

## Macquarie Australia Conference 2018 Commentary and Presentation

**Sydney, 2 May 2018:** Fairfax Media Limited [ASX:FXJ] (“**Fairfax**” or “**Company**”) Chief Executive Greg Hywood will today deliver a presentation at the Macquarie Australia Conference in Sydney.

Presentation commentary and accompanying slides are attached.

As is our usual practice, the presentation contains a trading update, the details of which have been extracted below:

### Trading Update

- Trading in the first 17 weeks of FY18 H2 (25 December 2017 to 22 April 2018) saw overall Group revenues around 1% below last year.
- Revenue across our reporting segments:
  - Domain’s digital revenue growth is 21% and total revenue growth is 13%;
  - Australian Metro Media is down around 2%;
  - Australian Community Media is down around 9%;
  - Stuff (New Zealand Media) is down around 8% including currency impact;
  - Macquarie Media is up around 4% (up 6% excluding disposals).
- Across the Fairfax Group, we continue to implement cost savings measures.

### Ends

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## Macquarie Australia Conference 2018 Presentation Commentary

### Fairfax Media CEO & Managing Director, Greg Hywood:

#### Slide 1

Good afternoon everyone. Thank you for making the time to be with us today.

It's great to be here at the Macquarie Conference.

Chief Financial Officer David Housego is with me today and will join us for Q&A at the end of the presentation.

In the past five years at this conference we have presented a deep dive into our strategy. In particular we have focused on the transformation of Fairfax – from a traditional media model with a large fixed cost base – to a modern, diversified portfolio of multimedia and digital assets with a flexible, lower cost base.

Transformation is one of those words that gets thrown about. In our case the changes have quite literally been *transformational*.

Today's presentation outlines our growth and value creation agenda for our portfolio of leading information brands, marketplaces and entertainment – assets that connect with 70% of Australians and 90% of New Zealanders.

We have hit a new phase in the development of the business. We have taken big decisions around cost. We have taken big decisions to create businesses such as Domain and Stan. Our continued focus is on organic value creation opportunities – *going for growth* – maximising our existing core assets.

#### Slide 2

Fairfax Media is now a modern portfolio of Domain, Publishing and Investments. Each is explicitly focused on driving growth and building value by leveraging our competitive strengths of quality content, premium brands, data and insights and large audiences.

If you think back to 2012, it is fair to say that there was some scepticism when we laid out our plan for tackling structural change for newspapers and the media.

#### Slide 3

Between 2012 and 2018, newspaper industry advertising revenue as a percentage of the total Australian advertising pie, went from 23% to just 8%. To date, that's been a \$300 million average annual reduction in revenue across the industry.

In the face of that profound industry disruption, setting ourselves on the path of originating commercially-viable new media has proven correct.

We are achieving our goal of sustaining independent journalism's public good, while at the same time delivering shareholder value creation. In the past six years we have built around \$1.6 billion of value. We are focused on accelerating value creation.

## Slide 4

Our achievements to date, and opportunities ahead, are *underpinned* by three strategic priorities:

- **Growing** by building on core strengths and maximising opportunities;
- **Transforming** through cost efficiency and business model innovation; and
- **Building Value** through strategic decision-making and portfolio management.

Today we will detail the implementation of this strategy across our three business groups – Domain, Publishing and Investments.

## Slide 5

First to our Domain real estate media and services business – a leading platform at the centre of the Australian property ecosystem, delivering a compelling consumer and agent experience.

A year ago we discussed at this forum our strategic intent to separate Domain into a new ASX-listed entity. We achieved that milestone in November 2017. Our 60% shareholding remains a key strategic asset with strong fundamentals.

Highlights of Domain's contribution to the delivery of Fairfax's strategy include:

- Growing relative market share of listings penetration from 66% to more than 95% since 2014;
- Transforming into a digitally-driven business with digital as a percentage of EBITDA increasing from 71% to 84% since 2014; and
- Building value through the separation into a standalone ASX-listed company, with a market valuation of \$1.8 billion.

## Slide 6

At the core of Domain are strong agent relationships; large and highly-engaged multiplatform audiences; and a motivated and talented team led by Nick Falloon as Executive Chairman.

That core is delivering the performance across Domain's five business groups, reflected in digital revenue growth increasing 189% and digital EBITDA expanding 161% since FY14.

These results are the product of the successful delivery of key strategic initiatives.

Agent and listings coverage has been successfully expanded, with relative market shares of more than 90% and 95% respectively.

Early adoption of mobile in product development has created a highly-popular mobile-centric platform. Over the past four years, monthly average app users have increased by more than 100%.

Growth in active users and quality enquiries is underpinned by the more than doubling of mobile app downloads.

Growth in depth product is reflected in the proportion of residential revenue from depth increasing from 60% to 82%.

Agent services have benefited from Domain's deep and rich data insights and transactional revenues growing through the expansion into new adjacencies of insurance services and mortgage broking.

## Slide 7

Yesterday at this conference, Nick spoke about how Domain's consumer and agent experience underpins its value proposition and drives revenue.

What makes Domain's user experience so compelling is the depth of its market coverage with virtually all property listings; a highly popular property app; quality and trusted content; product innovation leadership; and a suite of targeted property services.

These attributes drive Domain's value proposition – attracting large audiences and delivering qualified buyers to agents.

In the first half of FY18, residential mobile enquiries increased 21%.

The value proposition, fuelled by Domain's data, analytics and insights, drives revenue through higher depth penetration and pricing, subscriptions, lead generation, commissions and advertising.

Residential depth revenue increased 24% in the first half of FY18.

Revenue growth supports reinvestment in product development to further improve the consumer and agent experience.

In the first half of FY18, total digital revenue increased 22%. As Domain updated the market yesterday, the strong momentum has continued.

Domain is well placed to maximise its growth through ongoing investment in product innovation and further expansion into adjacencies in the broader property ecosystem.

