



Full Year Results

For the twelve months ended 27 June 2010

Brian McCarthy, Chief Executive

Brian Cassell, Chief Financial Officer

27 August 2010

Presentation Overview

The Canberra Times



Drive

The Sun-Herald



Mandurah Mail

WAtoday.com.au

The Timaru Herald

BRW.



1. Overall Result and Business Unit Performance

Brian McCarthy

2. Strategy, Current Market Conditions & Key Points

Brian McCarthy

3. Group Financials

Brian Cassell

4. Questions

**Brian McCarthy
Brian Cassell**

Annual and Second Half Result

(Underlying continuing businesses)

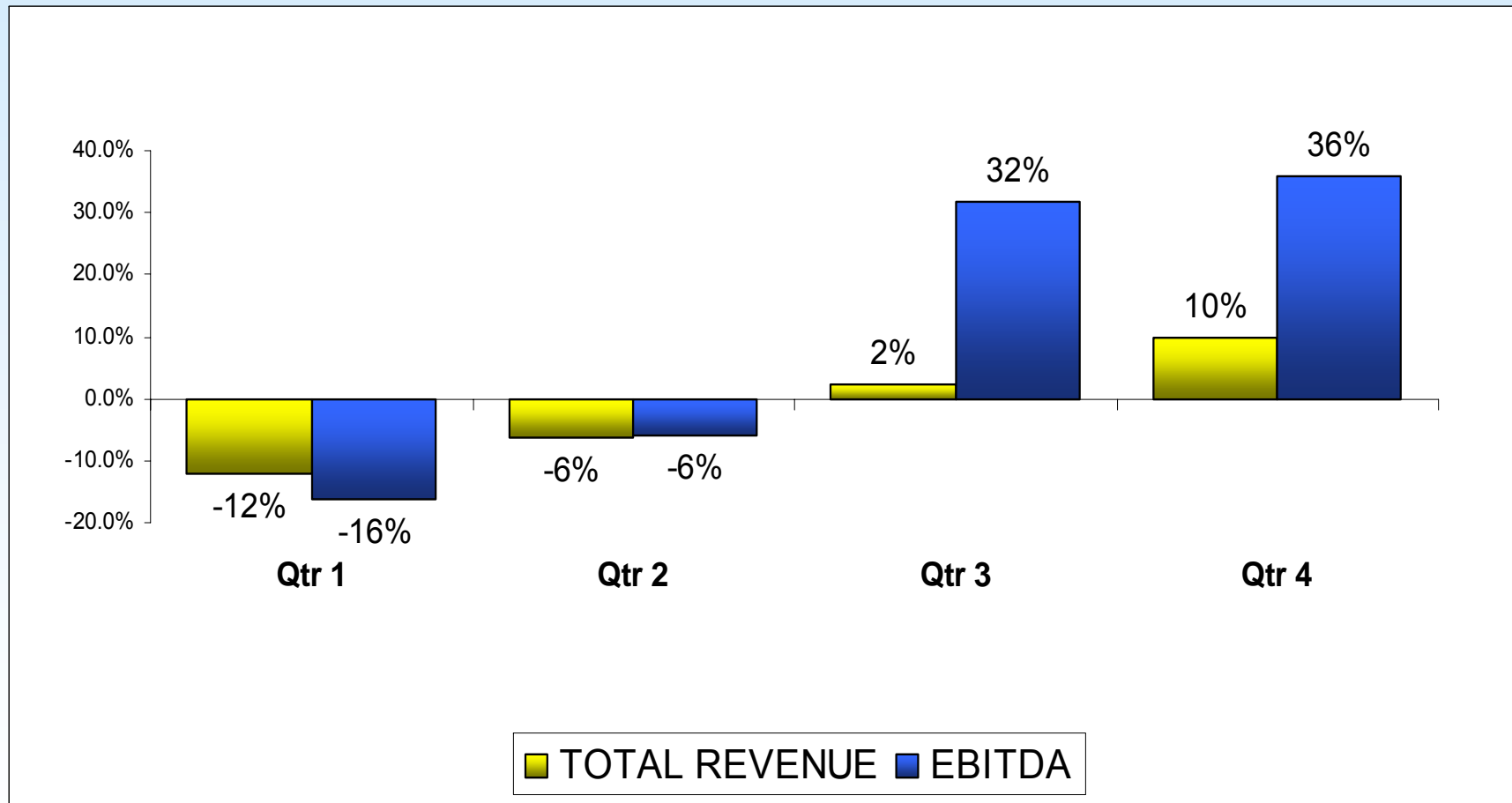
	FY 2010		H2 2010	
	A\$m	% Variance	A\$m	% Variance
Revenue	2,484.6	(2%)	1,225.1	6%
EBITDA	639.1	7%	315.7	34%
EBIT	525.4	9%	257.1	48%
Net profit after tax and SPS dividend	278.7	23%		

Our Approach: Giving our businesses the best chance to succeed

Growth by Quarters

(2010 vs 2009 underlying continuing businesses)

