

## Fairfax Media Limited 2018 Annual General Meeting Chairman's and CEO's Addresses

**Sydney, 19 November 2018:** Fairfax Media Limited [ASX:FXJ] ("**Fairfax**" or "**Company**") is today holding its Annual General Meeting (AGM) in Sydney. The meeting is being webcast at [www.fairfaxmedia.com.au/investors/webcasts](http://www.fairfaxmedia.com.au/investors/webcasts).

Accompanying commentary from Fairfax Chairman Nick Falloon, and Chief Executive Officer and Managing Director Greg Hywood, is set out below.

### **Fairfax Media Chairman, Nick Falloon:**

Good morning Ladies and Gentlemen.

Thank you for joining us for Fairfax Media's 2018 Annual General Meeting.

I am Nick Falloon, Chairman of Fairfax Media, and I'm joined by the Fairfax Board and senior management.

The company's 2018 auditor, Doug Bain, is here from Ernst & Young.

I am pleased to report that the proposed merger of Fairfax and Nine has received overwhelming support from shareholders. Subject to court approval, we expect implementation to occur on 7 December 2018.

Having just had a vote on the Scheme, we have a number of formalities to move through at today's AGM. We will endeavour to deal with those as efficiently as possible. Your Board recommends that shareholders vote in favour of each of the resolutions to be put to the meeting shortly.

On behalf of the Board, I would like to thank you for your investment in Fairfax.

Your support has enabled Fairfax's multi-year transformation and allowed us to completely reshape a traditional media model into a diversified contemporary portfolio of multimedia, digital, and growth-focused assets including Domain and Stan.

In the face of profound industry disruption, Fairfax's decision some years ago to embrace a new commercial model, generating a mix of revenues, has proven correct.

We have achieved our goal of sustaining independent journalism's public good, while at the same time creating shareholder value.

The strengthening of Fairfax's portfolio of assets has provided the opportunity for shareholders to benefit from a step-change in growth through the Nine merger.

Fairfax shareholders maintain their exposure to Fairfax's growing businesses whilst also participating in the combination benefits with Nine.

The merger is an outcome of media ownership deregulation achieved during the last year. Fairfax consistently supported the reforms because we saw the long-term benefits to shareholders. Media consolidation provides significant potential by leveraging increased scale of audiences and marketing inventory to grow.

I would like to take this opportunity to thank each of my fellow Board members for their contribution to the strong position that Fairfax has achieved and the opportunities ahead.

On behalf of the Board, I would like to thank everyone at Fairfax for their skills, commitment and dedication to the important work they do. I admire the impressive way our people have risen to every challenge – and opportunity – they have faced.

I would particularly like to acknowledge the great leadership of Greg Hywood and impressive performance of his management team. Since becoming CEO in December 2010, Greg has decisively and determinedly worked to modernise Fairfax, drive digital growth, and secure the future of independent journalism.

This is a credit to everyone – past and present – who has been part of the Fairfax journey.

Fairfax is stepping into a new future with great confidence.

I would now like to invite Greg to give his address.

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## **Fairfax Media Chief Executive Officer, Greg Hywood:**

Thank you Nick – and good morning ladies and gentlemen.

Today is a momentous day for Fairfax Media. The company is entering an exciting new phase in its development. The support of shareholders recognises the great opportunity ahead and the work of everyone at Fairfax to put our company in this strong position.

The merger creates a powerful growth engine.

The combined group's increased scale of audiences and marketing platforms will drive value-creation and deliver long-term benefits to shareholders.

Our journalism is now on an even stronger and more sustainable footing for the future.

Fairfax has a long, proud history of independent journalism. Although it is the end of an era for the Fairfax corporate identity – independence is indelibly at the heart of our newsrooms and carries on into the future through our journalists. Our mastheads live and breathe the spirit of 'Independent. Always.'

Our journalism packs a greater punch today than ever before in our company's long history.

