

LEADING THE  
change

# MACQUARIE AUSTRALIA CONFERENCE

## INVESTOR BRIEFING

SYDNEY, 9 MAY 2014

# DISCLAIMER

## Summary information

This presentation contains summary information about Fairfax Media Limited and its activities current as at 9 May 2014. 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 of 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

**Overview**

---

Greg Hywood

**Domain Property Group**

---

Antony Catalano

**Fairfax Events**

---

Andrew McEvoy

**Current Trading Environment**

---

David Housego

**Q&A**

---



**Greg Hywood**

Chief Executive Officer and  
Managing Director



**Antony Catalano**

Chief Executive Officer,  
Domain Property Group



**Andrew McEvoy**

Managing Director,  
Fairfax Events



**David Housego**

Chief Financial Officer

LEADING THE  
change

# OVERVIEW

**GREG HYWOOD**  
CHIEF EXECUTIVE OFFICER

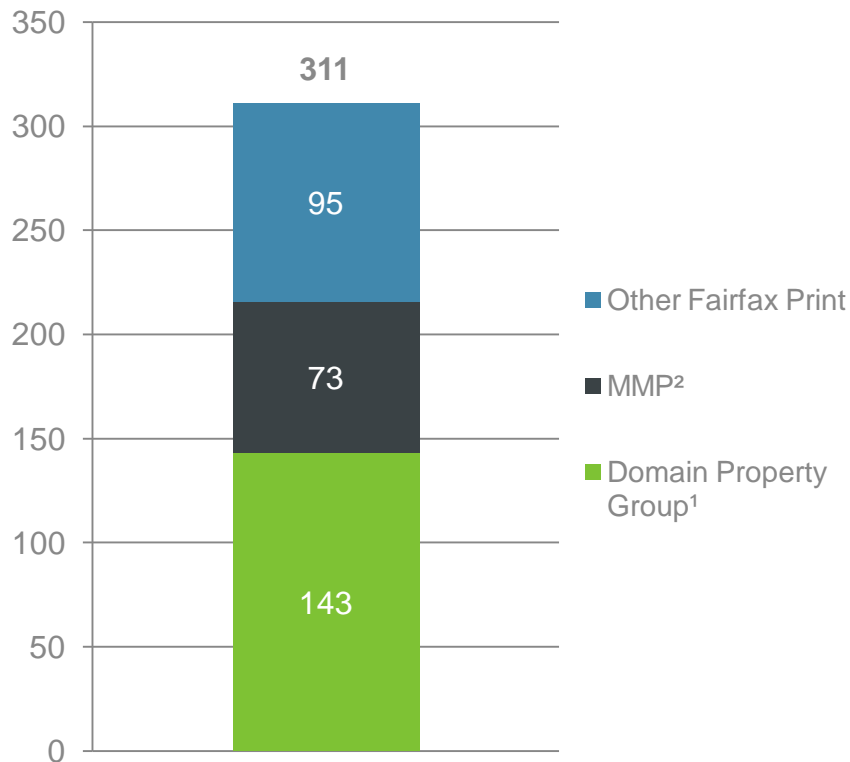
LEADING THE  
change

# DOMAIN PROPERTY GROUP

**ANTONY CATALANO**  
CHIEF EXECUTIVE OFFICER

# FAIRFAX MEDIA HAD EXPOSURE TO OVER \$300M OF REAL ESTATE ADVERTISING & SERVICES IN FY13

## Fairfax Media's exposure to real estate advertising & services in FY13 (\$m)



### Notes:

1. APM PriceFinder was created following the acquisition of Property Data Solutions (PDS) in December 2013. FY13 revenues restated to show full-year results.
2. Total revenue for MMP, including Fairfax's former Community Newspapers business in Victoria (FCN VIC). Includes some non-real estate display advertising. The JV with MMP is not consolidated for revenue reporting – data shown for presentational purposes only.

- Domain Property Group includes:
  - Digital
    - Domain.com.au
    - Commercialrealestate.com.au
    - APM PriceFinder<sup>1</sup>
    - Commerce Australia
  - Print (Domain sections)
    - The Sydney Morning Herald
    - The Age
    - The Canberra Times
- MMP is a 50% unconsolidated JV<sup>2</sup>
- Other Fairfax Print includes:
  - Regional papers nationwide
  - Community newspapers in NSW
  - Commercial real estate in print