% variation

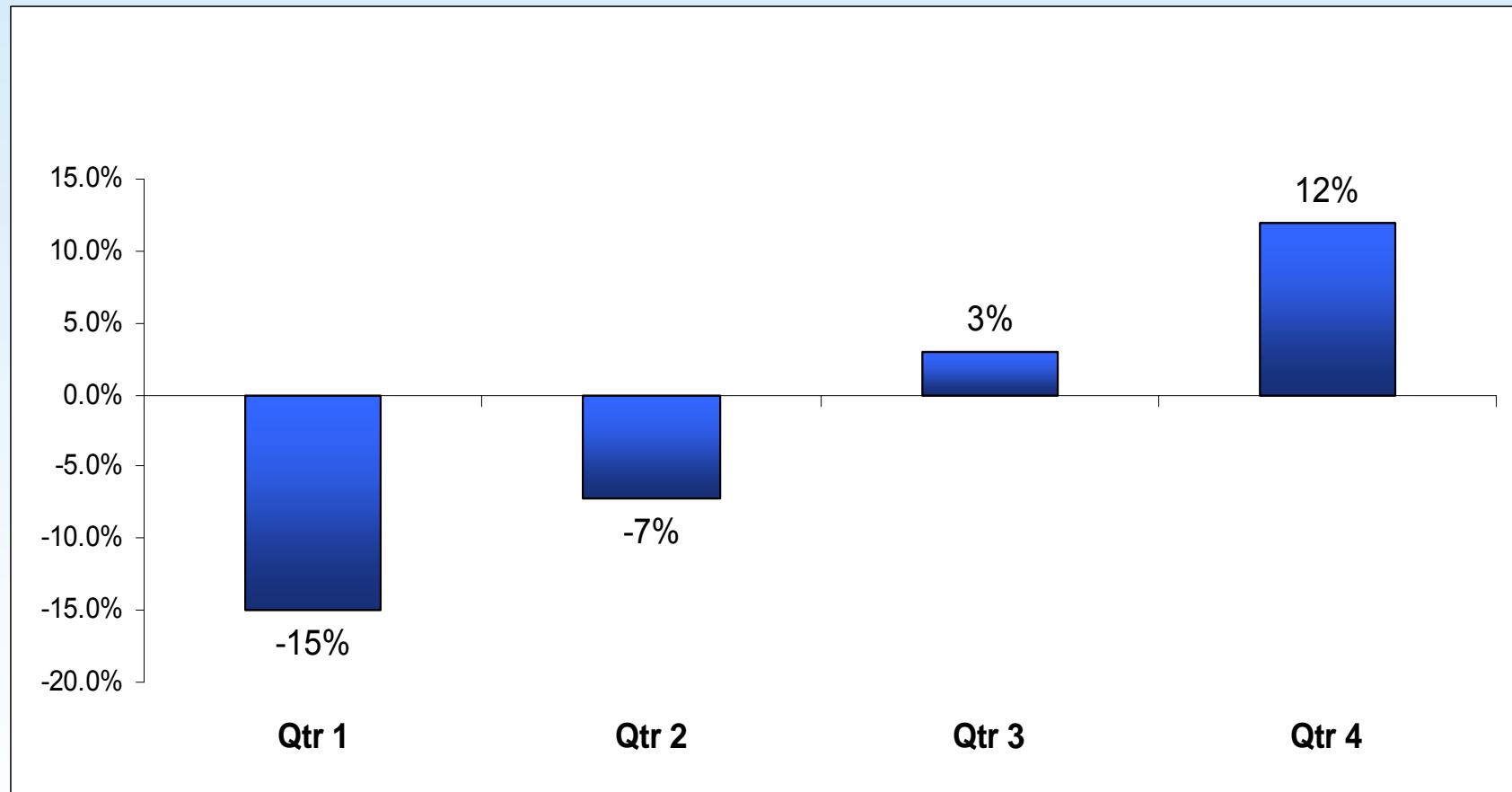


Reflects the benefits of efficiency initiatives implemented over an 20 month period

Advertising Revenue by Quarters

(2010 vs 2009 underlying continuing businesses)

% variation



Summary



Strong and stable management taking actions to deliver solid results in improving advertising markets, leading to:

- Revenue improvement
- Margin/Efficiency improvement
- Strong operating cash flow
- Net debt reduction
- Stronger Balance Sheet

Business Performance – Full Year

Underlying results on a like-for-like basis (excluding significant and non-recurring items)