## Slide 8

Turning now to Publishing – spanning Australian Metro Media, Australian Community Media and Stuff in New Zealand.

Highlights of Publishing's contribution to the delivery of Fairfax's strategy include:

- Growing digital subscribers of *The Sydney Morning Herald*, *The Age* and *The Australian Financial Review* to 283,000;
- Transforming through simplification and business model innovation resulting in more than \$500 million of annualised cost savings; and
- Building value by growing our quality, highly-engaged audiences from 10 million to 13 million.

## Slide 9

The new revenue model underpinning our publishing business is multi-faceted and moves well beyond the traditional reliance on advertising, print subscriptions and circulation. It continues to leverage premium brands, quality journalism and audiences which have never been larger in the company's history.

While this model has lower revenue than in the past, it is more sustainable and valuable, featuring multiple business models and diversified revenue streams.

The model leverages key publishing assets of large audiences and marketing inventory to build and grow new businesses. The success of this can be seen in Domain and Stan.

Advertising support from our publishing business has been instrumental in Domain's fast rise to become a serious competitor in the Australian property listings scene; as well as the incredible scale of subscribers Stan has achieved in just over three years.

## Slide 10

Before I dive into the detail on our three publishing businesses, this slide provides an overview of the structural distinctions which inform the targeted strategies we are implementing.

Australian Metro Media is focused on strengthening earnings and long-term growth by driving digital performance and maximising the print contribution. Metro operates six main capital city and national mastheads, and associated Life Media brands, attracting an audience of 11 million across platforms. Revenue is concentrated in that small number of mastheads, with contribution of digital and other non-print revenue at 35% of total.

Australian Community Media's focus is on optimising the operating structure to grow digital and maximise cash flows of low capital intensive and profitable print. ACM comprises 13 daily and more than 130 non-daily regional titles, 9 community titles and 10 specialist agricultural titles. Revenue is diversified among mastheads with the top five contributing only 28% of total revenue. Contribution of digital and other non-print revenue is modest at 7% of total.

In New Zealand, our strategic focus is on leveraging the enormous power of Stuff into growing digital, transactional and advertising revenues, while rationalising the long tail of print. Stuff operates New Zealand's leading national digital news site Stuff.co.nz, 9 large daily regional titles, 11 national titles and sites, along with more than 50 community titles. Revenue is relatively concentrated with the top five mastheads contributing half of total revenue. Contribution of digital and other non-print revenue is 17% of total and growing rapidly.

It is clear to us that there is not a 'one size fits all' solution for publishing. Each has a distinct market positioning, products and strategy to leverage growth.

## Slide 11

Turning first to Australian Metro Media – where we are growing digital while maximising the performance of our print assets.

The framework on this page demonstrates the strategies we are implementing across our platforms and products to drive revenue generation.

The value pyramid builds on publishing's mass audience, which we attract, develop and retain through our quality editorial and content. This audience is monetised through display advertising and branded content.

Our world-first partnership with Google maximises the value of our audience and advertising inventory to drive higher CPMs on our programmatic sales. This partnership is indicative of the developments in the industry that will help sustain publishing earnings into the medium and longer term.

Moving up the pyramid, we convert, engage and strengthen loyalty of targeted and specialist audiences, such as *The Australian Financial Review's* highly sought after AB demographic. We monetise this audience through premium display advertising, targeting and data products.

Our Metro business also includes e-commerce and transactions revenue. This includes our suite of events spanning sport, food, parenting, business and the arts, along with transactions, lead generation and commissions.

Building premium products and new businesses drives revenue generation through subscriptions and B2B, including digital subscriptions for the SMH, *The Age* and *Financial Review*, and B2B revenues through weather services business Weatherzone.

Metro's strategy to drive digital growth is reflected in digital and non-print share of revenue increasing from 28% to 35% over the past four years; and digital subscriptions revenue growing around 150% over the same period.

The success in attracting, acquiring and developing audience is reflected in *The Sydney Morning Herald* being Australia's most-read masthead, with a cross-platform audience of more than 5 million.

## Slide 12

Applying that same framework to our Australian Community Media, we are seeing progress as it grows its digital presence while optimising the currently profitable long tail of print publications.

ACM's regional dailies deliver the bulk of the mass audiences across highly-engaged local communities.

We reach and monetise targeted and specialist audiences at a premium through our leading agricultural mastheads, such as *The Land*, and other specialist titles including *The Senior* and *Horse Deals*.

Across the regional digital network, we are strengthening our position with programmatic exchanges to maximise advertising yields.

ACM's close community connections deliver e-commerce and transactions revenue opportunities. This includes leading rural events, classifieds, and lead generation and commissions.

Subscriptions are expected to grow with new local news packages being progressively introduced, including paid digital subscriptions in key markets.

B2B revenues are growing strongly, benefiting from a strong performance from Fairfax Marketing Services, which delivers full digital marketing solutions to regional clients.



ACM is in the formative stages of its digital transformation, with digital and other non-print revenue as a percentage of total increasing from 4% to 7% over the past four years.

The strength of our market-leading agricultural franchise is reflected in 81% penetration of all broad acre farmer/managers. This sector has shown earnings resilience in the face of newspaper industry disruption.

The scale of our engaged local communities is reflected in a monthly audience of around 5 million.

## Slide 13

In New Zealand, the centrepiece of the audience and revenue generation model is Stuff.co.nz, which is the leading local digital platform nationally. Stuff group reaches 90% of the population. The scale of this audience and reach provides Stuff with compelling competitive advantage.

Mass audience is being monetised through the Stuff digital platform, premium industry programmatic exchange KPEX, third-party syndication and standalone print products.

Stuff and hyper-local community platform Neighbourly have very effectively built membership models of large, highly engaged and loyal audiences. Monetisation occurs via audience targeting and data products.

The engaged and loyal membership base of these powerful brands provides the opportunity to drive e-commerce and transactions revenue. Stuff is well progressed with its launch into new categories such as new release movie on-demand streaming service Stuff Pix; and Neighbourly has expanded into property classifieds.

