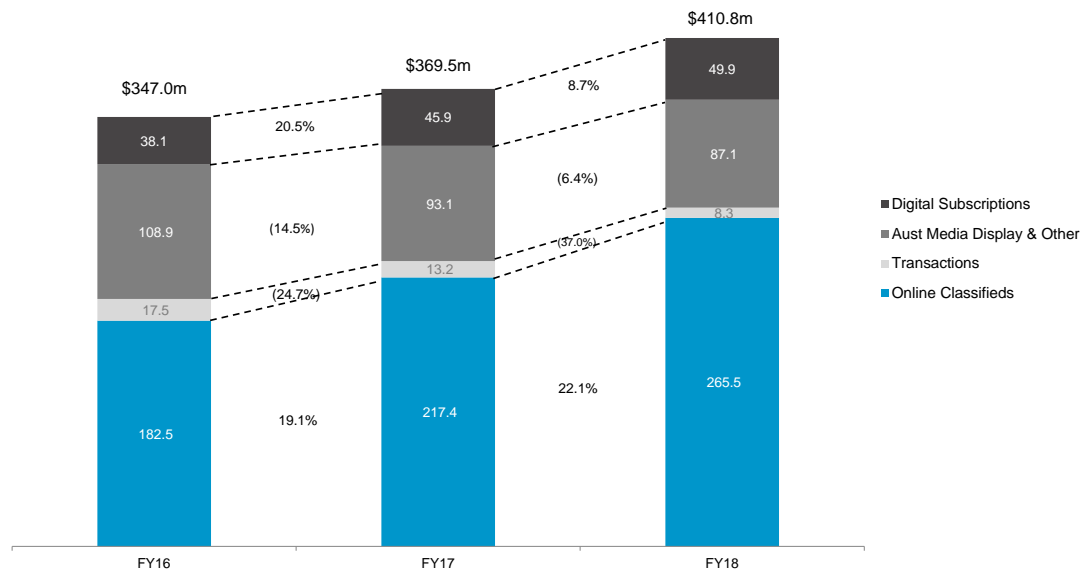
## GROUP DIGITAL REVENUE





# APPENDIX 6

## METRO DIGITAL REVENUE



### Digital Subscriptions:

Includes *The Sydney Morning Herald*, *The Age* and *The Australian Financial Review*.

### Australian Media Display & Other:

Includes Metro and Domain display advertising.

### Transactions:

Includes Weatherzone, Allure and Tenderlink (sold in October 2016).

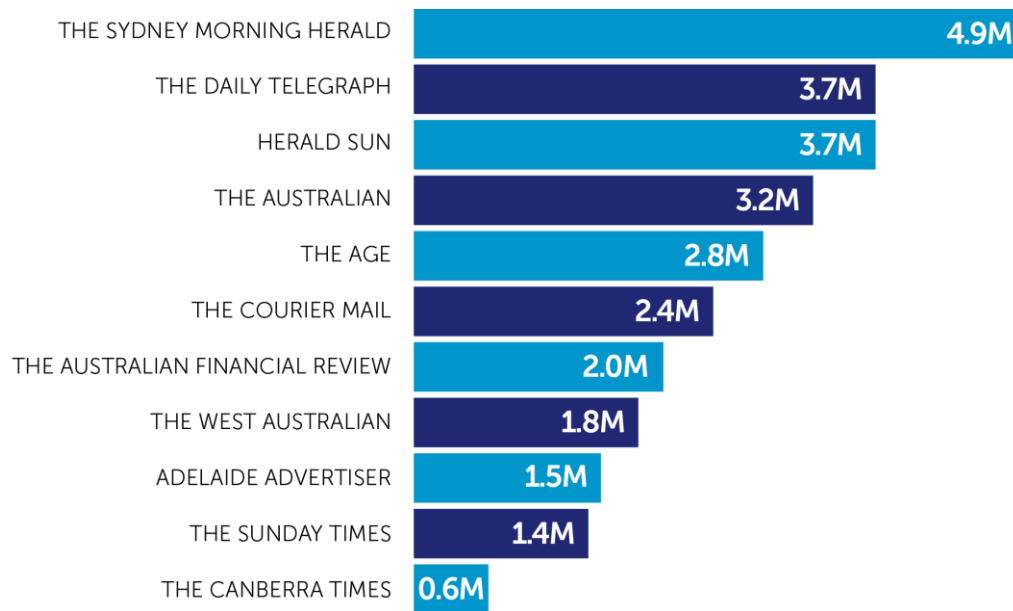
### Online Classifieds:

Includes Domain.

Note: AASB 15 Revenue from contracts with customers prescribes new revenue recognition principles. Preliminary analysis indicates, on implementation of AASB 15, a reallocation of \$10m to \$20m from print/circulation to digital subscription revenue is potentially required.

# APPENDIX 7

## THE SMH IS THE NO. 1 IN TOTAL MASTHEAD AUDIENCE



Source: emma™ conducted by Ipsos MediaCT, people 14+ for the 12 months ending May 2018, Nielsen Digital Ratings (Monthly) May 2018 people 14+ (computer), people 18+ (smartphone/tablet).