	Revenue			EBITDA		
	FY2010 A\$m	FY2009 A\$m	% Variance	FY2010 A\$m	FY2009 A\$m	% Variance
Australian Regional Media	506.6	509.6	(1%)	148.0	151.7	(2%)
Online - Fairfax Digital & Trade Me	212.4	186.8	14%	111.0	90.8	22%
Australian & NZ Printing	535.9	537.7	-	111.0	108.8	2%
Metropolitan Media	895.6	923.5	(3%)	102.5	101.9	1%
New Zealand Media	382.3	408.9	(6%)	76.0	84.2	(10%)
Specialist Media	279.7	298.2	(6%)	67.2	61.5	9%
Broadcasting	109.5	106.3	3%	28.7	24.9	15%
Corporate and Other	15.5	11.7	33%	(5.3)	(26.2)	80%
Less Internal Printing Sales	(452.9)	(440.5)	3%	-	-	-
Continuing Businesses	2,484.6	2,542.2	(2%)	639.1	597.6	7%
TV Production & Distribution	-	59.8	n/m	-	7.4	n/m
Total	2,484.6	2,602.0	(4%)	639.1	605.0	6%

Business Performance - Second Half

Underlying results on a like-for-like basis (excluding significant and non-recurring items)

	Revenue			EBITDA		
	FY2010 H2 A\$m	FY2009 H2 A\$m	% Variance	FY2010 H2 A\$m	FY2009 H2 A\$m	% Variance
Australian Regional Media	250.7	239.2	5%	73.1	65.8	11%
Online - Fairfax Digital & Trade Me	110.6	92.6	19%	57.9	43.1	34%
Australian & NZ Printing	263.9	254.0	4%	53.4	50.8	5%
Metropolitan Media	438.2	408.0	7%	48.2	26.7	81%
New Zealand Media	186.8	186.8	-	38.0	31.6	20%
Specialist Media	137.0	134.6	2%	30.9	21.7	42%
Broadcasting	54.1	50.6	7%	12.9	10.3	25%
Corporate and Other	8.0	0.4	n/m	1.3	(15.0)	n/m
Less Internal Printing Sales	(224.2)	(210.6)	7%	-	-	-
Total	1,225.1	1,155.6	6%	315.7	235.0	34%

Second Half Result Comments

Sunbury Mail

the
big
chair

commercialrealestate

MIS
FINANCIAL REVIEW

Port Lincoln
Times

NZHOUSE
& GARDEN
WEBSITE OF THE YEAR - 2007 New Zealand Magazine Awards

Magic1278
The best songs of all time

Fairfax Media

- All business segments recorded revenue and earnings growth
- Advertising revenue up 7%
- Australian Publishing volume growth. Classifieds up 11% and display up 7%
- Excellent leverage with EBITDA up 34% and EBIT up 48%