The resources we devote to investigative journalism yield significant returns – attracting audiences, winning awards, making a difference in civic society. Year after year Fairfax journalism has received the media industry's highest honours – and the past year has been no exception.

While we had to take hard decisions around the resources we needed, at all times we prioritised maintaining at-scale journalism at the standard that our readers expect.

We did this by thinking through the problems we faced. We reduced back-end costs, created efficiencies, and reshaped the business model that had been in place for 100 years.

It has *not* been business as usual. Far from it.

The strategy we have implemented over the past seven years has created a stronger, digitally-driven business. Digital and other non-print revenue has almost doubled to around 40% of total revenue.

Transformation cleared almost \$1 billion of net debt and put Fairfax in a net cash position for wholly-owned entities.

Growth initiatives saw Domain become a \$1.4 billion company and Stan build an active subscriber base of around 1.2 million in less than four years. In excess of \$1.3 billion of value has been created for Fairfax shareholders.

All this has put Fairfax shareholders in a position to benefit from the upside potential of owning close to half of the merged Fairfax and Nine businesses.

During the year, our Publishing, Domain and Investment businesses performed well. Each maintained a growth focus and delivered good cost outcomes that will underpin future performance.

Our three publishing businesses are emerging from a period of great change. Each is profitable, generating valuable cash flows and positioned with distinct markets, products and strategy to leverage growth.

Australian Metro Media delivered a second consecutive year of EBITDA growth. It is also achieving top-line revenue growth in publishing – which makes Fairfax a standout globally in mid-size markets. This is due to an innovative mix of a Google partnership, improved print performance, and subscription revenue growth. On the cost front it continues its strong discipline. The print sharing agreement with News Corp is expected to further extend the cash-generating life of print.

Congratulations to Chris Janz and his team for achieving this extraordinary outcome. Metro enters the merger with strong momentum.

Australian Community Media continued its cost discipline and remains a strong cash-generating business. The incredibly well qualified and experienced Allen Williams is leading this team which is dealing with all the challenges in an innovative and effective manner.

New Zealand continues to drive strong digital revenue growth across its Stuff and Neighbourly platforms. This business is led by Sinead Boucher and is well positioned for an interesting and profitable future.

The rise and rise of Domain underscores the success of the Fairfax strategy to use our publishing businesses – with large audiences and deep marketing inventory – to drive new businesses. With this support, plus the opex and capex that Fairfax has invested, we know Domain has a great future ahead of it led by Jason Pellegrino and his team.

The same can be said for Stan, our 50:50 JV with Nine, which benefited hugely from the support it received from our publishing business. This is one of the great modern achievements in the Australian entertainment sector and is a credit to Mike Sneesby and his team.

The merging of Fairfax Radio Network with Macquarie Media was clearly a great decision for our business. The strong performance since the merger in March 2015 validates the confidence we

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had that news/talk/sport radio was best placed to withstand the structural changes in that industry to prosper in the future. Adam Lang and his team have done a terrific job.

Finally – and I make these comments assuming the Federal Court will approve the merger – on a personal note, it has been an honour to hold my position for a few days short of eight years. I began at Fairfax in 1976 and even though I left for some years in the early 2000s, I have spent most of my adult life working for this company. I often say that we deliver a public good within a commercial model. That public good is that we ask questions of the institutions and people in power that they cannot or will not ask of themselves. This is the higher calling of our business. But it cannot be achieved unless it is underpinned by a robust business model. That has been the essence of the work that we have done over the past years. It is also why we are adamant believers in this merger with Nine, which we believe is the best option for our journalism, our business and our shareholders. We identified this opportunity some time ago, which is why we lobbied so hard for the changes to the media ownership laws so that we could be standing here today.

Thank you to everybody who made this possible. I've worked with an incredible team over the years and they should all be proud of their contribution.

Our businesses and our journalism are now set to move into a new era of prosperity and influence.

**Ends**

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