

Fairfax

Financial Results Briefing

31 December 1999

18 February 2000

Key Highlights

- ◆ Profit after tax pre abnormals up 22.1% to \$88.0m and up 35.3% to \$98.2m on a like for like basis
- ◆ EPS pre abnormals up 35.4% to 12.1 cents and up 51% on a like for like basis
- ◆ Dividend up 12.5% to 4.5 cents

Key Highlights

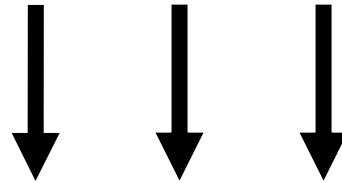
- ◆ Publishing Like for Like:
 - EBIT up 33.0% to \$184.2m
 - EBIT margin up from 24.7% to 29.3%
 - EBITDA margin up from 30.7% to 34.1%
 - Revenues up 12.3% to \$629.5m
 - classified up over 12.0%
 - display up over 15.0%
 - Costs up 6.7% to \$414.7m
- ◆ f2:
 - Loss before Interest and Tax of \$19.9m
 - Revenues up 55% on a like for like basis
 - Internet activity up 111% to \$9.5m

Key Highlights

- ◆ Introduction of new and revamped sections and advertising platforms
- ◆ Aggressive development of f2 as a leading internet company
- ◆ Measured push into new products and new geographies with SPG acquisition and CNBC joint venture
- ◆ Assessing datacasting opportunities
- ◆ Divestment of remaining non core AAPT shareholding

Our results are consistent with our strategy of:

- ◆ Strengthening our publishing businesses
- ◆ Building new platforms for growth



developing an increasingly diversified media company.

- ◆ Attracting valuable audiences through high quality content, trusted brands and diversified distribution
- ◆ Realising value by linking buyers and sellers and by charging for content in print, Internet and on other platforms

Summary Profit & Loss

	Dec 1999 \$ m	Dec 1998 \$ m	Var %
Trading Revenue	659.5	571.2	15.5%
Costs	463.3	400.5	(15.7%)
EBITDA	196.2	170.7	14.9%
Depreciation	31.8	33.8	6.0%
EBIT	164.4	136.9	20.1%
Interest (net)	25.2	22.8	(10.7%)
Profit before abnormals and tax	139.2	114.1	22.0%
Abnormal Items	30.1	2.4	
Profit before Tax	169.3	116.5	45.3%
Tax	48.6	37.5	(29.6%)
Outside Equity Interest	0.3	0.0	
Net Profit	121.0	79.0	53.2%
Net Profit after tax, pre abnormals	88.0	72.1	22.1%
EPS (Cents) - pre abnormals	12.1	8.9	35.4%

Abnormal Items

	Gross \$ m	Tax \$ m	Net \$ m
Restructure and systems costs	(5.7)	2.1	(3.6)
f2 float investigation	(2.5)	0.9	(1.6)
Write-off intangible assets	(20.8)	-	(20.8)
Share of associates net profit	59.1	-	59.1
Total	<u>30.1</u>	<u>3.0</u>	<u>33.1</u>

Balance Sheet

	Dec 1999 \$ m	June 1999 \$ m	Dec 1998 \$ m
Intangibles	1,277.5	1,247.1	1,241.0
Property, plant and equipment	490.6	478.0	533.6
Investments	52.2	92.6	27.2
Receivables	187.0	206.4	179.1
Inventories	16.9	16.5	16.1
Other assets	45.1	44.8	29.6
Net Borrowings	(626.7)	(736.0)	(538.3)
Other Liabilities	(369.0)	(364.9)	(294.9)
Net Assets	1,073.6	984.5	1,193.4
Net Assets per share	1.47	1.35	1.48

Cashflow Summary

	Dec 1999	Dec 1998
	\$ m	\$ m
EBITDA	196.2	170.7
Working capital movements	(9.8)	(8.6)
Dividends received from associates	108.2	16.6
Net Interest (paid) / received	(25.4)	(25.3)
Income taxes paid	(58.8)	(5.4)
Other	(3.7)	(10.1)
Free cash flow	206.7	137.9
<u>Utilised as follows:</u>		
Decrease in net debt	(109.4)	(134.6)
Net capital expenditure	(42.0)	(22.1)
Net investments	(19.7)	50.5
Dividends paid	(47.3)	(48.4)
Loans received - associated entities	9.8	16.5
Other	1.9	0.2