# DOMAIN PROPERTY GROUP IS A DIVERSE REAL ESTATE MEDIA & SERVICES BUSINESS

DIGITAL  
ADVERTISING

Domain

commercialrealestate

PRINT  
ADVERTISING

The Sydney Morning Herald  
The Canberra Times

THE  AGE  
FINANCIAL REVIEW

MMP JOINT  
VENTURE  
IN VICTORIA

THE WEEKLY  
REVIEW

  
reviewproperty

PROPERTY  
DATA

apm  PriceFinder

CUSTOMER  
RELATIONSHIP  
MANAGEMENT

 MyDesktop

# WHAT'S DRIVING DOMAIN'S DIGITAL GROWTH?

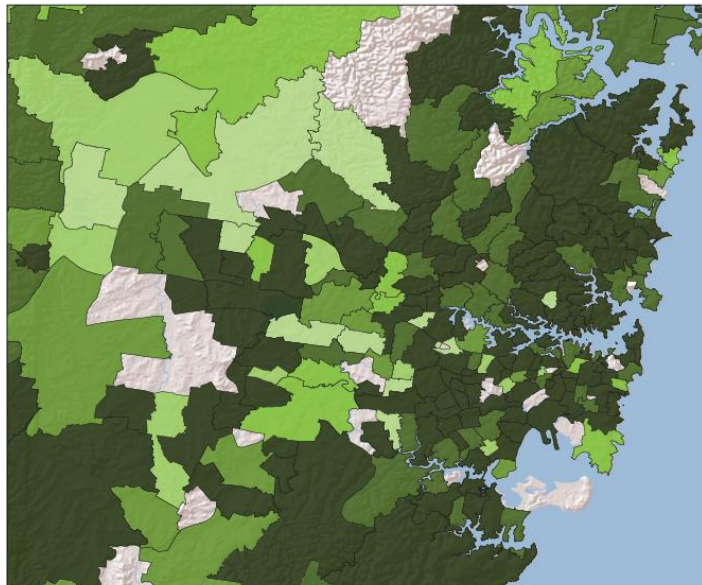
- Strong and growing position in Sydney and Melbourne
- Building national coverage in agents and listings
- Increasing demand for depth products
- Mobile products that are highly valued by consumers
- Delivering increasing value for real estate agents



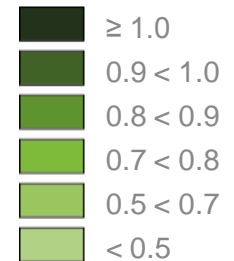
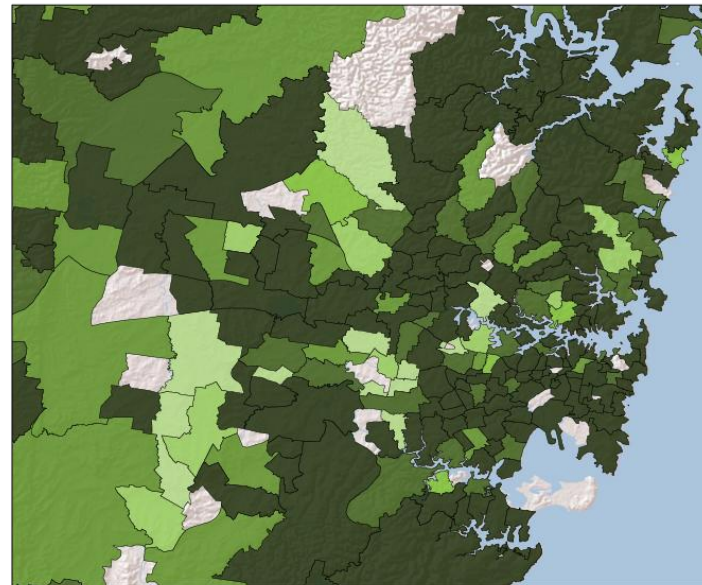
# DOMAIN IS CLOSE TO ACHIEVING 100% LISTINGS PENETRATION IN SYDNEY

## Domain's relative market share of digital listings in Sydney<sup>1</sup>

Quarter to March 2012



Quarter to March 2014



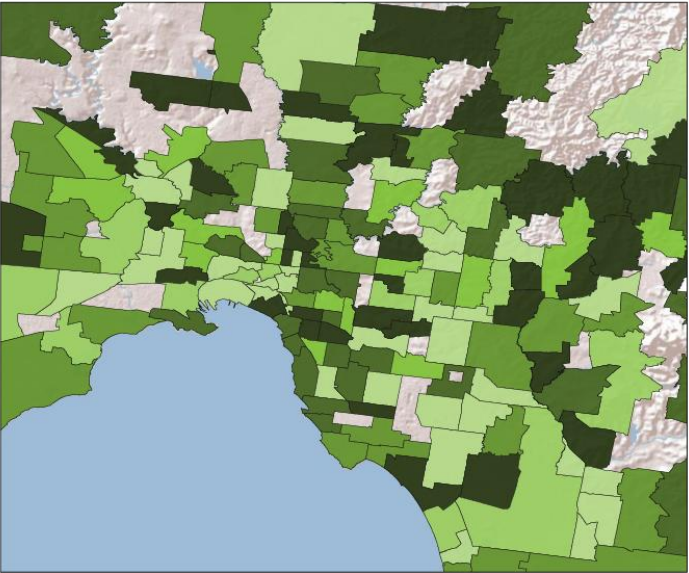
Note:

1. Relative market share versus competitors. Sale listings only. Grey areas represent regions with a small number of dwellings, or a lack of sufficient listings data to provide a reliable market share figure. Source: APM PriceFinder data; ABS postcode boundaries.