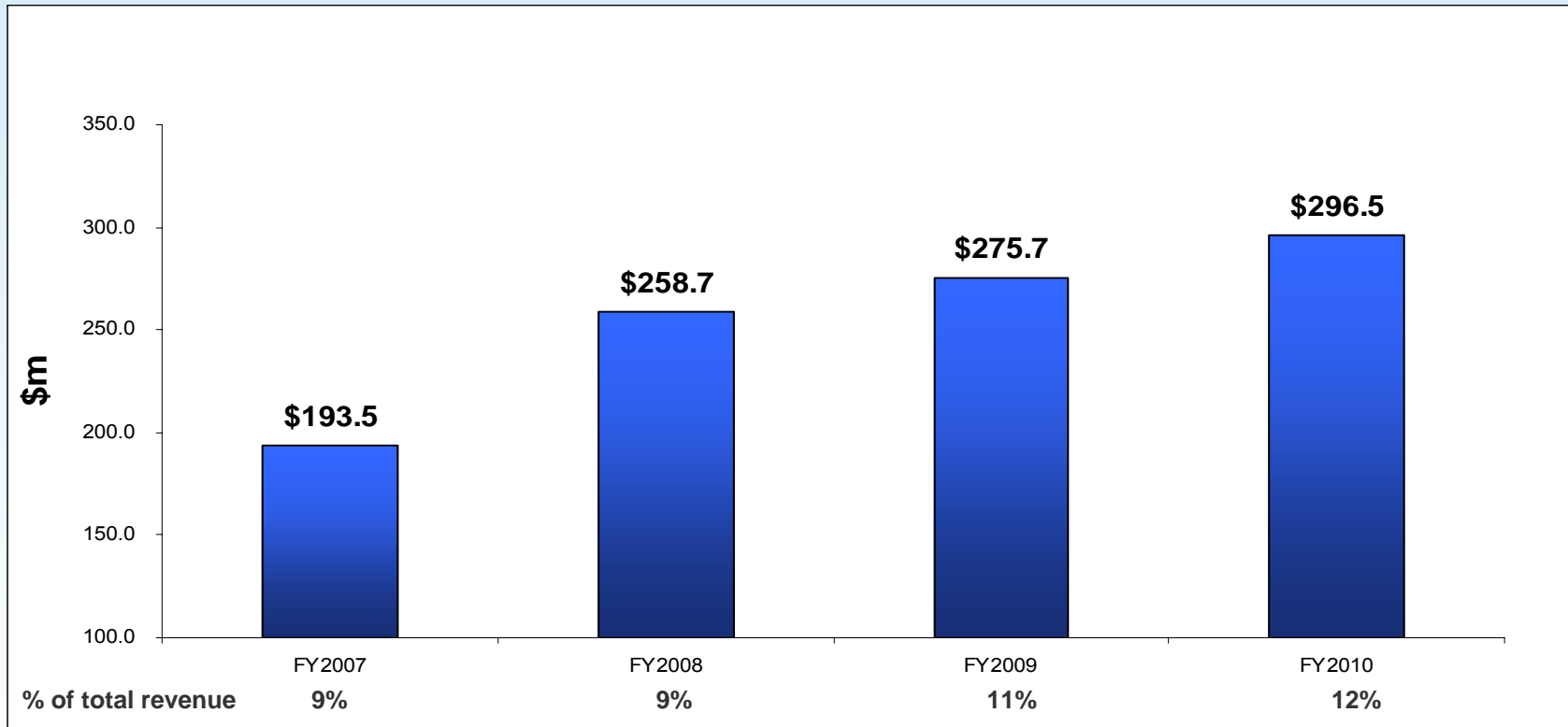
Initiatives



- Smart phone and tablet applications
- Smart edition of the Sydney Morning Herald
- Digital acquisitions: findababysitter.com.au and bookit.co.nz
- Rollout of 160 regional newspaper websites
- Commissioning new printing press in Christchurch New Zealand
- Printing rationalisation benefits including Chullora distribution agreement
- APN Joint Venture

Group online revenues continue to grow

(Include Online segment, Key Categories online, Regional websites, NZ publishing websites and US Agricultural Media)



- 53% growth in 3 years
- Leading websites in Australia and New Zealand
- Digital network audiences have grown approximately 18% over past year
- Over 30 million unique browsers per month



Business segment performance



Australian Regional Media

Comprises Australian Regional, ACT, Illawarra, Senior and Newcastle Publishing

Times
HAWKESBURY
GAZETTE

The Border Mail
bordermail.com.au

Dungog Chronicle

MERCURY

ARCHDIA MANDARIN TALKER
Mail

The Islander

Cranbourne
Journal

The North West
STAR

EXAMINER
examiner.com.au

PARRAMATTA
Sun

The Canberra Times



	FY10 A\$m	FY09 A\$m	Full Year % Variance	H2 % Variance
Net Revenue	506.6	509.6	(1%)	5%
Costs	358.6	357.9	-	(2%)
EBITDA	148.0	151.7	(2%)	11%
EBIT	140.8	143.3	(2%)	12%

	Full Year	H2
Advertising revenue	↓ 1%	↑ 6%
Circulation revenue	↑ 1%	0%
Total display advertising volumes	0%	↑ 5%

- Both display and classified volumes increased during the second half
- Real Estate and Retail showing best gains

Online

Comprises Trade Me New Zealand and Fairfax Digital Australia news and transaction sites



	FY10 A\$m	FY09 A\$m	Full Year % Variance	H2 % Variance
Net Revenue	212.4	186.8	14%	19%
Costs	101.4	96.0	(6%)	(6%)
EBITDA	111.0	90.8	22%	34%
EBIT	99.4	80.5	24%	38%

	Full Year	H2
Total net revenue	↑ 14%	↑ 20%
EBITDA	↑ 22%	↑ 35%
EBIT	↑ 24%	↑ 38%

- From 4th largest to 2nd largest profit contribution business in the company in 12 months
- Fastest growing business segment

Online

Comprises Trade Me New Zealand and Fairfax Digital Australia news and transaction sites



Trade Me (NZ\$)

	Full Year	H2
Revenue	↑ 15%	↑ 16%
EBITDA	↑ 16%	↑ 16%

- Revenue increased across all categories
- Market share increase in display advertising
- Re-invested in business for next phase of growth e.g. travel

Fairfax Digital (A\$)

	Full Year	H2
Revenue	↑ 14%	↑ 22%
EBITDA	↑ 44%	↑ 73%

- Solid growth recorded in both media and transaction areas
- Audience size, engagement and yield increased
- Excellent audience quality with high percent of AB demographic users

Australian and New Zealand Printing

Comprises 15 Australian and 8 NZ printing centres



	FY10 A\$m	FY09 A\$m	Full Year % Variance	H2 % Variance
*Gross Revenue	535.9	537.7	-	4%
Costs	424.9	428.9	1%	(4%)
EBITDA	111.0	108.8	2%	5%
EBIT	44.1	40.6	9%	9%

* Gross revenue includes internal revenue

- Improving efficiencies across the printing network
- Management of NZ printing presses now included in this segment
- Reduced pagination with some external clients, e.g. Trading Post
- External revenue opportunities at press sites

Metropolitan Media

Comprises Sydney and Melbourne metropolitan newspapers and magazines, community publications and Print & Online classifieds