Key Financials

	Dec 1999 \$m	Dec 1998 \$m
EBITDA/Sales	29.7%	29.9%
EBIT/Sales	24.9%	23.9%
Publishing EBITDA/Sales	34.1%	30.7%
Publishing EBIT/Sales	29.3%	24.7%
Interest cover	7.8 x	7.5 x
Net Debt	\$626.7m	\$538.3m
Gearing	66%	45%

Profit & Loss: Comparing Like for Like

	As reported			Like for like adjustments			Like for Like		
	1999 \$m	1998 \$m	Var %	1999 \$m	1998 \$m		1999 \$m	1998 \$m	Var %
Trading Revenue	659.5	571.2	15.5%	24.7	7.7		634.8	563.5	12.7%
Costs	463.3	400.5	(15.7%)	34.5	7.7		428.8	392.8	(9.2%)
EBITDA	196.2	170.7	14.9%	- (9.8)	-	=	206.0	170.7	20.7%
Depreciation	31.8	33.8	6.0%	0.8	0.2		31.0	33.6	7.7%
EBIT	164.4	136.9	20.1%	(10.6)	(0.2)		175.0	137.1	27.6%

Note: Like for like adjustments comprise the effects of Australian Geographic (sold December 1998) removed from 1998 numbers, and the effect of the following new acquisitions reflected in 1999, Post Group in Publishing business and BCP, Citysearch and Sold.com in F2

Publishing Business

- ◆ Revenues up 12.3% (\$69.1m) to \$629.5M
 - Advertising up 13.1%
 - Circulation up 5.3%
- ◆ Advertising volumes
 - Metro display up 8%
 - Metro classified up 3.6%
 - Regional up 19.5%
- ◆ Costs up 6.7% (\$26.2m) to \$414.7m
- ◆ EBITDA margin up from 30.7% to 34.1%