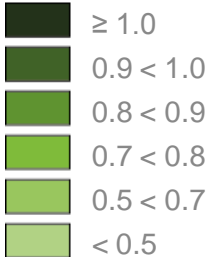
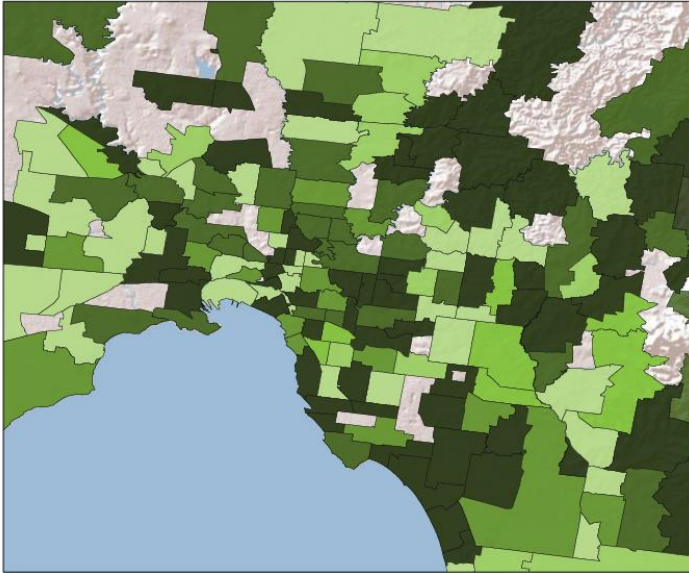
# SIGNIFICANT PROGRESS HAS ALSO BEEN MADE IN MELBOURNE THROUGH THE JOINT VENTURE WITH MMP

## Domain's relative market share of digital listings in Melbourne<sup>1</sup>

Quarter to March 2012



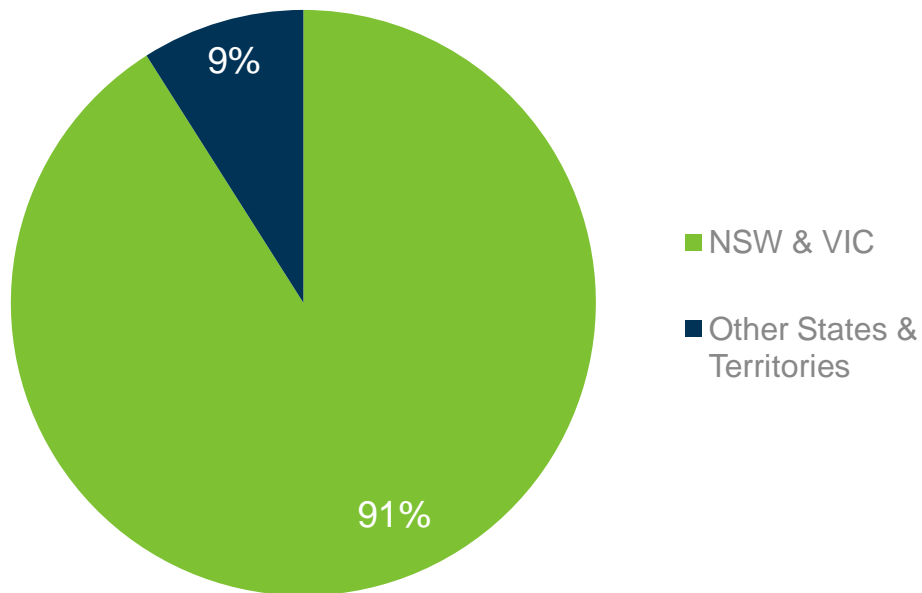
Quarter to March 2014



Note:  
1. Relative market share versus competitors. Sale listings only. Grey areas represent regions with a small number of dwellings, or a lack of sufficient listings data to provide a reliable market share figure. Source: APM PriceFinder data; ABS postcode boundaries.