Domain
The key to your property dreams

the
(sydney)
magazine

The Sydney Morning Herald

MyCareer

The Sun-Herald

Sport & Style

Life
Sunday


THE AGE
theage.com.au


THE SUNDAY AGE

Drive

 Fairfax Media

	FY10 A\$m	FY09 A\$m	Full Year % Variance	H2 % Variance
Net Revenue	895.6	923.5	(3%)	7%
Costs	793.1	821.6	4%	(2%)
EBITDA	102.5	101.9	1%	81%
EBIT	90.4	88.4	2%	121%

	Full Year	H2
Advertising revenue	↓ 5%	↑ 10%
Circulation revenue	↑ 7%	↑ 5%
Total print advertising volumes	0%	↑ 12%
Classified volumes	↑ 2%	↑ 22%
Display volumes	↓ 1%	↑ 7%
Online key categories revenue	↓ 5%	↑ 7%

→ All publication earnings up strongly in second half

→ Market conditions remain positive

New Zealand Media

(Over 100 newspaper and magazine publications and 51 websites)



	FY10 NZ\$m	FY09 NZ\$m	Full Year % Variance	H2 % Variance
Net Revenue	479.2	501.4	(4%)	0%
Costs	384.0	398.1	4%	4%
EBITDA	95.2	103.3	(8%)	19%
EBIT	83.4	94.8	(12%)	16%

	Full Year	H2
Advertising revenue	↓ 6%	↑ 2%
Circulation revenue	↑ 1%	↑ 1%
Newspaper advertising volumes	↓ 2%	↑ 3%

→ When economic activity improves advertising markets will benefit

→ Overall market shares improved in both print and online

Specialist Media

Comprises Financial Review Group; Australia, NZ and USA Agricultural Publications



	FY10 A\$m	FY09 A\$m	Full Year % Variance	H2 % Variance
Net Revenue	279.7	298.2	(6%)	2%
Costs	212.5	236.7	10%	6%
EBITDA	67.2	61.5	9%	42%
EBIT	63.9	58.0	10%	48%

Financial Review Group

	Full Year	H2
Total revenue	↓ 8%	↑ 6%
Advertising revenue	↓ 10%	↑ 16%
Circulation revenue	↓ 8%	↓ 8%
Newspaper advertising volumes	↓ 7%	↑ 16%

→ New editorial system now operational – true multimedia functionality

→ Subscriber and revenue gains continue at afr.com

Specialist Media

(continued)



Agricultural Publications

	Full Year	H2
Total revenue	↑ 2%	↑ 5%
Advertising revenue	↑ 1%	↑ 6%
Circulation revenue	↓ 1%	↓ 1%
Advertising volumes	↑ 1%	↑ 6%

- Agricultural conditions improving Australia wide, WA marginal
- Strong commodity prices
- Ten year record performance from USA

Broadcasting

Comprises Metropolitan and Regional radio stations



	FY10 A\$m	FY09 A\$m	Full Year % Variance	H2 % Variance
Revenue	109.5	106.3	3%	7%
Costs	80.8	81.4	1%	2%
EBITDA	28.7	24.9	15%	25%
EBIT	26.8	22.8	18%	30%

- Metropolitan radio network outperformed market in H2
- In Melbourne:
 - 3AW has grown revenue and audience share
 - Magic 1278 now #3 station in Melbourne
- In Sydney, ratings improvement at 2UE
- Regional radio improvements in revenue and earnings



Strategy, Current Market Conditions & Key Points



Strategy



- Evolution of existing strategy to reflect changes in the new media environment
- Focus is now on adapting our business to capitalise on our strengths and position it for growth in the new media environment
- 3 key priorities:
 - Adapt Fairfax to being a true multi-platform company
 - Evolve our news products and transform our metro business model
 - Expand our positions in growth segments

Strategy (cont.)



→ Adapt Fairfax to being a true multi-platform company

- New organisation structure
- Greater sharing of editorial content and collaborating across print, online and mobile
- More integrated selling
- Monetising our content online and on emerging platforms

→ Evolve our news products and transform our metro business model

- Adapting our news assets on all platforms
- Business efficiency initiatives to protect revenues and reduce costs over time
- Distribution of our content to new audiences on new platforms and migration of existing audiences from the papers over time

→ Expand our positions in growth segments

- Internal and external investment, with increased emphasis on product development and sales
- Leverage our online news audiences to build new revenue streams eg. online transactions and short-form video
- Development of over 50 applications for both Apple and Android smartphone and tablet platforms. Over 340,000 iPhone applications downloaded to date

Current Market Conditions

The Canberra Times



Drive

The Sun-Herald



Mandurah Mail

WAtoday.com.au

The Timaru Herald

BRW.



Trading for the first seven weeks of the new financial year has been similar to the 2010 second half with revenues more than 5% higher than the corresponding weeks last year.

Revenue growth is being experienced across all the Australian business segments. In New Zealand, publishing revenues remain flat. Trade Me continues its great record of revenue growth.

The Company is taking advantage of the improved trading conditions to invest in product development and business improvement initiatives.