Stuff is leveraging its strong market position into a broader consumer ecosystem. New premium products and businesses include joint venture internet service provider Stuff Fibre, as well as lead-generation partnerships with utilities, health insurance and financial services providers.

Print continues to attract subscription revenues in the majority of markets. We are rationalising, via sale or closure, around 35% of titles representing less than 5% of revenue. These titles do not have a subscription revenue base or are otherwise unprofitable.

The tremendous momentum of the Stuff platform is reflected in digital and other non-print revenue as a percentage of total increasing from 5% to 17% over the past four years; the creation of a membership base of 1.2 million across Neighbourly and Stuff; and an impressive monthly audience of 2 million.

## Slide 14

We are being unrelenting in the way we are driving continued transformation across all three of our publishing businesses.

World-class product development underpins the new websites of *The Sydney Morning Herald* and *The Age*. Innovation continues apace. We are pleased with the uplift in traffic and higher engagement.

We are leveraging publishing's extensive marketing inventory and audiences to further expand into new products and services and drive new revenue streams.

Commercial teams have been reshaped and refocused around industry verticals. New rich-media advertising formats are delivering results for clients.

Significant cost reduction has been achieved through a technology reset. We have simplified our publishing technology stack and are retiring complex legacy systems built up over decades. Our new publishing systems are not only low-cost, but allow us to rapidly respond to changing market demands and reader and advertiser needs. Over the past two years, our overall technology operating costs in Metro have reduced by a third. We expect to further reduce tech expenses in FY19.

The industry is entering a new era of cooperation.

Metro's pivotal sales and technology partnership with Google meets the growing demand for premium programmatic inventory and is delivering promising early results.

We are progressing our constructive discussions with News Corp to seek industry-wide material efficiencies in printing and distribution.

These two initiatives are expected to contribute materially to Metro's FY19 performance.

Our Metro newsrooms are honing in on their areas of journalistic excellence to maximise the public interest benefits of our \$100 million annual investment in editorial, in turn accelerating audience engagement and subscriptions.

Across the board, cost management is part of our organisational DNA and we continue to focus on end-to-end efficiency.

Print continues to be underpinned by a level of advertiser and consumer support. We are investing in new product to meet demand and drive results. We are starting to see some early signs of stabilisation in print advertising.

The progress we are making with these transformation initiatives makes us more and more confident about the future of our publishing businesses, particularly Metro and Stuff.

## Slide 15

Turning now to Investments, which include our 50%-owned subscription video-on-demand platform Stan, and 54.5%-owned ASX-listed radio broadcaster Macquarie Media.

Highlights of Investment's contribution to the delivery of Fairfax's strategy include:

- Growing Stan's active subscribers to around 930,000 (as at February) in just over three years;
- Transforming through the successful merger of Fairfax Radio Network with Macquarie Radio Network, delivering a margin uplift from 16.4% to 23.7%; and
- Building value through that merger, with total value creation in excess of \$120 million.



## Slide 16

Since launching in January 2015, Stan has established itself as the leading Australian streaming brand and dominant local streaming platform.

Stan's compelling subscription proposition is underpinned by the exclusive Australian output deal with SHOWTIME; a range of exclusive content rights with global studios; as well as investment in original local productions.

Financial and brand support of strategically-aligned shareholders Fairfax and Nine Entertainment has leveraged the mass market consumer marketing reach of both companies.

Stan is strongly positioned to continue its growth trajectory, and in a changing landscape well placed to benefit from further strategic alignment with global studios and networks.

## Slide 17

Macquarie Media is a news/talk/sport radio *powerhouse* with high-profile talent and the number-one stations in the key markets of Sydney and Melbourne.

2GB, 3AW, 4BC and 6PR and the recently launched Macquarie Sports Radio franchise provide quality programming and content, and opportunities for cross promotion to build network audience strength.

A loyal and valuable audience of almost 2 million is monetised through strong advertiser relationships and new advertising categories.

The merger in 2015 has clearly been a success, with significant operational synergies delivered, underpinning a 93% increase in pro forma EBITDA.

## Slide 18

In summary, the growth-focused and cost-efficient assets that make up Fairfax Media's portfolio of Domain, Publishing and Investments are performing well. These assets underpin our future growth and offer a significant value creation opportunity.

## Slide 19

Our strategy to grow has delivered an increase in the Group's digital and other non-print revenue as a percentage of total from 23% to 39% in the past four years. Print is generating strong cash flows which should continue for some time given the industry back-end cost initiatives underway.

Our strategy to transform has delivered net debt reduction of close to \$1 billion resulting in a strong balance sheet with a net cash position for Fairfax's 100%-owned entities.

Our strategy to build value has delivered Fairfax shareholders \$1.6 billion in value creation.

In conclusion, Fairfax is *thriving*.

We are well placed to take advantage of opportunities as they arise now that the Australian Government has passed new media ownership laws. Any decisions we take will be in our shareholders' best interests.

## Slide 20

Earlier today we provided a trading update to the market as is our usual practice at this conference.

## Slide 21

Trading in the first 17 weeks of FY18 H2 (25 December 2017 to 22 April 2018) saw overall Group revenues around 1% below last year.

Revenue across our reporting segments:

- Domain's digital revenue growth is 21% and total revenue growth is 13%;
- Australian Metro Media is down around 2%;
- Australian Community Media is down around 9%;
- Stuff (New Zealand Media) is down around 8% including currency impact;
- Macquarie Media is up around 4% (up 6% excluding disposals).

Across the Fairfax Group, we continue to implement cost savings measures.

## Slide 21

Thanks for your attention.

David will now join me for Q&A.