# DOMAIN'S DIGITAL REVENUE IS CURRENTLY NEW SOUTH WALES AND VICTORIA CENTRIC

## Geographic breakdown of Domain's digital revenue in FY14 H1<sup>1</sup>



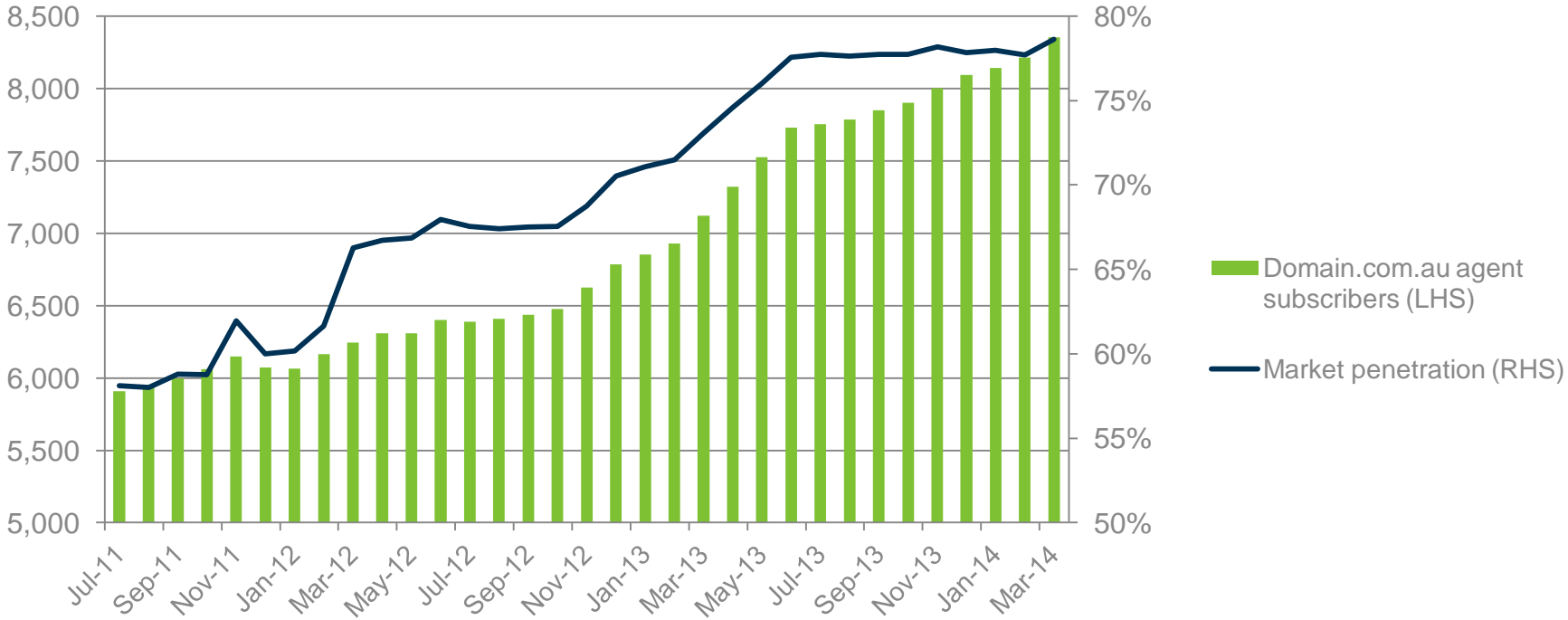
- **Focus on growing digital revenues in NSW and VIC**
  - Markets of significant size
  - Ability to leverage existing assets and audiences
- **Significant opportunity for growth in other States by replicating Domain's success in NSW and VIC**

Note:

1. Revenue from Domain digital subscriptions and depth products only (excludes display advertising, APM PriceFinder and Commerce Australia).

