ANNUAL GENERAL MEETING
18 NOVEMBER 2005
ADDRESS TO SHAREHOLDERS
DAVID KIRK
CHIEF EXECUTIVE OFFICER

Thank you, Chairman.

I am very pleased to address you today as the new Chief Executive Officer of John Fairfax Holdings.

Fairfax is one of the most outstanding and respected companies in Australia and New Zealand, and plays a special role in the communities we serve. People feel passionately about it – and about our future.

Our publications – in print and online – fulfil a critical role in the functioning of our democracies and our market economies.

We are an important institution in Australia. We fulfil a public trust – and we do it through our own special brand of quality, independent journalism.

These are values I cherish, and they are values I want to strengthen so that, in future years, Fairfax is even more dynamic, competitive and successful.

Newspapers have been a passion just about since I could read. I care about their future, and vitality, and relevance – and what they bring to our readers.

I therefore am honoured to serve as CEO of this great company.

My objective is very simple:

I want to continue to strengthen Fairfax in the years to come – to help it meets its competitive challenges – and to exploit opportunities for growth.

While I have only been on board for five weeks, it has been a very productive and meaningful time.

These first few weeks have confirmed what attracted me to the company, beyond its reputation for excellence and integrity.

Fairfax is a very successful business.

As I mentioned, Fairfax's outstanding publications are underpinned by its independent, quality journalism.

They are the pride of our industry – and the envy of our competitors.

They have an excellent position in the market.

Together, they make Fairfax the pre-eminent media company in Australia and New Zealand.

Some highlights of the Company's performance in the 2005 financial year, for which CEO Fred Hilmer deserves all the credit:

As you can see, trading revenue was up strongly, bolstered by the success of our strategy of diversifying the business through acquisition.

This has been accompanied by well managed costs across our publishing businesses …

Which has resulted in strong growth in net profit after tax and earnings per share

The record dividends paid to shareholders are a direct result of the sound management of the business, and particularly the record cash flows that have been generated.

Over the past five weeks, I have met with our employees throughout the company, in Australia and New Zealand. They are intelligent, passionate and highly articulate.

I have asked for their candid opinions – and I have certainly got them.

My overwhelming impression is that they care passionately about our future. Our staff are dedicated to the company and proud of its values.

I want to talk a bit this morning about our company, and where we will go from here – and why.

While we have diversified the business away from the metropolitan newspapers in Australia – which now account for less than 50% of our revenues – our business today is dominated by newspaper publishing. Digital is but 3% of our revenues.

The economics of the newspaper business are relatively simple.

On the revenue side, the key is advertising. Advertising revenue accounts for 75% of our total revenues, or in excess of 1.4 BILLION dollars last financial year.

On the cost side, staff costs, newsprint and distribution are the main drivers, representing 75% of our total costs.

Readership and circulation are fundamental.

We cannot reach our highest aspirations if we do not do better on circulation and readership – because our long-term advertising revenue growth is linked to our audience growth.

Our newspapers – like their counterparts around the world – have been in a long-term decline in circulation. Not every masthead, and not every edition, and we have not fallen off a cliff. But the trend has been downwards.

However, we are reaching more readers than ever before – thanks to our #1 position in News on the internet with smh.com.au and theage.com.au

So how do we move forward in this environment?

The number one strategic priority is to stabilise and grow circulation and readership at our newspapers.

We are improving our publications.

We are providing new editorial leadership at the key metro papers.

We intend to improve our performance in breaking news and setting the agenda for the 24 hour news cycle in Australia and New Zealand.

We are unapologetic about that aim. And we intend to do it.

The overriding objective is to better connect our newspapers with the communities they serve.

Operational disciplines and performance are important as well.

We want the papers out on time, every time.

We can improve distribution.

In addition, we will leverage our brands through better promotion and marketing of our mastheads.

And we are moving aggressively on subscriptions: Establishing long-running, deeper relationships with our readers is important to us.

We will continue the good progress made over the past two years in selling advertising across the Group and extending the franchises commercially by outbound classified and cross-divisional display advertising sales.

We will pursue brand and distribution led extensions. One of our key advantages here is the multitude of platforms we operate, and we will improve our sales and marketing across those platforms.

The further growth and success of our online classified advertising is crucial. For Fairfax Digital, we will build, through organic and strategic expansion, on the strong positions we hold today as outlined by the Chairman this morning,

We need to improve productivity every year.

- Costs will be well managed
- Technology will provide opportunities …
- As well as new work processes

Productivity improvements will allow us to invest back in the business, and promote our mastheads and brands, helping drive circulation …

Productivity improvements will also allow us to invest in new areas to reduce reliance on print revenues.

In addition to staff reductions in other parts of the business, shareholders will be aware that we recently announced a voluntary redundancy program for our editorial staff at Herald Publications and The Age.

Those changes inevitably cause some anger, frustration and concern.
I well understand that.

I want to assure shareholders that in making these changes, the company is acting honourably in our dealings with staff and their representatives – we are fulfilling all our requirements under our agreed industrial agreements and will work through this fairly and compassionately.

We have been, and we will be, a good employer.

Despite the concerns, particularly around our newsrooms, at the end of this process, we will still have the biggest, best and most experienced newsrooms in the country. We will still be the employer of choice in our industry. Our editors will still receive letters every week from staff at our competitors, desperate to move to our papers and work in newsrooms that produce the finest papers in the nation.

Our long-term commitment to these papers - our belief in these papers - is unshakeable. That is why we are willing to endure some short term challenges, to position them for the future on a basis of financial strength, ready for investment and growth.

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There is no magic bullet for improving this business – no one simple thing that can be done to improve circulation, or our position on the internet.

Our strategic priorities are clear, but the key will be how we execute.

It is not only what we do – but how we do it and make it happen.

I think we need to become more agile, we need to move faster ….

Probably take a few more considered risks …

And definitely be more aggressive.

The result will be a Fairfax that builds on its excellent record of achievement and success over the past several years -- a company that is even better positioned to take advantage of the opportunities outlined by the Chairman.

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I thank the Board for their confidence in me.

I very much look forward to serving the company and our shareholders.

Finally, as is customary, we want to report to shareholders and the market on our outlook the first half of the financial year:

We expect underlying EBIT growth of between 1 and 4% for the first half this year.

Thank you.

-- ENDS --

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