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John Fairfax is now Australasia's largest newspaper group, following the completion of its billion dollar New Zealand purchase of a number of papers in Wellington, Christchurch and other centres.

The company's shares have been jostled by that deal in recent weeks and the speculation associated with the off, on, off passage of the latest attempt by the Howard Government to change the media laws.

Fairfax now has to make the New Zealand deal pay while continuing to revitalise its Australian papers. CEO Fred Hilmer talked to us on Friday.

Fred Hilmer, CEO, Fairfax: I think it's an excellent opportunity for growth because growth comes not just from the economy you're in but from the position you have and the opportunities you have. Now as we look at the business, it's very like the way Fairfax was when I started. A series of silos or fiefdoms, all of these papers, the major regionals and the dailys are running largely independently, got their own platforms, they've got their own presses, they run their own financial systems, their own advertising systems and the idea of getting some economies both within New Zealand and then between New Zealand and Australia is one of the things that was attractive to us.

Reporter: What would be the economies between New Zealand and Australia?

Hilmer: Purchasing for example, in printing components and spares, telecommunications, communication services so that would be an example.. sharing copy is an example, so there are a number of things in that vein, and then IT systems.. as we develop platforms, there's no reason why we don't have the same internet platforms and internet hostings, the same basic editorial systems across the group and you know, a lot of the costs of a newspaper group are in those common costs.

Reporter: Once you've integrated, once you've cut costs, can you grow these assets?

Hilmer: Yes these assets have had good revenue growth.. one of the, I think, surprises to us through the Due Diligence was that the growth of revenues in the

New Zealand papers, in fact had been more rapid than the growth in revenues in Australian newspapers, so it's somewhat of a myth.. I think that New Zealand papers play a very important role because of the nature of New Zealand in their communities in that in all of what are a series of fragmented markets the effective way to do business is through the newspaper.. TV is too broadbased in New Zealand, is too much a series of small markets and so you see quite a different ad mix and you see an ad mix with good growth potential..

Reporter: And you're still happy with the price even though your plans for the sale and leaseback of the titles was knocked back?

Hilmer: The price we paid is a very fair price, and it is from our point of view an excellent price.. we're paying about nine times earnings before interest, taxes and depreciation. You couldn't buy media assets of that quality in Australia for anything like that price and that is a better price than APM paid for Wilson & Haughton. The tax would have been, I think, on the cake and in any event it didn't turn out but at the same time currency shifted and we paid 60-million less for the asset as it turned out than we thought we'd pay if you look at what happened to the currency.

Reporter: What's in this deal for shareholders, you've always said that you've got to get bigger or you get swallowed and this does make Fairfax bigger but really, ever since the deal was announced, the shareprice has been in fairly consistent decline, where's the benefit for shareholders?

Hilmer: Well the benefit for the shareholder is that this is high accreditive from year one and it has good growth prospects. In terms of shareprices, I mean, what's happened to us is no different to what happened to IAG when it made an acquisition.. there's 350 plus million dollars more of Fairfax shares in the market so that balance between demand and supply has been changed and we still need to prove to our shareholders that the business will earn what we believe it will earn now we've completed the transaction, I've been there the last three days, I've been again through the budgets with the people who are managing that business and I'm very confident about the potential but we need to demonstrate the potential, put runs on the board and that's our focus.

Reporter: If we look at the Australian scene, if the media ownership laws had been changed would Fairfax have gone after a TV station?

Hilmer: Not necessarily.. it would have depended on how the situation played itself out, we're not craving to own television for the sake of television but it's a question of what the competitive dynamics are like.

Reporter: Could you have afforded to play after this deal?

Hilmer: Again it depends on the shape of the deal. I mean I think the most likely deals will be equity deals, there'll be swaps and mergers and so the ability to do that is unaffected by this sort of transaction.

Reporter: Even without media ownership rule changes, you're not limited in what you can do going forward?

Hilmer: I believe all the options we had before we have after and I believe that as we digest the transaction in New Zealand we'll have more options because we'll be stronger.

Reporter: What are your thoughts about expanding now that you've bedded down New Zealand to a point given there hasn't been any change to media ownership laws, where do you look now?

Hilmer: Well right now I'm going to look at New Zealand because the reality is this is the first major transaction that Fairfax has done since it bought The Age.. we raised a lot of money from our shareholders and we need to get our heads down and make that work and in order to make that work we've got to really spend a lot of time there and we've got to be careful about finding the opportunities and make them happen.

Reporter: Have you talked to Rural Press about a tie-up of any sort in the last year or so?

Hilmer: We talk, and I think in our industry, everybody talks to everybody but the transaction in New Zealand was, from our point of view, by far and away the best transaction that we could do because of the great fit between their papers - I mean it's quite a different asset ..

Reporter: But that's a yes, talking to Rural Press?

Hilmer: We've talked to everybody - I will answer yes to that question because I wouldn't want to mislead you in terms of pretty well everybody in this industry.

Reporter: Do you think Senator Alston will keep pushing for change to the media ownership laws, and indeed are you pushing the Senator and the government to keep trying?

Hilmer: Well I think he will and we would like to see those changes because we would like to have the option.. not that we necessarily will do anything but as a player in an industry we would like to have the option to do things that might turn

out in particular circumstances to be commercially sensible...

Reporter: Are you actively pushing the Government?

Hilmer: Yes we are, yes we've been strong supporters, consistently.

Reporter: You've ruled off the financial year.. I know you're in blackout but are you sticking to the forecasts there'll be no surprises?

Hilmer: Yes I'm sticking to what we said to the market at the half.

Reporter: And what you said to the market at the half was that the second half should be higher than the second half last year...

Hilmer: Yes...

Reporter: How much higher?

Hilmer: Well I will know in a few weeks but I'm quite comfortable that it will be higher within, .. within what we've indicated.

Reporter: Double digit?

Hilmer: I can't go further than that..

Reporter: What about revenue, revenue for the full year was down nearly ten per cent last year, are you able to give any guide as to what sort of revenue?

Hilmer: We'll be ahead on revenue.. and again we'll be closing our books in the next couple of weeks and we'll give guidance when we're comfortable that we've got accurate numbers.. the year's been over for what, three days!