Should current market trends continue, we would anticipate high single digit earnings growth in the first half.

Key Points



→ Strong and stable management taking actions to deliver solid results in improving advertising markets, leading to:

- Revenue improvement
- Margin/Efficiency improvement
- Strong operating cash flow
- Net debt reduction
- Stronger Balance Sheet

→ A clear strategy to take the Group ahead over the next 3 years



Group Financials

Brian Cassell, Chief Financial Officer

Underlying Trading Performance

	As reported			Non-recurring Significant Items		Underlying Trading Performance		
	FY2010 A\$m	FY2009 A\$m	% Variance	FY2010 A\$m	FY2009 A\$m	FY2010 A\$m	FY2009 A\$m	% Variance
Revenue	2,482.4	2,605.0	(5%)	-	5.1	2,482.4	2,599.9	(4%)
Associate Profits	2.2	2.1	5%	-	-	2.2	2.1	5%
Costs	(1,845.5)	(2,666.1)	31%	-	(669.1)	(1,845.5)	(1,997.0)	8%
EBITDA	639.1	(59.0)	n/m	-	(664.0)	639.1	605.0	6%
Depreciation	(113.7)	(117.6)	3%	-	(0.3)	(113.7)	(117.2)	3%
EBIT	525.4	(176.6)	n/m	-	(664.3)	525.4	487.8	8%

Prior year includes Southern Star trading for 6 months with revenue of \$59.8m; EBITDA of \$7.4m

Underlying Trading Performance (cont.)

	As reported			Non-recurring Significant Items		Underlying Trading Performance		
	FY2010 A\$m	FY2009 A\$m	% Variance	FY2010 A\$m	FY2009 A\$m	FY2010 A\$m	FY2009 A\$m	% Variance
EBIT	525.4	(176.6)	n/m	-	(664.3)	525.4	487.8	8%
Net Interest	128.0	174.8	27%	-	-	128.0	174.8	27%
Profit before tax	397.4	(351.4)	n/m	-	(664.3)	397.4	313.0	27%
Tax	115.1	29.7	n/m	8.4	(41.9)	106.7	71.6	(49%)
Net Profit	282.3	(381.1)	n/m	(8.4)	(622.4)	290.7	241.4	21%
Outside Equity Interest	0.2	(1.1)	-	-	-	0.2	(1.1)	-
Net Profit after tax	282.1	(380.0)	n/m	(8.4)	(622.4)	290.5	242.5	20%
SPS Dividend (net of tax)	11.8	15.7	(25%)	-	-	11.8	15.7	(25%)
Net Profit after tax & SPS	270.3	(395.7)	n/m	(8.4)	(622.4)	278.7	226.8	23%
WANOS	2,352.0	1,832.8	-	-	-	2,352.0	1,832.8	-
Earnings per share (cents)	11.5	(21.6)	n/m	-	-	11.8	12.4	(5%)

Cash Flow

Net debt movement

A\$m	FY2010	FY2009
Cash In Flows		
Cash from trading	575.5	633.0
Proceeds from asset sales and investments	15.4	124.9
Proceeds from share issue (net)	-	612.6
Net other inc exchange movements	(1.5)	6.0
	589.4	1,376.5
Cash Out Flows		
Net finance charges	118.1	178.3
Tax payments	7.8	69.9
Investment in acquired business/ventures	9.0	65.9
Investment in PP&E	80.4	107.4
Loans (repaid)/ advanced	(15.3)	17.1
Dividends paid	42.1	191.5
Employee share trust	-	12.4
	242.1	642.5
Net Cash In Flow	347.3	734.0
Net Debt at beginning of period	(1,782.3)	(2,516.3)
Net Debt at end of period	(1,435.0)	(1,782.3)

Capital Expenditure

Bunbury Mail

the
big
chair

commercialrealestate

MIS
FINANCIAL REVIEW

Port Lincoln
Times

NZHOUSE
& GARDEN
WEBSITE OF THE YEAR - 2007 New Zealand Magazine Awards

Magic1278
The best songs of all time



FY2010 Capex

- Major components were continuation of projects commenced in 2006/07
 - Media House – Melbourne
 - Editorial / advertising systems
 - Newsagent and Subscriber management systems
 - Accounts Receivable system

FY2011 Projected Capex

- Anticipate to be approximately \$100m
- Major projects running off
- Includes expansion of WA print capacity (less than \$10million)
- Approximately \$30million on IT and Digital initiatives

Debt Structure

→ Net Debt Calculation:

	Jun 10 \$Am	Dec 09 \$Am	Jun 09 \$Am
Current interest bearing liabilities	269.7	252.7	183.5
Non current interest bearing liabilities	1,208.8	1,441.7	1,724.7
Total interest bearing liabilities	1,478.5	1,694.4	1,908.2
Debt related derivatives	74.4	36.6	(56.8)
Cash and cash equivalents	(117.9)	(118.9)	(69.1)
Net debt for covenant purposes	1,435.0	1,612.1	1,782.3