**Ends**

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INVESTOR PRESENTATION  
MACQUARIE AUSTRALIA CONFERENCE

# Going for Growth

GREG HYWOOD, CEO  
DAVID HOUSEGO, CFO

SYDNEY, 2 MAY 2018

Fairfax Media

# FAIRFAX MEDIA IS DRIVING GROWTH AND BUILDING VALUE ACROSS A PORTFOLIO OF DOMAIN, PUBLISHING AND INVESTMENT ASSETS

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

Fairfax Media

QUALITY CONTENT | PREMIUM BRANDS | DATA & INSIGHTS | LARGE AUDIENCES

## Domain



## PUBLISHING

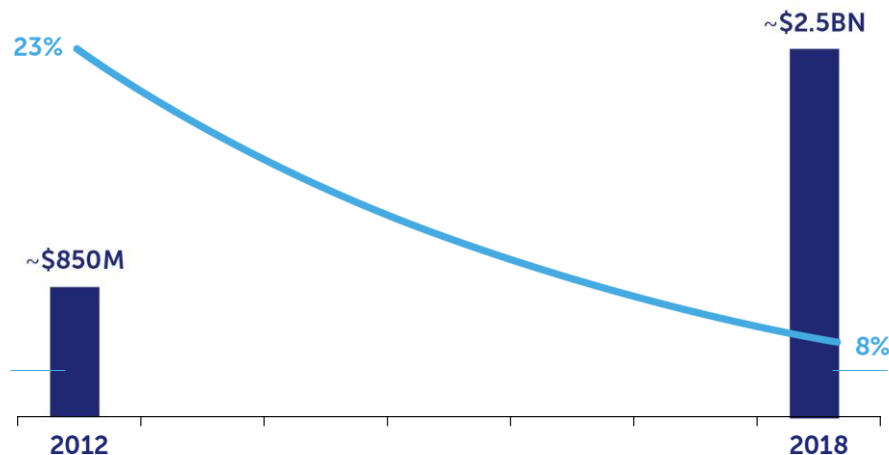


## INVESTMENTS



# IN THE FACE OF PROFOUND INDUSTRY DISRUPTION FAIRFAX MEDIA HAS GROWN SHAREHOLDER VALUE AND SUSTAINED ITS JOURNALISM'S PUBLIC GOOD

## NEWSPAPER INDUSTRY SHARE OF AUSTRALIAN ADVERTISING REVENUE (% TOTAL) VERSUS FXJ SHAREHOLDER VALUE CREATION



Notes: FXJ shareholder value includes market capitalisation plus value delivered to shareholders from Domain Group separation and on-market buybacks; Newspaper industry share of Australian advertising revenue source Zenith.



