

## **DOMAIN GROUP SEGMENT CREATION AND SIGNIFICANT ITEMS TO BE REFLECTED IN 2016 FULL-YEAR RESULTS**

**SYDNEY, 1 August 2016:** Fairfax Media Limited [ASX:FXJ] (**Fairfax**) today announced the details of the creation of a Domain Group segment and significant items relating to non-cash impairments of publishing assets.

The adjustments to segment reporting and impairment charges outlined today will be reflected in Fairfax's full-year 2016 results to be reported on 10 August 2016.

Domain Group's operating results will be shown as a separate reporting segment. Its results were previously included in the Australian Metro Media segment with additional disclosure provided.

The remaining Australian Metro Media segment comprises metropolitan and national newspapers and websites, Digital Ventures and Events.

Fairfax Media Chief Executive Officer Greg Hywood said: "Domain has established itself as a genuine force and aggressive competitor in real estate media and services. Domain makes a significant earnings contribution and remains an integral and growing part of Fairfax. We have no plans for that to change.

"We continue to invest in Domain to make it stronger and extend its business model beyond listings to capture the immense opportunity in the broader real estate ecosystem.

"The new segment presentation for Metro provides a clearer picture of the operational performance of the business as it transitions to a new sustainable publishing model over time."

Appendix 1 shows the restated historical segment results for Domain and Australian Metro Media.

### **Non-Cash Impairment Charges Relating to Publishing Assets**

As part of the year-end impairment review process, Fairfax expects to book impairment charges of \$989 million pre-tax (\$922.7 million post-tax) in FY16 relating to publishing assets and adjustments to segment reporting. The impairment charges reflect the separation of the business units and the outcome of the review process including the allocation of assets between Australian Metro Media and Domain.

The impairments are non-cash and do not impact on banking covenants.

The accounting standards do not allow Fairfax to recognise in its accounts all of the considerable value which Domain has created over the past four years.

The \$989 million pre-tax impairment charges comprise:

- In Australian Metro Media, an impairment of \$484.9 million will be recorded.
- In Australian Community Media, an impairment of \$408.8 million will be recorded.
- In New Zealand, an impairment of \$95.3 million will be recorded.

Mr Hywood said: “The Australian Metro Media adjustments reflect the market realities that the Metro business is facing and the change to segment reporting. The considerable work done to transform the publishing business has created flexibility and optionality around the future, and we are confident in our plans to transition to our new sustainable publishing model.

“With regard to Australian Community Media, we have successfully delivered on our transformation program through FY16. The adjustments we are announcing today are appropriate as we recognise the challenges this business continues to face in rural and regional markets. We continue to develop initiatives and consider opportunities for this business.

“Our New Zealand publishing business faces similar issues to those in Australia. This impairment has been calculated on a standalone basis and does not take into account any potential benefit from the proposed merger with NZME. The impairment has no bearing on the proposed transaction or its structure.”

The impairments do not affect Fairfax’s ability to pay future dividends.

– ENDS –

Contact:

Brad Hatch  
Director of Communications  
+61 2 9282 2168

## Appendix 1 – Restated Historical Segment Results

### FY16H1 - FY15H1 Results (excluding significant items)

	Revenue			EBITDA		
	FY16 H1	FY15 H1	%	FY16 H1	FY15 H1	%
	A\$m	A\$m	change	A\$m	A\$m	change
Domain Group	153.9	94.5	62.8%	65.7	37.8	73.8%
Australian Metro Media	304.1	323.0	(5.8%)	31.5	46.9	(32.9%)
Australian Community Media	257.1	282.6	(9.0%)	45.2	56.6	(20.1%)
New Zealand Media	166.0	179.5	(7.6%)	27.6	31.3	(11.7%)
Radio	69.0	53.7	28.5%	12.0	8.8	35.9%
Corporate and Other	8.1	10.0	(19.7%)	(20.9)	(22.0)	4.9%
<b>Total</b>	<b>958.1</b>	<b>943.3</b>	<b>1.6%</b>	<b>161.1</b>	<b>159.4</b>	<b>1.1%</b>

### FY15 - FY14 Results (excluding significant items)

	Revenue			EBITDA		
	FY15	FY14	%	FY15	FY14	%
	A\$m	A\$m	change	A\$m	A\$m	change
Domain Group	223.2	153.8	45.1%	85.9	58.9	45.8%
Australian Metro Media	606.7	649.4	(6.6%)	70.8	62.0	14.2%
Australian Community Media	539.1	586.5	(8.1%)	100.9	152.0	(33.6%)
New Zealand Media	358.6	362.7	(1.1%)	65.3	72.5	(10.0%)
Radio	108.7	103.8	4.7%	13.9	13.9	(0.5%)
Corporate and Other	16.9	10.0	68.1%	(47.3)	(46.7)	(1.2%)
<b>Total</b>	<b>1,853.1</b>	<b>1,866.2</b>	<b>(0.7%)</b>	<b>289.4</b>	<b>312.7</b>	<b>(7.4%)</b>

## Domain Group

	FY16 H1	FY15 H1	%
	A\$m	A\$m	change
Advertising - Print	54.8	22.1	147.5%
Advertising - Digital	99.1	72.4	36.9%
Total Revenue	153.9	94.5	62.8%
Associate profit (loss)	-	3.1	(100.0%)
Costs	(88.2)	(59.9)	(47.4%)
EBITDA	65.7	37.8	73.8%
EBITDA - Print	15.4	12.4	24.3%
EBITDA - Digital	50.3	25.4	97.9%
Margin - Print	28.1%	55.9%	
Margin - Digital	50.8%	35.1%	

	FY15	FY14	%
	A\$m	A\$m	change
Advertising - Print	69.1	40.9	69.1%
Advertising - Digital	154.1	112.9	36.4%
Total Revenue	223.2	153.8	45.1%
Associate profit (loss)	3.1	3.9	(22.0%)
Costs	(140.3)	(98.8)	(42.3%)
EBITDA	85.9	58.9	45.8%
EBITDA - Print	24.9	14.4	72.8%
EBITDA - Digital	61.0	44.5	37.1%
Margin - Print	36.0%	35.3%	
Margin - Digital	39.6%	39.4%	

## Australian Metro Media

	FY16 H1*	FY15 H1**	%
	A\$m	A\$m	change
Advertising	150.9	169.3	(10.9%)
Circulation	113.8	115.2	(1.3%)
Other	39.4	38.4	2.6%
Total Revenue	304.1	323.0	(5.8%)
Associate profit (loss)	0.4	(0.2)	(269.5%)
Costs	(272.9)	(275.8)	1.0%
EBITDA	31.5	46.9	(32.9%)
EBIT	17.0	25.9	(34.2%)
EBITDA Margin	10.4%	14.5%	

\* FY16 H1 \$4.4m moved from Other Revenue to Advertising Revenue

\*\* FY15 H1 \$3.9m moved from Other Revenue to Advertising Revenue

	FY15*	FY14**	%
	A\$m	A\$m	change
Advertising	309.3	329.4	(6.1%)
Circulation	230.2	228.0	0.9%
Other	67.2	92.0	(26.9%)
Total Revenue	606.7	649.4	(6.6%)
Associate profit (loss)	(0.5)	(0.1)	316.6%
Costs	(535.4)	(587.2)	8.8%
EBITDA	70.8	62.0	14.2%
EBIT	30.6	8.9	243.3%
EBITDA Margin	11.7%	9.5%	

\* FY15: \$9.1m moved from Other Revenue to Advertising Revenue

\*\* FY14: \$4.9m moved from Other Revenue to Advertising Revenue