



FAIRFAX MEDIA LIMITED 2012 RESULTS ANNOUNCEMENT

SYDNEY, 23 August, 2012: Fairfax Media Limited [ASX:FXJ] has reported overall revenue of \$2,328 million, 6% lower than last year, with a net loss after tax of \$2,732 million, including a non-cash impairment charge of \$2,798 million and other significant items totalling \$140 million.

The Company reported underlying earnings before interest, tax, depreciation and amortisation (EBITDA) of \$506 million, excluding significant items and intangible adjustments, down 16.7% on last year, which was slightly above June guidance and market consensus.

As part of the Company's normal year end accounting and audit processes, the carrying value of intangibles on the Balance Sheet was reviewed by the Board with reference to the present value of expected future cash flows. This assessment is based on the three year outlook for each business unit. The outlook worsened considerably over the course of the second half of the year as the cyclical downturn became more pronounced, and confidence in a sustained improvement in market conditions reduced.

The resulting writedown is of a non-cash nature and is reflected in the Significant Items section of the accounts. Following this impairment, the net assets of the Company remain in excess of \$2 billion.

Results Summary

- Revenue of \$2,328 million, down 6%
- Significant items totalling \$2,938 million after tax
- Net loss after significant items and tax of \$2,732 million, down from \$390 million loss from prior corresponding period
- Cash inflow from trading activities of \$535 million
- Net debt reduced by \$574 million to total \$914 million
- Dividend of 1¢ per share with the payout ratio consistent with interim dividend payout ratio of 35% of underlying earnings, bringing the total for the year to 3¢ a share

Underlying results excluding significant items

- EBITDA reduced 17% to \$506 million
- Net profit after tax decreased 26% to \$205 million
- Earnings per share of 8.7¢, down 25%

Chief Executive and Managing Director Greg Hywood said: "Fairfax Media has a sound and diversified business, as shown in the underlying results we have reported today.

"These results reflect a challenging trading environment. We continue to drive significant change through the business, consistent with our strategy, and we are responding to a stressed economic environment.

"The cyclical downturn worsened during the 2012 financial year, while continuing structural change is affecting our Metro Media division. Fairfax has worked hard to respond to these conditions. At the half year we formally announced the Fairfax of the Future program to transform our business. We subsequently expanded and accelerated that process.

"Despite the tough times, Fairfax is a company that is committed to growth and committed to innovation. We are investing across our digital businesses, which grew revenue by 20 per

cent this year. Digital advertising yields grew strongly as advertisers recognise the value of target demographics – the demographics that Fairfax sites attract.

“Why are these businesses growing? They are growing because Fairfax has built the largest and most engaged audience of any news media business in Australia. We are actively building our revenue by accessing this digital audience.”

Metro Media

Mr Hywood said: “For the first time we have broken down the performance of our Metro businesses between our print and digital platforms. The analysis shows two things: first, notwithstanding the headwinds facing the print business it remains profitable; secondly, we have developed a market leading digital business which is growing rapidly and this year generated revenues that exceeded \$250 million.

“The Financial Review Group underperformed in 2012 with a difficult second half. New management has refocused the strategy, with strong takeup following its iPad app launch, and with its paid digital subscriber base now greater than 20,000.”

Regional & Agricultural

“Our regional and agricultural businesses, which are the largest contributors to Group revenue, once again demonstrated resilience with a revenue decline of just 2.4 per cent,” Mr Hywood said. “This was achieved despite soft national advertising markets and significant weakness in local real estate and employment. What has not changed is the relevance of our papers to their local audiences and to local advertisers.”

New Zealand

“In New Zealand our stable of 102 newspapers and magazines, and 42 websites, dealt with difficult economic conditions,” Mr Hywood said. “The results reflect extremely disciplined cost management as EBITDA margin declined less than 1% year-on-year despite a 5.8% fall in revenue.”

Broadcasting

“The performance of Fairfax Radio was undermined by a disruptive sale process and management changes,” Mr Hywood said. “Regional Radio was divested in October 2011. Adam Lang was appointed the CEO and is leading the turnaround of the business. The performance of all stations is now recovering and we anticipate a much improved performance in the 2013 financial year.”

Balance Sheet

“Strengthening the Balance Sheet has been a priority for Fairfax Media this year,” Mr Hywood said. “Proceeds from the partial IPO of Trade Me, and subsequent sell down to 51%, were principally applied to debt reduction. Net debt was reduced by \$574 million to \$914 million, including Trade Me debt, at year end.”

Fairfax of the Future

“While we’re still in the early stages of implementing the Fairfax of the Future initiatives, today’s result includes a \$21 million EBITDA benefit from the Fairfax of the Future program,” Mr Hywood said. “We finished the financial year ahead of plan with annualised savings of \$56 million. In total, Fairfax of the Future will deliver annual EBITDA benefits of \$235 million by the end of FY15.”

Dividend

A dividend of 1¢ per share with the payout ratio consistent with the interim dividend payout ratio of 35% of underlying earnings will be paid on 21 September 2012 to shareholders registered on 7 September 2012, bringing total dividends for the year to 3¢ a share.

Current Trading Environment

Economic conditions remain challenged in our core advertising markets. Ongoing structural changes continue to affect our Metro Media business. Early FY13 revenues are tracking 10% below the prior year. Difficult trading conditions are likely to continue.

– ENDS –

Presentations of these results will be held today at The Mint in Sydney as follows:

- **Investor briefing** at 11:00am AEST (teleconference, webcast and presentation). Media can listen to teleconference but not ask questions. Please quote conference ID 285540#.
Australia Toll Free 1800 030 272
New Zealand Toll Free 0800 264 303
For webcast go to www.fxj.com.au
- **Media briefing** at 12:45pm AEST (teleconference and presentation). Please quote conference ID 393307#.
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