# FAIRFAX MEDIA'S PAST – AND FUTURE GROWTH – IS UNDERPINNED BY THREE STRATEGIC PRIORITIES

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## GROWING

by building on core strengths and maximising opportunities



## TRANSFORMING

Through cost efficiency and business model innovation



## BUILDING VALUE

Through strategic decision-making and portfolio management



# DOMAIN GROUP



## GROWING

66% → 95%+

RELATIVE MARKET SHARE  
LISTINGS PENETRATION<sup>1</sup>



## TRANSFORMING

71% → 84%

DIGITAL AS % OF EBITDA<sup>2</sup>



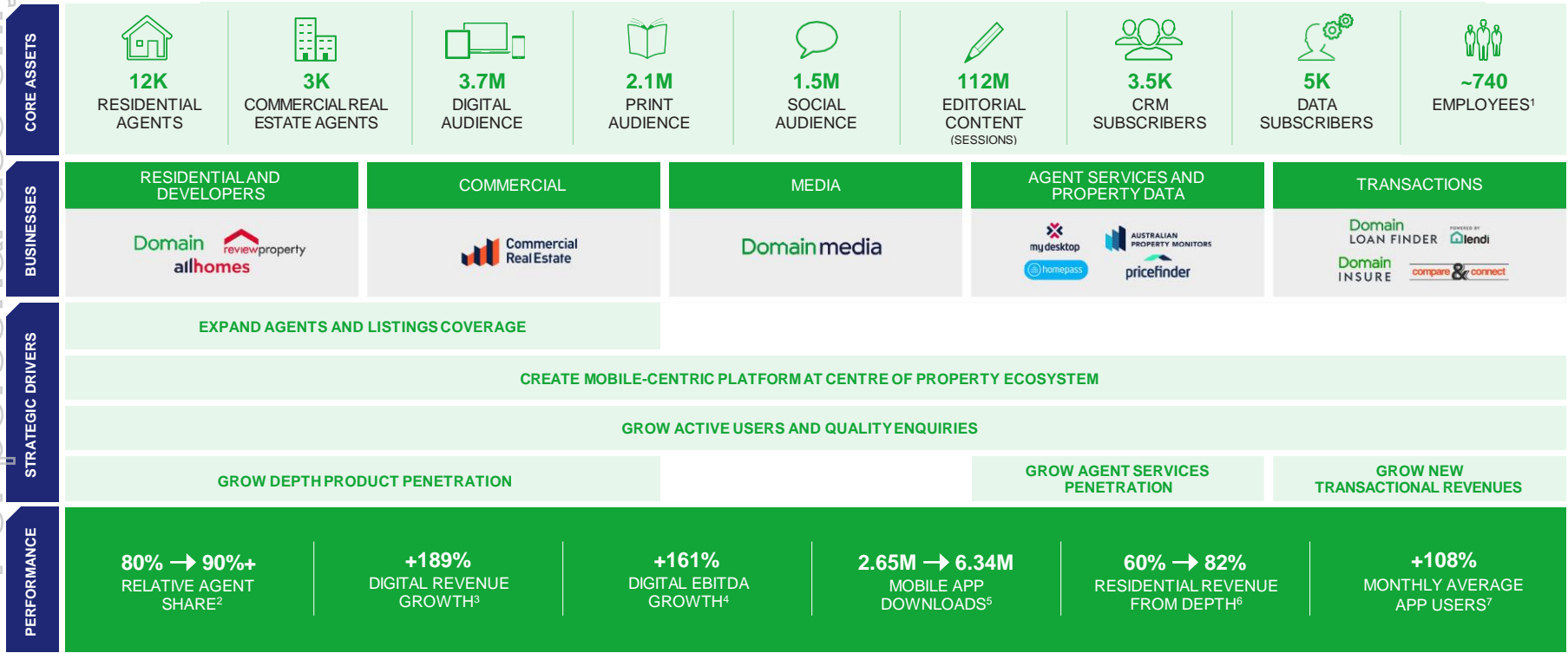
## BUILDING VALUE

\$1.8BN

MARKET VALUATION<sup>3</sup>

# GROWING DOMAIN'S CORE AND EXPANDING ITS PROPERTY ECOSYSTEM

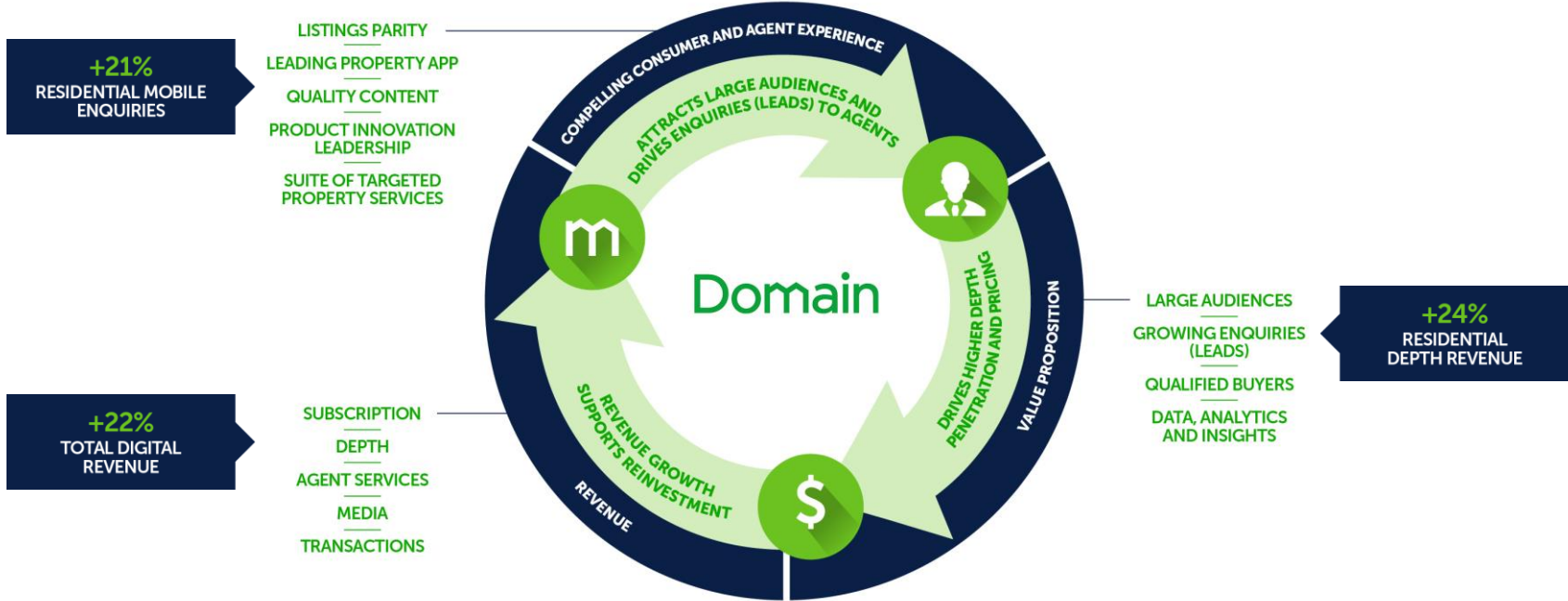
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Notes: 1. Employees of 100%-owned entities; 2. March 2014 to March 2018; 3. FY14 H1 to FY18 H1; 4. FY14 H1 to FY18 H1; 5. March 2014 to March 2018; 6. FY14 H1 to FY18 H1; 7. Google Analytics, users of residential apps, Domain and Allhomes (monthly average) FY14 H1 to FY18 H1.

# DOMAIN'S COMPELLING USER EXPERIENCE DELIVERS VALUE TO CONSUMERS AND AGENTS AND DRIVES REVENUE

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# PUBLISHING



## GROWING

**283K**

DIGITAL SUBSCRIBERS<sup>1</sup>



## TRANSFORMING

**\$500M+**

ANNUALISED COST SAVINGS<sup>2</sup>



## BUILDING VALUE

**10M → 13M**

QUALITY, HIGHLY  
ENGAGED AUDIENCES<sup>3</sup>

Notes: 1. Digital subscribers of the SMH, *The Age* and *The Australian Financial Review* as at February 2018; 2. Cost-out since FY12; 3. emma™ conducted by Ipsos MediaCT, people 14+ for the 12 months ending December 2017, Nielsen Digital Ratings (Monthly) December 2017, people 14+ (computer), people 18+ (smartphone/tablet), versus 12 months ending December 2013.



# FAIRFAX MEDIA'S EXPANDING AND MULTI-FACETED PUBLISHING MODEL

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# THREE STRUCTURALLY DISTINCT PUBLISHING BUSINESSES WITH TARGETED STRATEGIES