Note: Like for Like basis

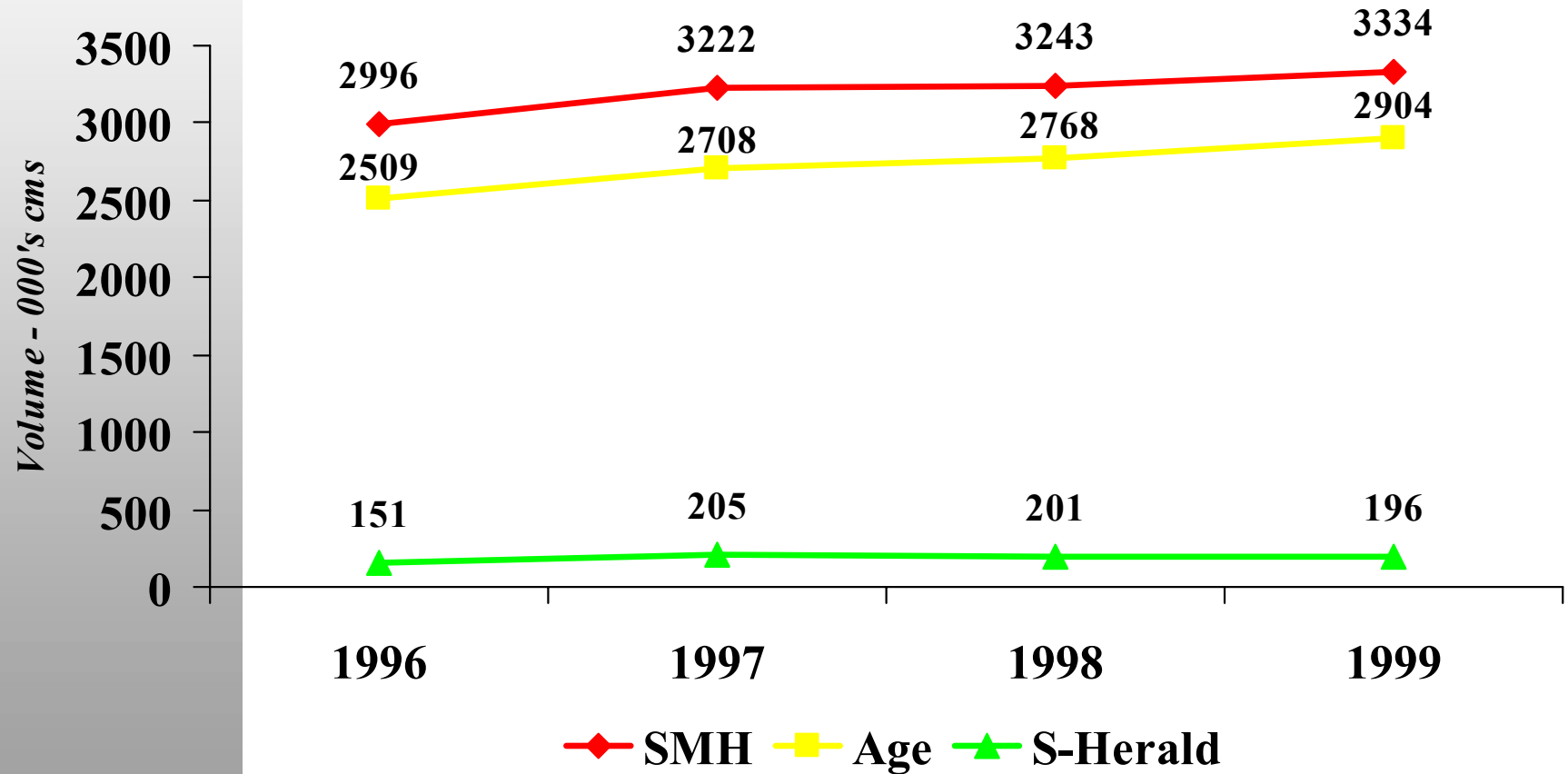
Profit & Loss: Publishing Business

	Dec 1999	Dec 1998	Var	Var
	\$m	\$m	\$	%
Trading Revenue	629.5	560.4	69.1	12.3%
Costs	414.7	388.5	(26.2)	(6.7%)
EBITDA	214.8	171.9	42.9	25.0%
Depreciation	30.6	33.4	2.8	8.4%
EBIT	184.2	138.5	45.7	33.0%