# DOMAIN HAS OVER 8,300 AGENT SUBSCRIBERS – APPROXIMATELY 79% MARKET PENETRATION

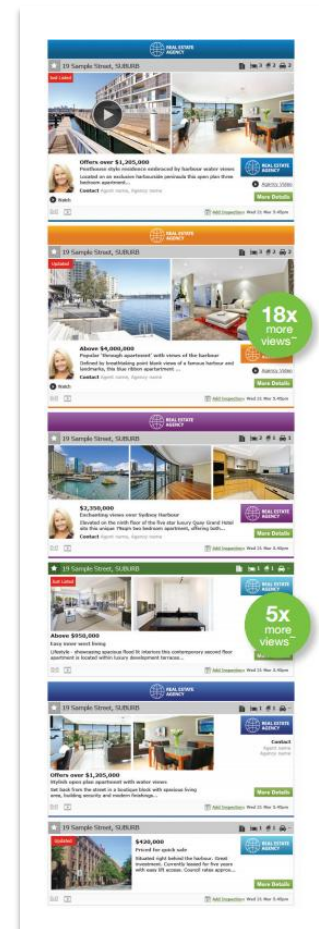
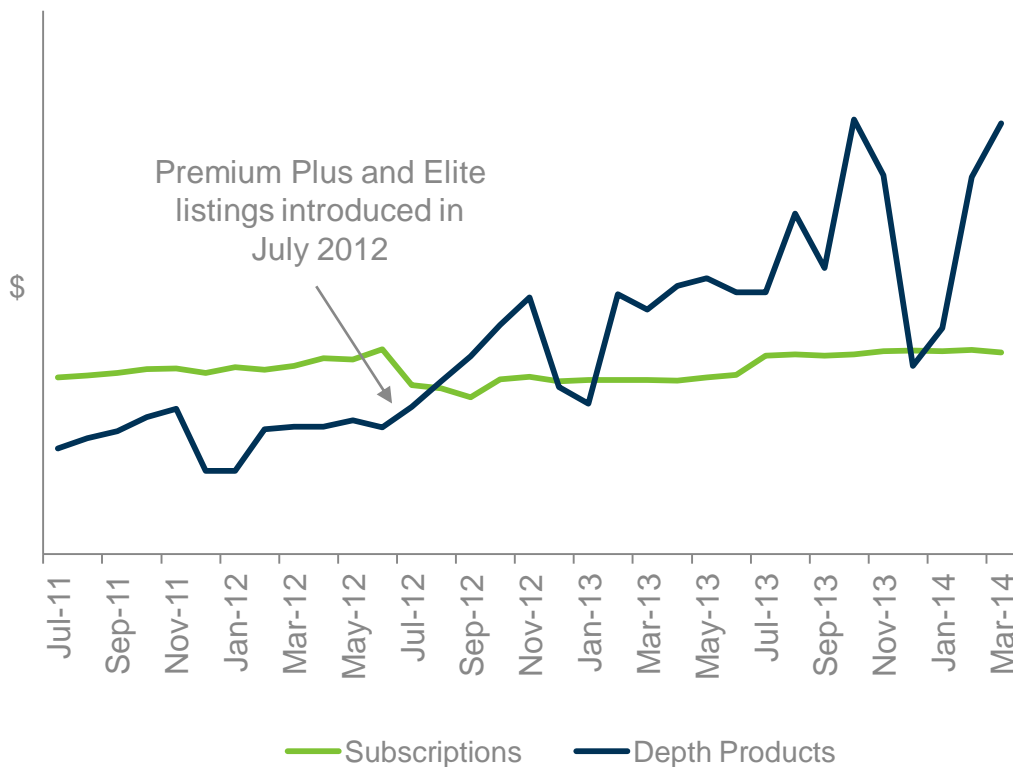
Domain.com.au agent subscribers and market penetration



Source: Domain.com.au; APM PriceFinder data.