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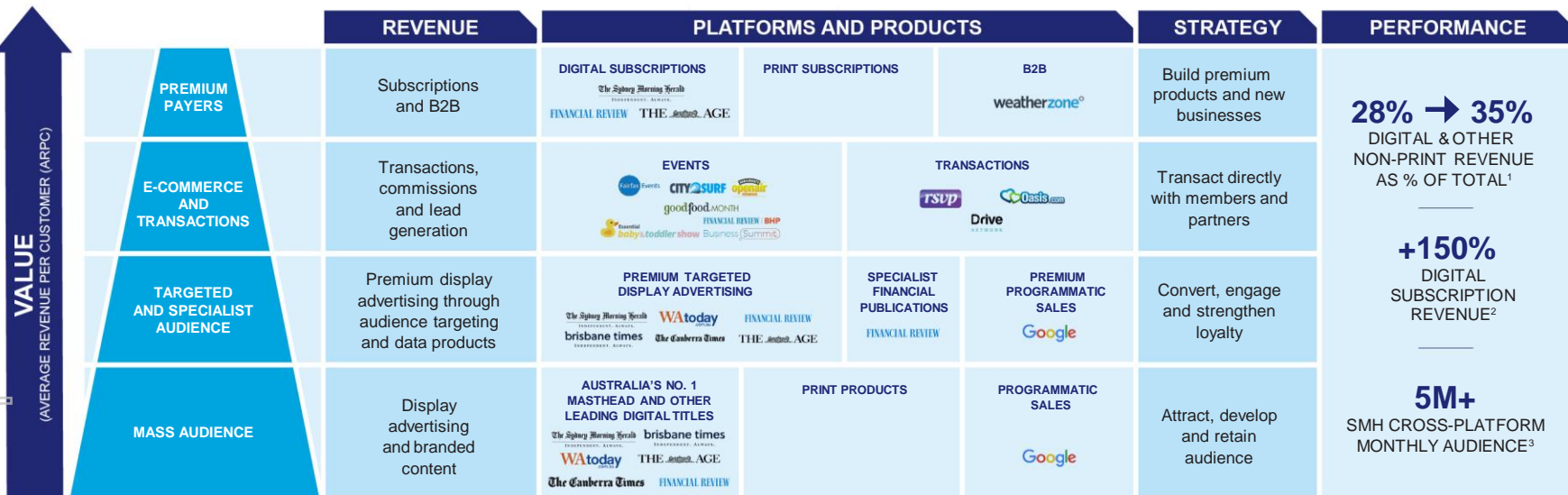
	AUSTRALIAN METRO MEDIA	AUSTRALIAN COMMUNITY MEDIA	STUFF
<b>STRATEGIC FOCUS</b>	<b>Strengthen earnings and long-term growth by driving digital performance and maximising print contribution</b>	<b>Continue to optimise operating structure to grow digital and maximise cash flows of low capital intensive and profitable print</b>	<b>Leverage enormous power of Stuff brand to grow digital revenues while rationalising the long tail of print</b>
<b>GEOGRAPHIC FOOTPRINT</b>	Australian national and capital cities	Australian regional and local/community	New Zealand national, regional and local/community
<b>MASTHEAD SUMMARY</b>	<ul style="list-style-type: none"> <li>Australia's No. 1 masthead <i>The Sydney Morning Herald</i></li> <li>Leading national specialist financial title <i>The Australian Financial Review</i></li> <li>Strong Vic, Qld, WA and ACT news brands - <i>The Age</i>, <i>Brisbane Times</i>, <i>WAtoday</i> and <i>The Canberra Times</i></li> <li>Associated Life Media mastheads</li> </ul>	<ul style="list-style-type: none"> <li>13 daily/regional titles - e.g. <i>Newcastle Herald</i>, <i>Illawarra Mercury</i>, <i>Bendigo Advertiser</i>, <i>The Courier</i> (Ballarat)</li> <li>138 non-daily regional titles</li> <li>9 local/community titles</li> <li>10 specialist agricultural titles - e.g. <i>The Land</i></li> </ul>	<ul style="list-style-type: none"> <li>Leading national digital news site Stuff.co.nz</li> <li>11 national titles/sites</li> <li>9 large daily/regional newspapers</li> <li>53 local/community titles</li> </ul>
<b>AUDIENCE (CROSS PLATFORM)</b>	<b>11 million<sup>1</sup></b>	<b>4.9 million<sup>2</sup></b>	<b>3.6 million<sup>3</sup></b>
<b>PRIMARY REVENUE DRIVERS</b>	Subscription/circulation revenue, advertising, branded content	Subscription/circulation revenue, advertising, branded content	Subscription/circulation revenue, advertising, branded content
<b>OTHER REVENUE DRIVERS</b>	Events, transactions, commissions, lead generation	Events, digital marketing services, commissions, lead generation	Events, retail, transactions, commissions, lead generation
<b>PROPORTION OF TOTAL DIGITAL &amp; OTHER NON-PRINT REVENUE</b>	<b>35%</b>	<b>7%</b>	<b>17%</b>
<b>REVENUE OF TOP 5 MASTHEADS AS % OF TOTAL</b>	<b>~100%</b>	<b>28%</b>	<b>50%</b>
<b>REVENUE OF BOTTOM THIRD OF MASTHEADS AS % OF TOTAL</b>	<b>n/a</b>	<b>4%</b>	<b>&lt;5%</b>

Notes: 1 and 2. emma™ conducted by Ipsos MediaCT, people 14+ for the 12 months ending February 2018, Nielsen Digital Ratings (Monthly) February 2018 people 14+ (computer), people 18+ (smartphone/tablet); 3. Nielsen CMI fused Q1 17 – Q4 17 Jan 18.



# GROWING AUSTRALIAN METRO MEDIA'S DIGITAL PLATFORM WHILE MAXIMISING PRINT

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Notes: 1. FY14 H1 (excludes disposals) to FY18 H1; 2. FY14 H1 to FY18 H1; 3. emma™ conducted by Ipsos MediaCT, people 14+ for the 12 months ending February 2018, Nielsen Digital Ratings (Monthly) February 2018 people 14+ (computer), people 18+ (smartphone/tablet).

# GROWING AUSTRALIAN COMMUNITY MEDIA'S DIGITAL PRESENCE WHILE OPTIMISING PRINT

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Notes: 1. FY14 H1 (excludes disposals) to FY18 H1; 2. QARS April 2018 penetration of broad acre farm owners/managers; 3. emma™ conducted by Ipsos MediaCT, people 14+ for the 12 months ending February 2018, Nielsen Digital Ratings (Monthly) February 2018 people 14+ (computer), people 18+ (smartphone/tablet).