→ Covenant Details:

	Actual Jun 10	Actual Jun 09	Covenant Limits
Net debt to EBITDA	2.2x	2.9x	4.0x max
EBITDA to net interest	5.0x	3.5x	3.25x min

Debt Structure

- Interest rates on drawn facilities:
 - Approximately 75% fixed; 25% floating at June 2010
 - Current average interest rate 8%
 - 1% change in floating interest rates equals approximately \$3.5 million change in interest expense at current debt levels
- Targeting leverage at a range consistent with Investment Grade credit rating
- Debt levels in FY2011 expected to reduce in line with operating earnings post capex
 - Capital expenditure anticipated to be less than \$100 million
 - Depreciation circa \$120 million

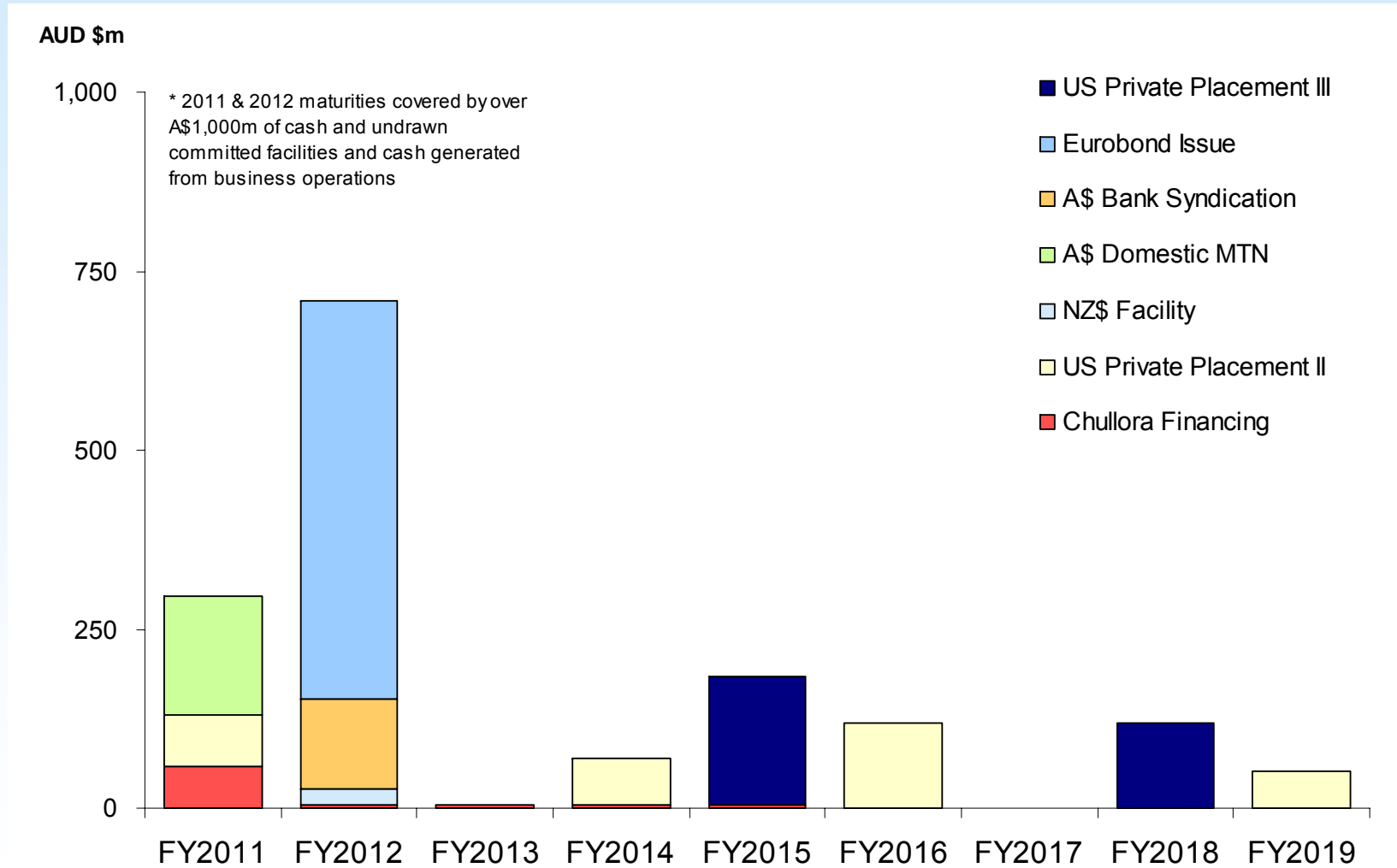
Debt Maturities in 2011 - funded from operating cash flow

Chullora Financing	A\$ 50 million	September 2010
Partial USPP II	A\$ 71 million	January 2011
A\$ Domestic MTN	A\$ 167.7 million	June 2011

- SPS decision in early 2011

Drawn Committed Facility Maturity Profile

(By financial year)