# DEPTH PRODUCTS ARE DRIVING GROWTH IN DIGITAL YIELD AND REVENUES

## Revenue from Domain.com.au subscriptions and depth products



Top Spot

Premium Plus

Elite Priority Placement

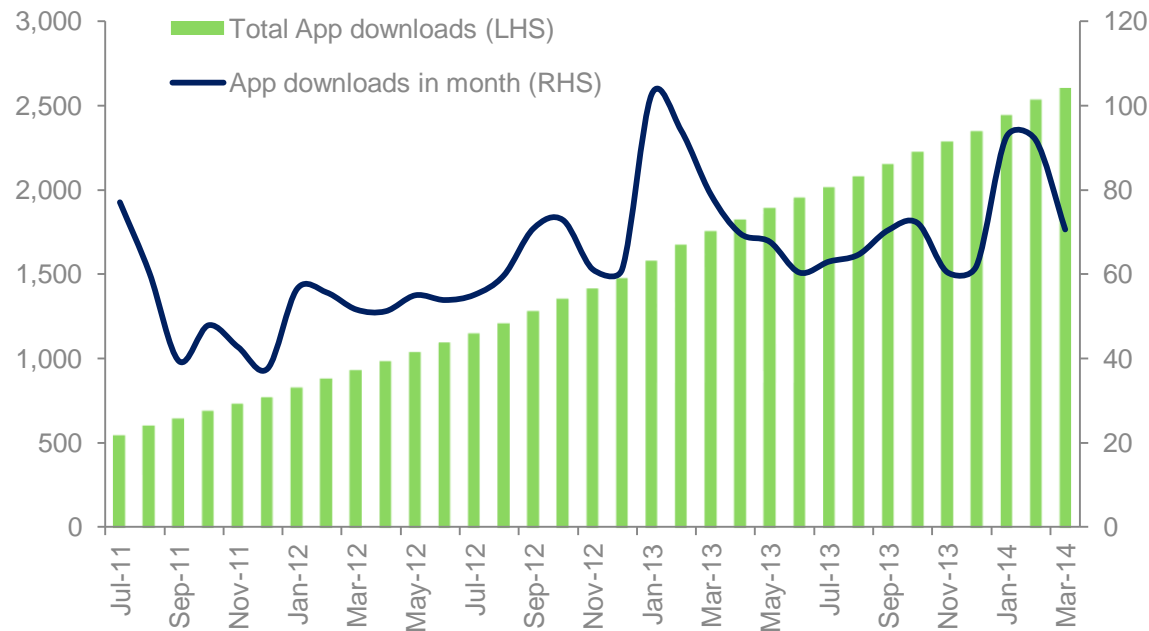
Standard Priority Placement

Elite Subscription

Standard Subscription

# DOMAIN HAS REACHED OVER 2.5M MOBILE APP DOWNLOADS, WITH MARKET-LEADING CONSUMER RATINGS

## Domain.com.au mobile app downloads ('000)<sup>1</sup>



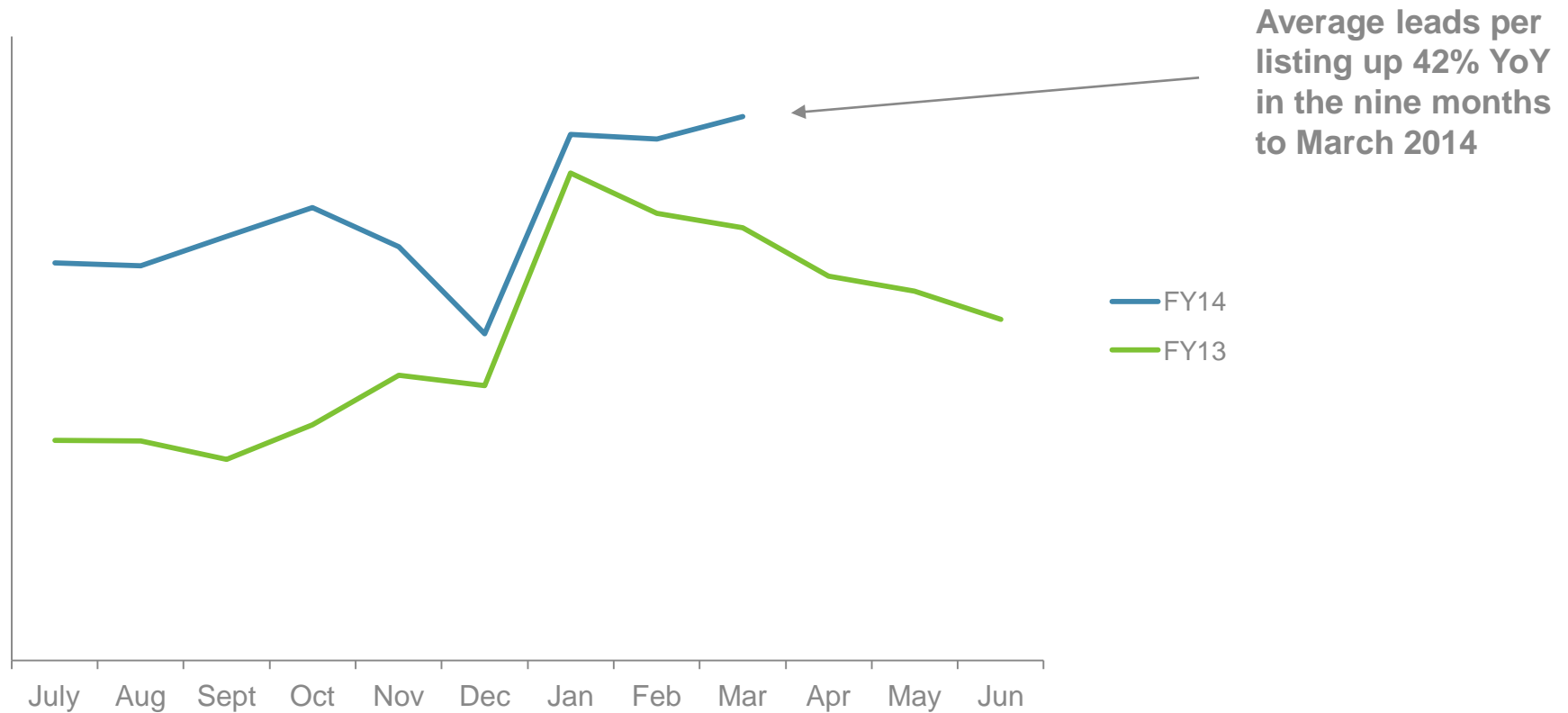
- Domain has the highest consumer ratings for real estate apps in Australia for iPhone, iPad and Android
- The latest versions of Domain's iPhone, iPad and Android apps are currently receiving an average rating between 4.0 and 4.5 stars

Note:

1. Downloads for iPhone, iPad, Android and WP7

# DOMAIN IS FOCUSED ON GROWING VALUE TO AGENTS THROUGH LEADS PER LISTING

## Leads per digital listing<sup>1</sup>



Note:  
1. Sale and rental listings.