Note: Like for Like basis

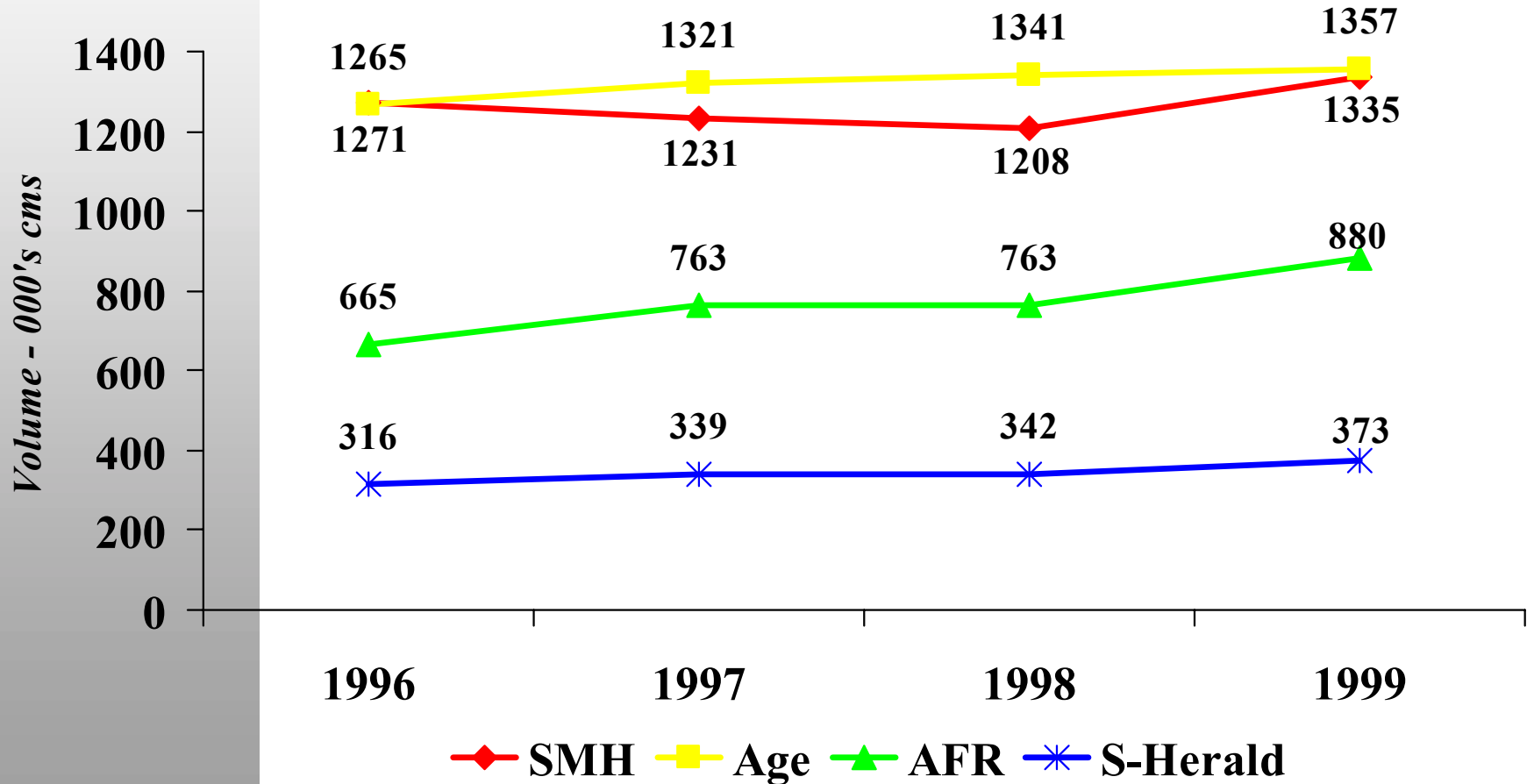
Publishing Business

Advertising Volumes - Classifieds



Publishing Business

Advertising Volumes - Display



Publishing Business

- ◆ Continued excellence in journalism with Walkley Awards
- ◆ Launch of new sections in conjunction with f2
- ◆ Circulation consistent with overall industry trends; readership steady
- ◆ Regional and Community newspapers trading strongly
- ◆ Construction of new Melbourne plant on budget and schedule
- ◆ Business Publications expand with SPG and CNBC deals

Note: Like for Like basis

Sydney Morning Herald - new sections

- ◆ Domain, My Career & Good Living
- ◆ Strong advertising growth on improved product offering
- ◆ Effective margin management, > 60% per \$1 incremental revenue

Summary by Masthead

Last yr % var		SMH	AGE	AFR	SUN
Net Advertising Revenue		14.4%	12.2%	26.2%	15.2%
Classified Volume		2.8%	4.9%	N/A	(2.5%)
Display Volume		10.5%	1.2%	15.4%	9.1%
Circulation Revenue		1.4%	1.1%	18.3%	5.3%
Net Average Circulation Change		(2.6%)	(2.7%)	2.8%	(2.5%)
Net Avg Circulation (000's) *	M-F	226.5	191.2	92.5	-
	Sat	386.5	324.1	86.5	-
	Sun	-	193.8	-	584.0

** Source: ABC 6 month circulation, December 1999*

f2 - Financial Overview

- ◆ Revenues of \$27.5m, up 55% on a like for like basis
- ◆ Revenue from internet activities up by 111% to \$9.5m
- ◆ Loss before interest and tax of \$19.9m

Aggressive Growth Across f2

- ◆ Market leader with an increasing range and depth of businesses
- ◆ Currently over 1.8 million page views per day, an increase of more than 40% when compared to June 1999
- ◆ Top 3 web business for Australian users *
- ◆ More than 400,000 active registered members, up from 200,000 at June 1999

Focused on Four Areas

Classifieds

- ◆ Key supersites in employment and real estate
- ◆ Gains in the automobile segment with drive.com.au

Directories

- ◆ Expansion of CitySearch and Big Colour Pages
- ◆ Accelerated e-commerce rollout