# GROWING STUFF'S DIGITAL PLATFORM WHILE RATIONALISING PRINT

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		REVENUE	PLATFORMS AND PRODUCTS				STRATEGY	PERFORMANCE
	PREMIUM PAYERS	Subscriptions, commissions and lead generation	UTILITIES 	HEALTH INSURANCE 	FINANCIAL SERVICES	PRINT SUBSCRIPTIONS	Build premium products and new businesses	<b>5% → 17%</b> DIGITAL & OTHER NON-PRINT REVENUE AS % OF TOTAL <sup>1</sup> <hr/> <b>1.2M</b> NEIGHBOURLY AND STUFF MEMBERS <sup>2</sup> <hr/> <b>1.4M → 2M</b> STUFF MONTHLY AUDIENCE <sup>3</sup>
	E-COMMERCE AND TRANSACTIONS	Retail commissions, offers, coupons, vouchers	RETAIL AND TRANSACTIONS 	NEW-RELEASE MOVIE STREAMING 	CLASSIFIEDS 	EVENTS & TRAVEL 	Transact directly with members and partners	
	TARGETED AND SPECIALIST AUDIENCE	Premium display advertising through audience targeting and data products	NZ'S NO. 1 LOCAL DIGITAL PLATFORM 	NZ'S NO. 1 LOCAL SOCIAL NETWORKING PLATFORM 	NATIVE ADVERTISING, ANALYTICS AND INSIGHTS 	AUDIENCE AND CONTENT PARTNERSHIPS 	Convert, engage and strengthen loyalty	
	MASS AUDIENCE	Display advertising, basic content marketing	NZ'S NO. 1 LOCAL DIGITAL PLATFORM 	PREMIUM INDUSTRY PROGRAMMATIC EXCHANGE 	THIRD-PARTY CONTENT SYNDICATION 	PRINT PRODUCTS	Attract, develop and retain audience	

# CONTINUING THE PUBLISHING TRANSFORMATION

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 <p><b>DEVELOPING WORLD-CLASS PRODUCTS</b></p>	 <p><b>GROWING THE ECOSYSTEM OF PRODUCTS AND SERVICES</b></p>	 <p><b>DRIVING COMMERCIAL PERFORMANCE</b></p>	 <p><b>SIMPLIFYING SYSTEMS AND TECHNOLOGY AND REDUCING LEGACY COSTS</b></p>	 <p><b>IMPLEMENTING INDUSTRY COOPERATION, SHARING AND PARTNERING</b></p>	 <p><b>MAXIMISING THE VALUE OF EDITORIAL INVESTMENT</b></p>	 <p><b>REALISING OPERATIONAL EFFICIENCIES</b></p>	 <p><b>MAXIMISING PRINT PUBLISHING PROFITABILITY</b></p>
<p>e.g. <b>New Metro websites and apps</b></p> 	<p>e.g. <b>Subscriptions, e-commerce and transactions</b></p> 	<p>e.g. <b>Industry-aligned sales vertical structures</b></p> <p><b>New rich-media advertising formats</b></p> 	<p>e.g. <b>Metro tech rebuild</b></p> 	<p>e.g. <b>Google partnership</b></p>  <p><b>Industry-backed Kiwi Premium Advertising Exchange</b></p>  <p><b>Printing and distribution efficiencies with News Corp</b></p>	<p>e.g. <b>Focusing editorial on points of difference and areas of excellence</b></p> 	<p>e.g. <b>Reducing back-office support costs</b></p>	<p>e.g. <b>Ongoing commitment to meet specific advertiser demand</b></p> <p><b>Sale or closure of around 35% of NZ publishing titles</b></p>

# INVESTMENTS



## GROWING

~930K

STAN ACTIVE SUBSCRIBERS<sup>1</sup>



## TRANSFORMING

16.4% → 23.7%

MARGIN IMPROVEMENT FROM  
MACQUARIE MEDIA MERGER<sup>2</sup>



## BUILDING VALUE

\$120M+









VALUE CREATION FROM  
MACQUARIE MEDIA MERGER<sup>3</sup>

Notes: 1. Stan active subscribers as at February 2018; 2. Pre-merger Fairfax Radio Network EBITDA margin in FY15 H1 compared with post-merger Macquarie Media EBITDA margin in FY18 H1; 3. Market value of FXJ 54.5% stake in Macquarie Media plus cash proceeds from 96fm sale versus analyst consensus estimates of Fairfax Radio Network value (pre-merger).