# FY14 H1 FINANCIALS

## Domain Property Group financials FY14 H1<sup>1</sup>

	FY14 H1	FY13 H1	%
	A\$m	A\$m	change
Advertising - Print	20.2	28.8	(29.9%)
Advertising - Digital	48.4	37.5	29.1%
Total Revenue	68.6	66.3	3.5%
Costs	(39.2)	(44.2)	(11.3%)
EBITDA	29.4	22.1	33.0%
EBITDA - Print	8.6	8.2	4.9%
EBITDA - Digital	20.8	13.9	49.6%
Margin - Print	42.4%	28.5%	
Margin - Digital	43.0%	37.0%	

## H2 trading update<sup>2</sup>

- **Growth in digital revenues has accelerated**
  - Digital revenue up 44%, including the PDS acquisition (33% excluding PDS)
  - Domain digital listings revenue up 40%
- **Decline in print revenues has moderated**
  - Print revenue declined by 16%
- **Total revenue up 22%**

### Notes:

1. Commercial Real Estate is not included in these results.
2. H2 trading to 27 April 2014. Year-on-year comparisons. Commercial Real Estate is not included in these results.



# GROWTH OPPORTUNITIES

## DOMAIN

- Increasing penetration of depth products and yield growth
- Consolidating Domain's position in NSW and VIC, including regional areas
- Growing agents and listings in other States
- Scaling revenue in media and developers to match Domain's audience position

## DATA & CRM

- Data subscriber growth in NSW & VIC
- Transactional data products for agent subscribers
- CRM subscriber growth among independent agencies

## COMMERCIAL

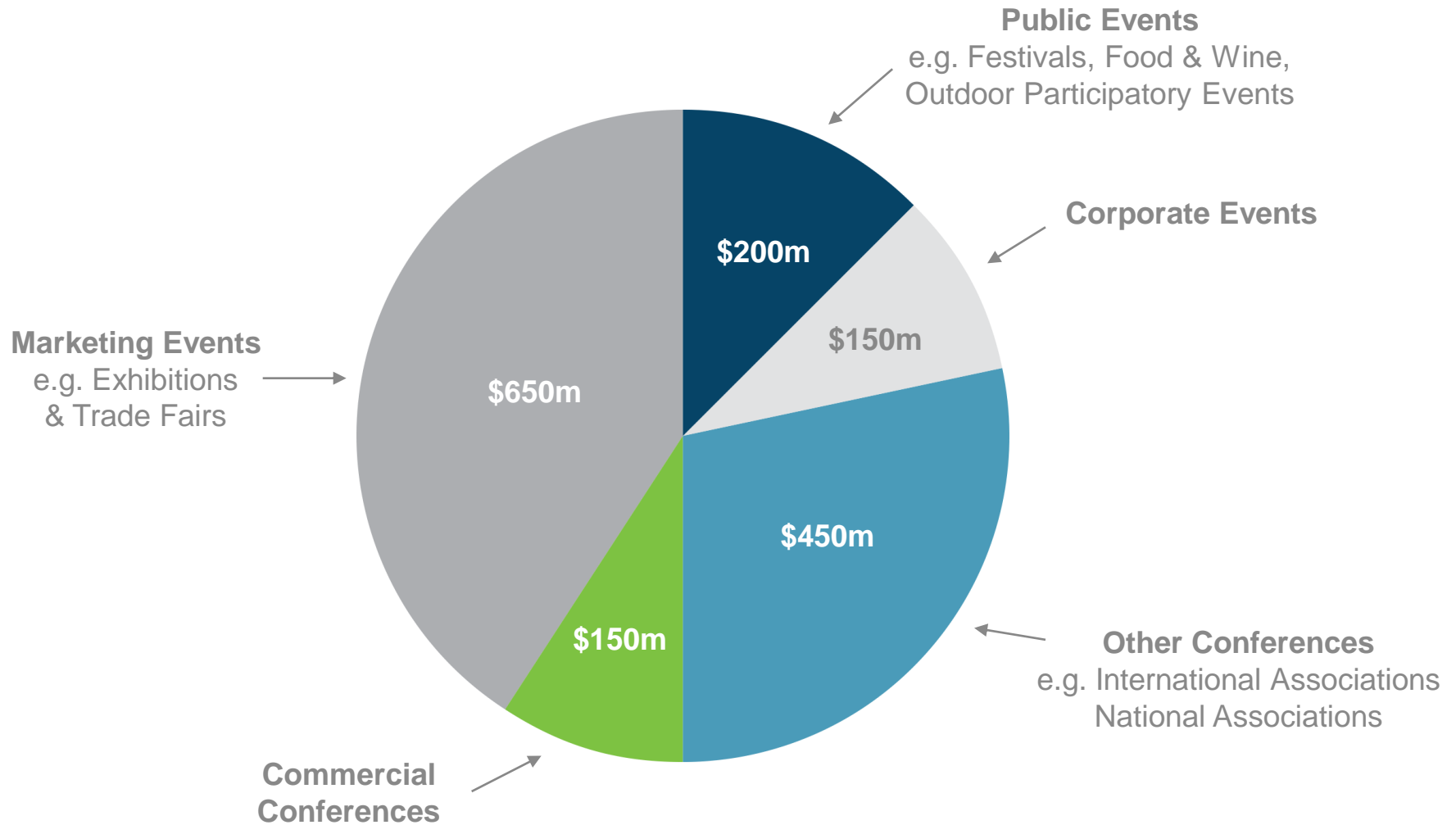
- Investment in [commercialrealestate.com.au](https://www.commercialrealestate.com.au) to drive listings revenue growth
- Digital display advertising for commercial clients