Financial Services

- ◆ Strong growth in revenue from targeted sites

Auctions

- ◆ National launch of sold.com.au

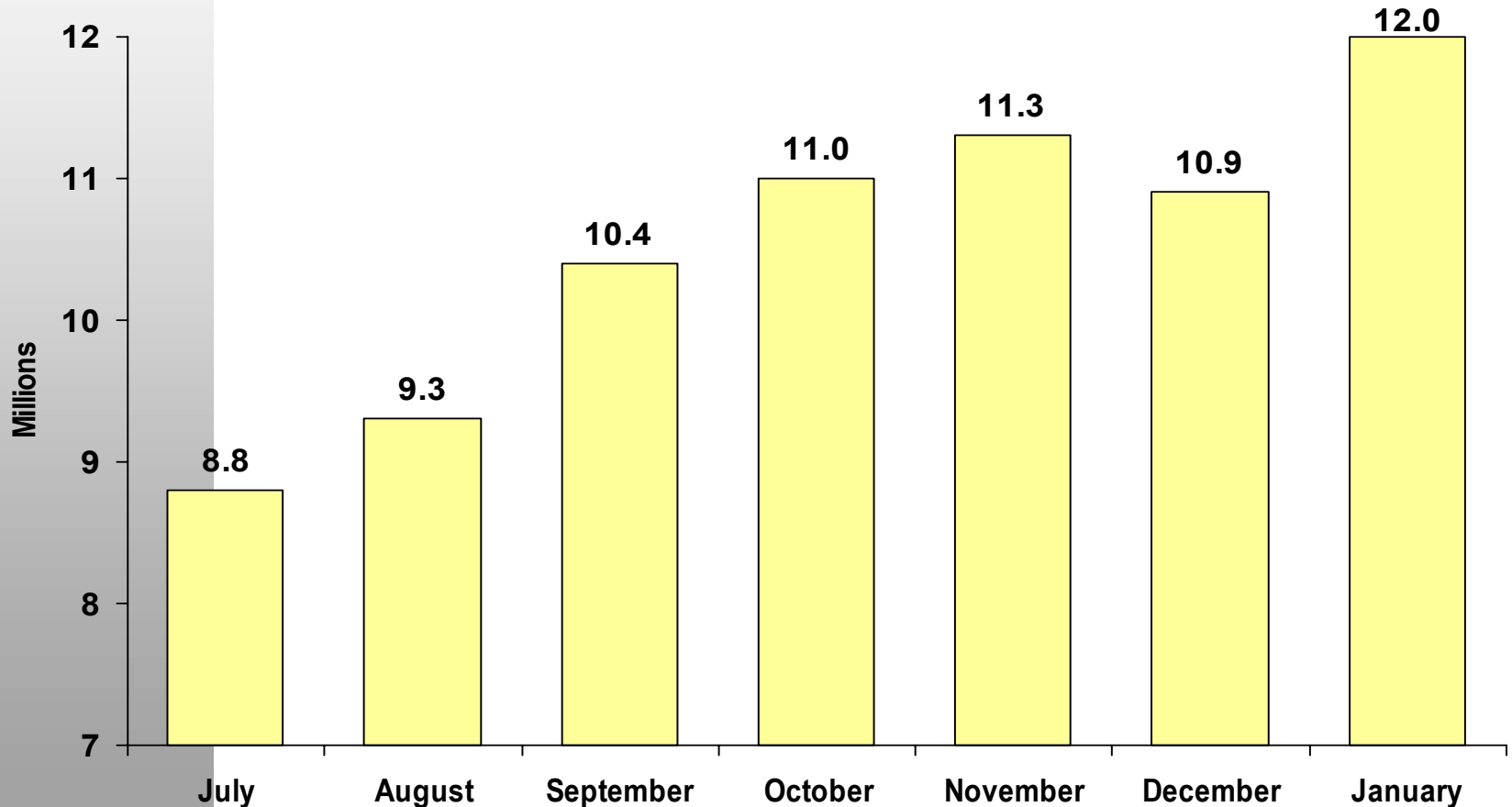
f2 - Revenue Movements

	\$m
1998 revenue	4.5
Online growth	5.0
Big Colour Pages	18.0
1999 revenue	27.5

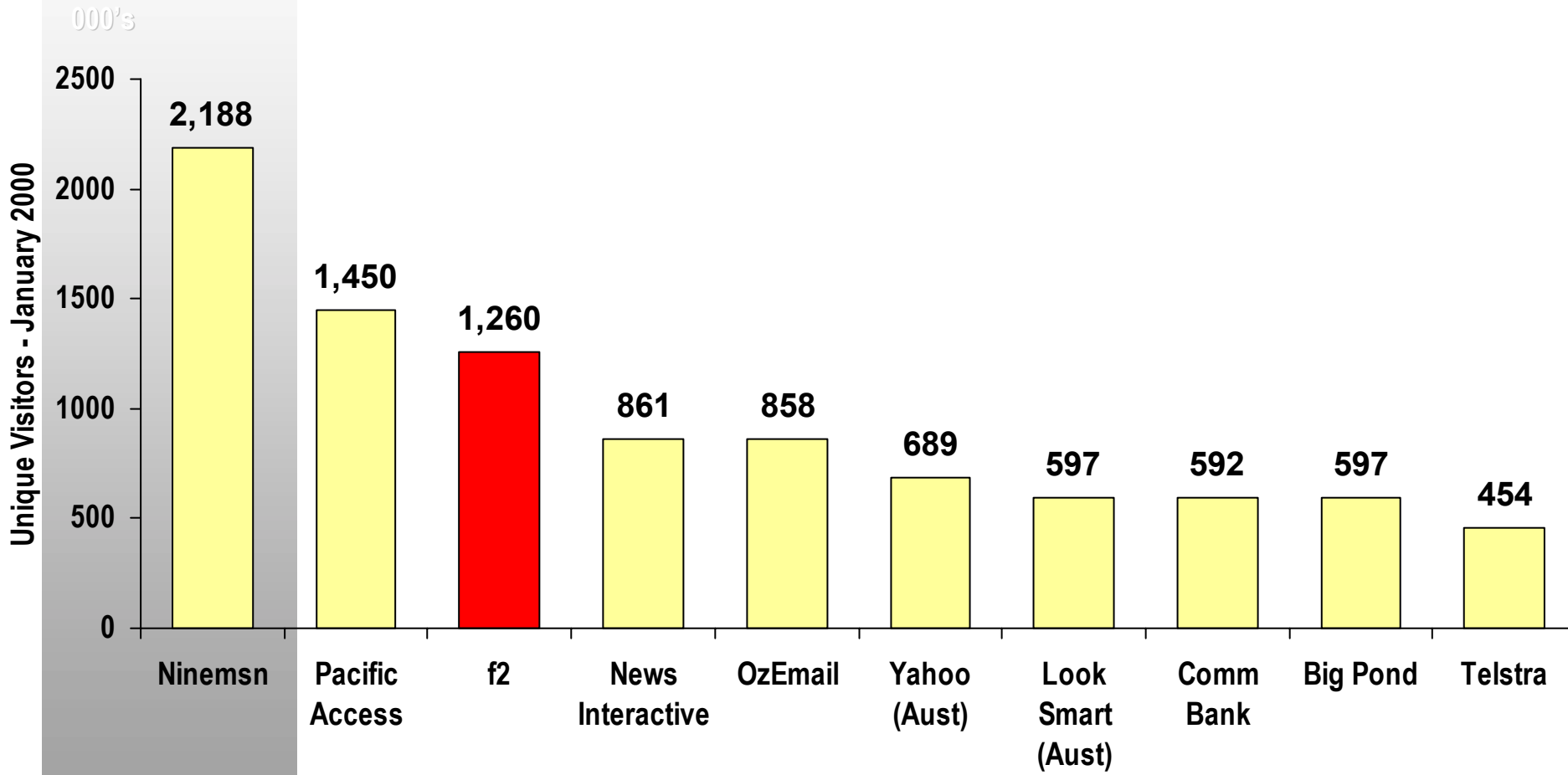