# GROWING STAN AS AUSTRALIA'S LEADING LOCAL SVOD SERVICE

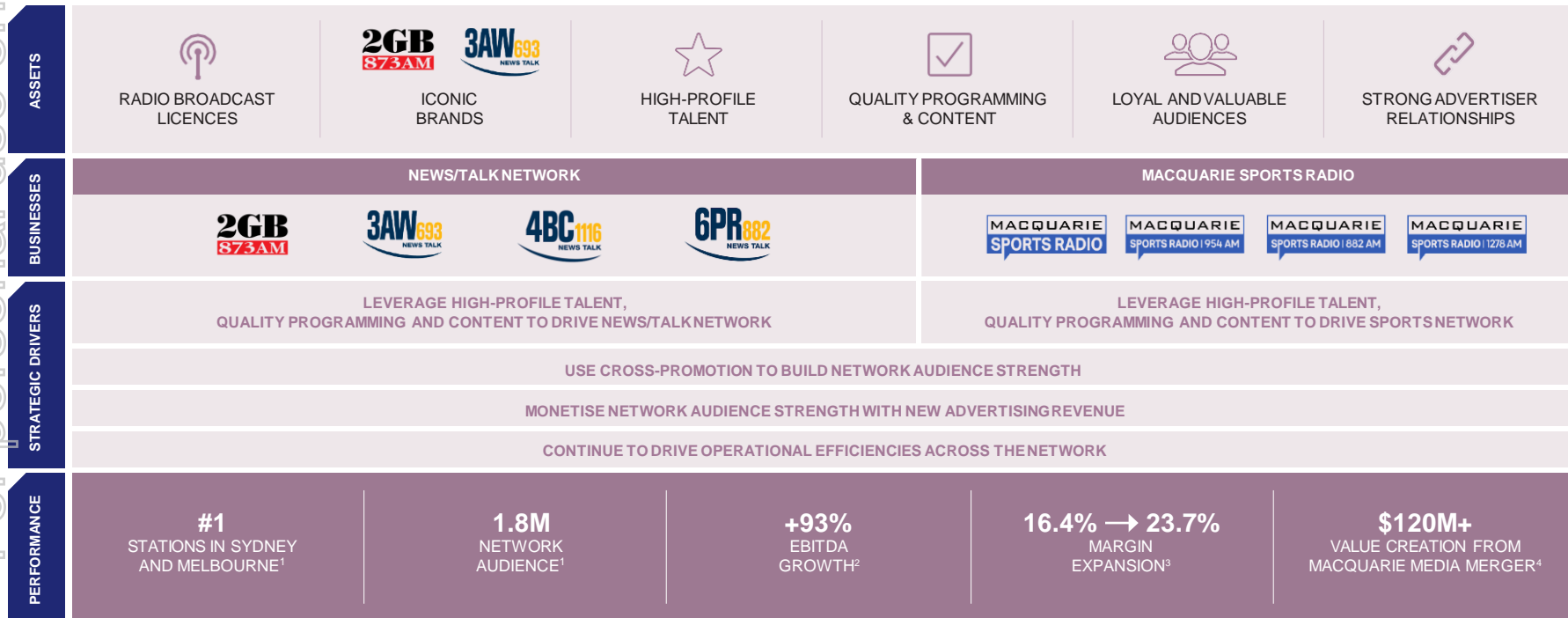
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ASSETS	 LEADING AUSTRALIAN STREAMING BRAND	 DOMINANT LOCAL STREAMING PLATFORM	 ACTIVE SUBSCRIBERS	 EXCLUSIVE AUSTRALIAN OUTPUT DEAL	 BEST OF GLOBAL STUDIOS AND NETWORKS	 ORIGINAL PROGRAMMING	 STRATEGICALLY ALIGNED SHAREHOLDERS
BUSINESSES	SUBSCRIPTIONS (\$10 BASIC, \$12 STANDARD, \$15 PREMIUM)						
STRATEGIC DRIVERS							
	DELIVER WORLD-CLASS DIFFERENTIATED CONTENT PROPOSITION						
	INVEST IN AUSTRALIAN/LOCAL PRODUCTIONS						
	LEVERAGE MASS MARKET CONSUMER MARKETING REACH OF FAIRFAX AND NINE						
	CONTINUE THE GROWTH TRAJECTORY AND FURTHER EXTEND POSITION AS DOMINANT LOCAL STREAMING PLATFORM						
PERFORMANCE	STRATEGICALLY ALIGN WITH GLOBAL STUDIOS AND NETWORKS IN A CHANGING LANDSCAPE						
	~930K ACTIVE SUBSCRIBERS	#1 LEADING LOCAL SVOD SERVICE	75% RETENTION FROM TRIAL TO PAID SUBSCRIPTIONS	1 → 3 PRICING TIER EXTENSION DELIVERING ARPU GROWTH	40 FIRST-RUN EXCLUSIVE SHOWS	AWARD-WINNING STAN ORIGINALS	



# GROWING MACQUARIE MEDIA AS A STRONG NEWS, TALK, SPORT NETWORK

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Notes: 1. GfK Radio Ratings, SMBAP Survey 2 2018, Mon-Sun 5.30am to 12MN, Cume (000s) AP10+, MML-2GB, 3AW, 4BC, FIVEaa, 6PR, Talking Lifestyle, Sydney, Melbourne and Brisbane; 2. FY15 H1 pro forma Macquarie Media EBITDA to FY18 H1 Macquarie Media EBITDA; 3. FY15 H1 Fairfax Radio Network EBITDA margin versus FY18 H1 Macquarie Media EBITDA margin; 4. Market value of FXJ 54.5% stake in Macquarie Media plus cash proceeds from 96fm sale versus analyst consensus estimates of Fairfax Radio Network value (pre-merger).

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# SUMMARY



# FAIRFAX MEDIA HAS A STRONG PORTFOLIO OF GROWTH-FOCUSED AND COST-EFFICIENT ASSETS UNDERPINNING FUTURE GROWTH AND VALUE CREATION

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## GROWING



**23% → 39%**

DIGITAL AND OTHER  
NON-PRINT REVENUE  
AS % OF TOTAL<sup>1</sup>

## TRANSFORMING



**\$920M**

NET DEBT  
REDUCTION<sup>2</sup>

## BUILDING VALUE



**+\$1.6BN**

FXJ SHAREHOLDER  
VALUE CREATION<sup>3</sup>

Notes: 1. FY14 H1 (excludes disposals) to FY18 H1; 2. Change in Fairfax wholly-owned net debt between June 2012 and December 2017; 3. Includes increase in FXJ market capitalisation from 2012 to 2018, value distributed to FXJ shareholders through Domain separation, and on-market share buybacks.

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# TRADING UPDATE

Fairfax Media

# TRADING UPDATE

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- Trading in the first 17 weeks of FY18 H2 (25 December 2017 to 22 April 2018) saw overall Group revenues around 1% below last year.
- Revenue across our reporting segments:
  - Domain’s digital revenue growth is 21% and total revenue growth is 13%;
  - Australian Metro Media is down around 2%;
  - Australian Community Media is down around 9%;
  - Stuff (New Zealand Media) is down around 8% including currency impact;
  - Macquarie Media is up around 4% (up 6% excluding disposals).
- Across the Fairfax Group, we continue to implement cost savings measures.

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Q & A





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THANK YOU



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