LEADING THE  
change

# FAIRFAX EVENTS

**ANDREW MCEVOY**  
MANAGING DIRECTOR

# FAIRFAX TARGETING EXPOSURE TO \$400M OF GROWING \$1.6BN EVENT MANAGEMENT MARKET



^Advertising drawn from top down analysis

Source: Tourism Australia, National Business Events Study, 2005; MPI, Economic Impact of UK Meeting & Event Industry, 2011; MPI, Canadian Economic Impact Study, 2008; Tourism Research Australia, International/National Visitor Survey, 2013; EEAA, Exhibitions Market Monitor, 2012; Australian Association Directory; LPA, Ticket Attendance and Revenue Survey, 2012; Expert interviews

# FAIRFAX EVENTS

- Fairfax Events has grown organically with mastheads – community benefit (e.g. The Sun-Herald City2Surf, 1971) and now produce a portfolio of major platform events.
- More than \$30m has been raised for hundreds of charities across Australia.
- Fairfax accelerating growth of Events as one of four new revenue business opportunities.
- Current team in three parts: Consumer Events, Business Events and Regional Events and in two geographies – Australia and NZ.
- Current total revenue of ~\$30m, with 30% margins.
- Aim to grow aggressively.

The Sun-Herald  
**CITY2SURF**  
Westpac



The Sydney Morning Herald  
**goodfoodMONTH**

citi





# CONSUMER EVENTS

## SPORT



THE ONE TO RUN



THE ONE TO RUN



THE ONE TO RUN



THE ONE TO RUN



## FOOD



# 200,000

RUNNING AND SWIMMING PARTICIPANTS IN 2014



# 2 MILLION

PEOPLE WILL EAT AND DRINK AT FAIRFAX'S FOOD EVENTS IN 2014



# BUSINESS & REGIONAL EVENTS

## BUSINESS



**HIGHLY  
INFLUENTIAL**  
C-SUITE AUDIENCES



## REGIONAL



**THE LAND**



**160,000+  
VISITORS**  
TO AGRICULTURAL EVENTS



# GROWING EVENTS

- **Geographical expansion of core (high margin) mass participation consumer events**

- Trans Tasman Run League - brand now established in Auckland; potential for further overseas expansion.
- Swan River Run to be held in Perth in July.
- Good Food Month expands to Brisbane in July, with Canberra likely in March 2015, and Adelaide and Auckland proposed.

- **New Events**

- Spectrum Arts Month
- Essential Baby & Kids Festival
- Top 100 Restaurants
- Ride the Vines (cycling)



- **Business Events – fewer, bigger, better**

- E.g.: Westpac Women of Influence; Australia in Asia, Leadership, Over50s/personal finance



- **Acquisition**

- Active consideration of event companies, individual events and other ancillary businesses

# SUMMARY

- **Fairfax targeting exposure to \$400m of growing \$1.6bn events management market**
- **Fairfax brings unique competitive advantages to Events**
  - Extensive marketing inventory
  - Strong masthead/brand connection with local communities
  - Highly engaged audiences: Fairfax reaches 58% of Australians and 80% of New Zealanders
- **Events strongly aligned to and supports other Fairfax revenue initiatives**
  - Content Marketing
  - Data
- **Strong advertiser/event partner interest in being part of Fairfax's growing Events portfolio**



LEADING THE  
change

# CURRENT TRADING ENVIRONMENT

**DAVID HOUSEGO**  
CHIEF FINANCIAL OFFICER

# CURRENT TRADING ENVIRONMENT

- Consistent with the update given with our first-half results on 20 February 2014, trading in the January to March period saw overall Group revenues for continuing businesses down 3% compared to the prior corresponding period. As expected, April was a difficult advertising revenue environment due to the extended Easter/ANZAC Day holiday period. This resulted in overall Group revenues for continuing businesses being down 4% for the January to April 2014 period compared to the prior corresponding period.
- Across our current reporting segments, Metro Media (which includes Domain) was down around 7%. Domain's overall revenue was up 22% including the benefit of the Property Data Solutions acquisition, with its total digital business up around 44%, (up 33% on a like-for-like basis) and digital listings business up around 40%. Australian Community Media was down around 10%, New Zealand was up around 6% including currency benefit, and Radio was down 4%.
- In line with previous guidance, on the current run rate of cost reduction, inflators and current reinvestment plans, we continue to expect to deliver costs below \$1,600m in FY14.

LEADING THE  
change

**Q&A**

LEADING THE  
change

**THANK YOU**