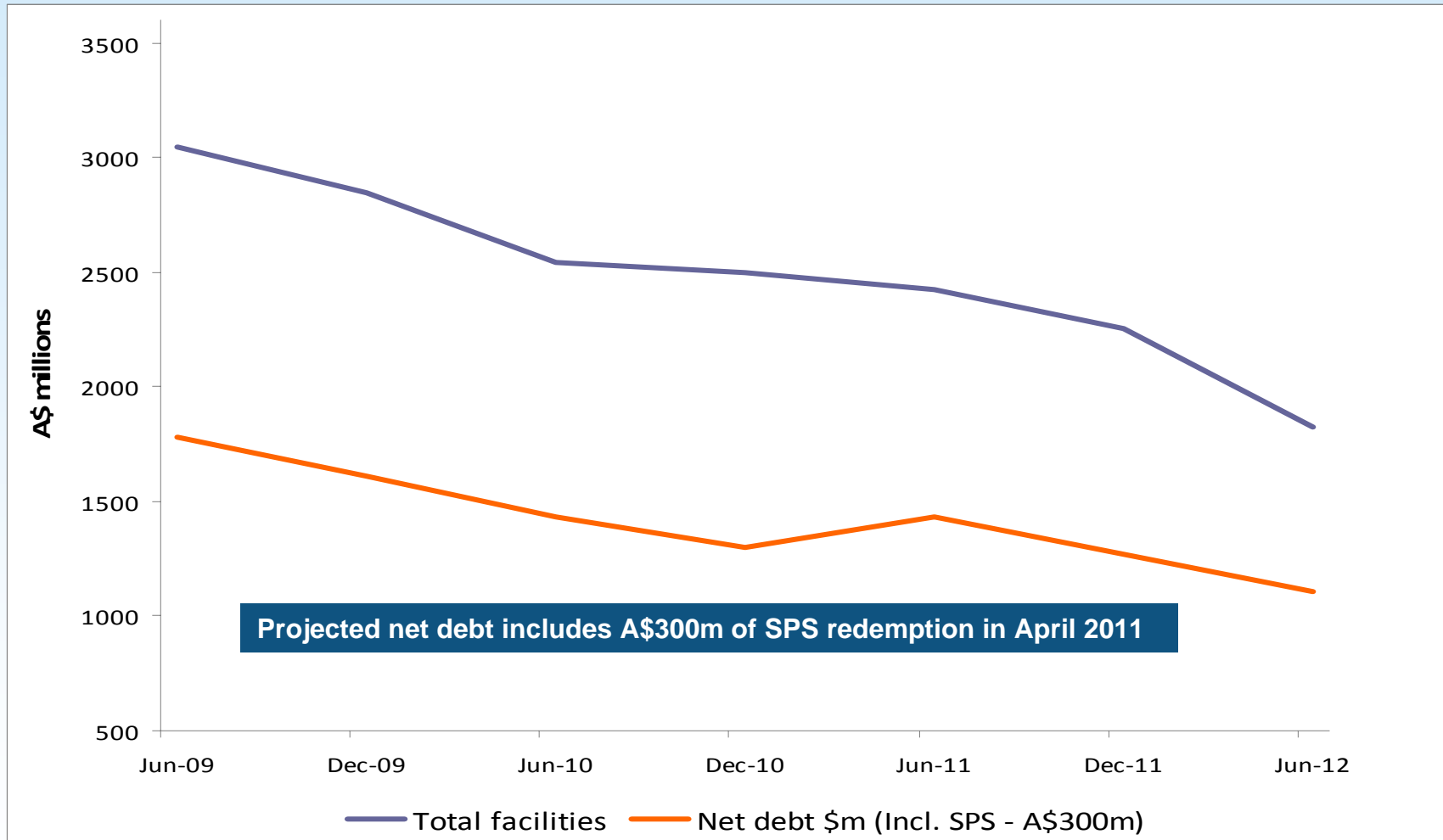


SPS A\$300m



- Reset date 30 April 2011
- Three Options:
 - Redemption
 - Convert to ordinary shares at 2.5% discount
 - Step up coupon by 2.25% pa to 3.80% pa
- Directors will consider in early 2011
- Consensus FY2011 EBITDA has net debt/ EBITDA at 1.6x and redemption would only increase this to 2.0x well within target leverage
- Based on existing earnings profile, borrowing facilities and known capital expenditure requirements, redemption is most likely outcome

Projected debt facilities and net debt



Dividend



- Final dividend of 1.4 cents per share, fully franked.
- Payable on 23 September to shareholders registered on 9 September
- Total dividends for the year of 2.5 cents per share
- Represents a payout ratio on underlying EPS of 21%



Questions



In Conclusion



- We have quality journalism and quality content
- We create it, we integrate it, we innovate with it and we monetise it
- We have strong and stable management
- We have the strategy to take us forward.....we will outline in more detail at an Investor Day later this year



Full Year Results

For the twelve months ended 27 June 2010