Note: Like for Like basis

Page Impressions - Avg Weekly Totals

Average Growth of approx 100,000 per week

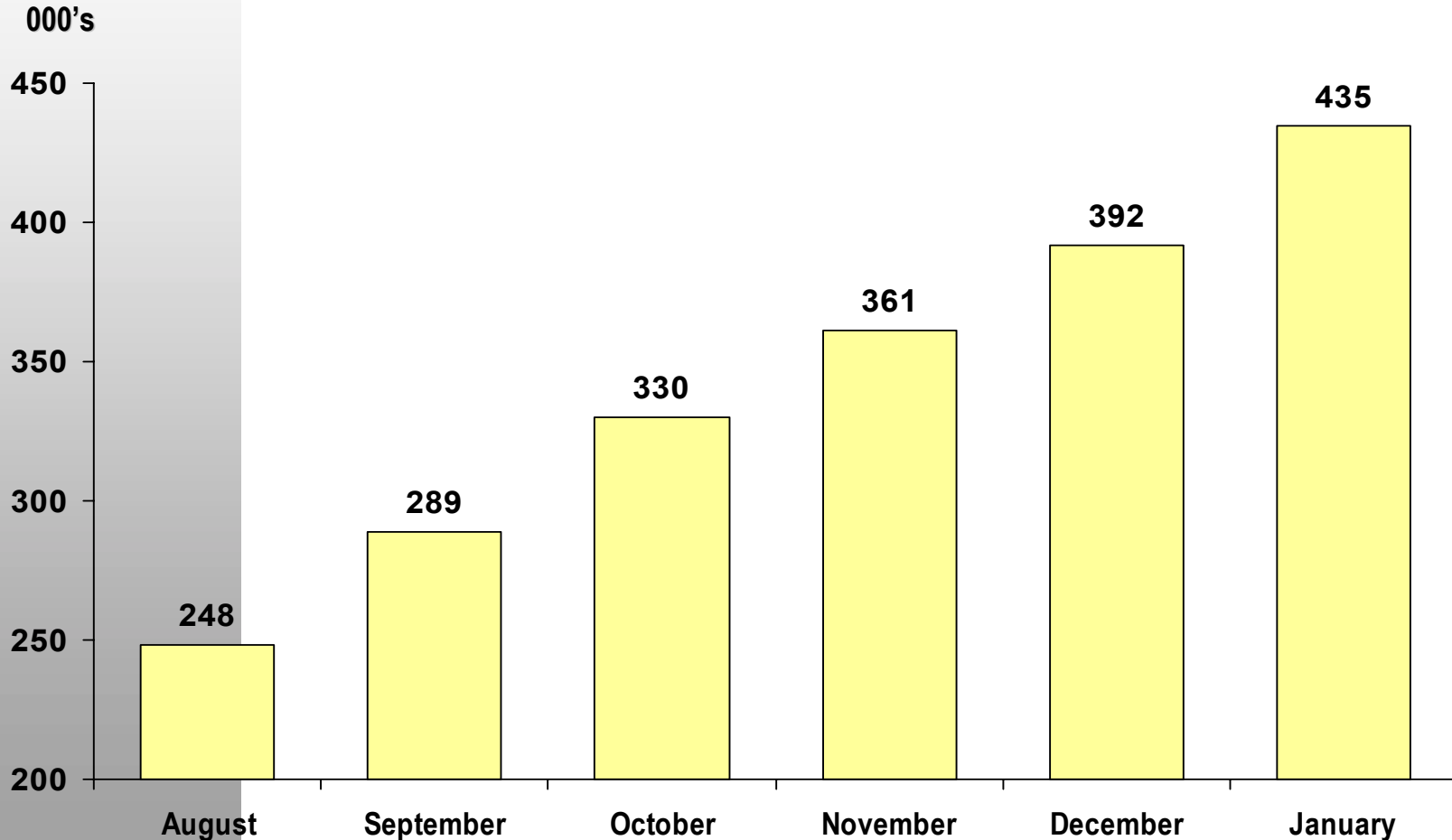


Leading Traffic Position



Membership Growth

Average growth of 8,500 per week



f2 - Profit & Loss

	\$m
Trading Revenue	27.5
Costs	(46.2)
EBITDA	(18.7)
Depreciation	(1.2)
EBIT	(19.9)

Summary

- ◆ Very strong result, with growth in publishing and operating leverage in the company
- ◆ Aggressive development of f2 in four key areas: directories, classifieds, finance and auctions
- ◆ Fairfax in a strong strategic position