

Fairfax Media

Half Year Results

FOR THE SIX MONTHS ENDED 30 DECEMBER 2007



FAIRFAX MEDIA HAS SUCCESSFULLY INTEGRATED THE BUSINESS ACROSS DIVERSE MEDIA PLATFORMS

David Kirk, Chief Executive Officer
Sankar Narayan, Chief Financial Officer

21 February 2008

RESULTS SUMMARY

→ Strong underlying like for like growth*

- Revenue up 5.7%
- EBITDA up 10.0%
- EBIT up 11.3%

→ Underlying earnings per share up 8.6% to 13.11 cents

→ Acquisitions delivering on expectations

- Rural Press assets recorded a good performance
- Integration synergies \$9.5m in first half and on track to deliver \$45m by FY09
- Trade Me growing strongly
- Southern Cross synergies starting to be realised

→ Interim dividend 10.0 cents per share, franked to 75%

RESULTS SUMMARY (Cont.)

Underlying like for like results (excluding Southern Cross and Southern Star acquisition)

	H1 FY08 (\$M)	H1 FY07 (\$M) Pro-forma Fairfax & Rural Press	% growth	Adjusted* % growth
Revenue	1,398.3	1,325.1	5.5	5.7
EBITDA	409.7	376.9	8.7	10.0
EBIT	357.0	325.2	9.8	11.3

Underlying results (including Southern Cross and Southern Star acquisition)

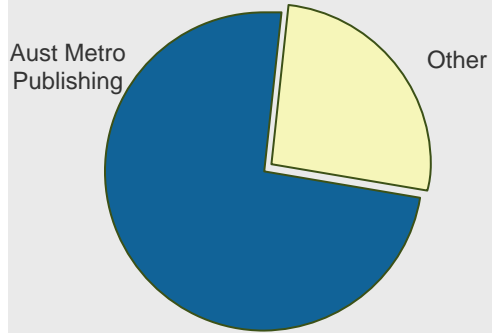
	H1 FY08 (\$M)	H1 FY07 (\$M) Pro-forma Fairfax & Rural Press	% growth	Adjusted* % growth
Revenue	1,439.7	1,325.1	8.6	8.6
EBITDA	418.4	376.9	11.0	12.3
EBIT	365.1	325.2	12.3	13.8

KEY DRIVERS OF RESULT

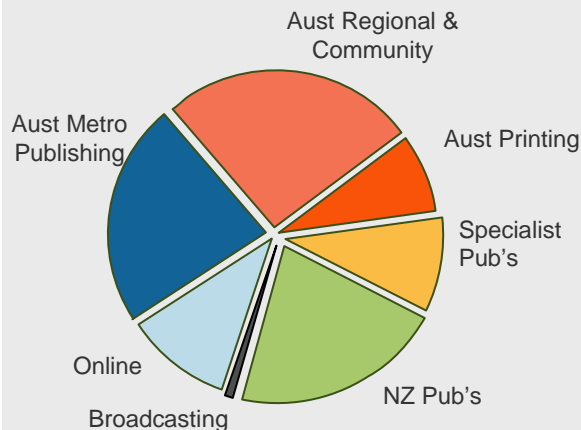
- Strong performance across Regional and Community publications
- Metropolitan results down as Sydney advertising markets still weak overall
- Fairfax Business Media strong revenue growth
- Agricultural performance stronger despite the drought
- New Zealand publishing returning to solid profit growth
- Fairfax Digital and Trade Me continue to grow powerfully
- Metro radio and TV production results for first eight weeks in line with expectations

DIVERSIFICATION AND GROWTH STRATEGIES ARE DELIVERING RESULTS

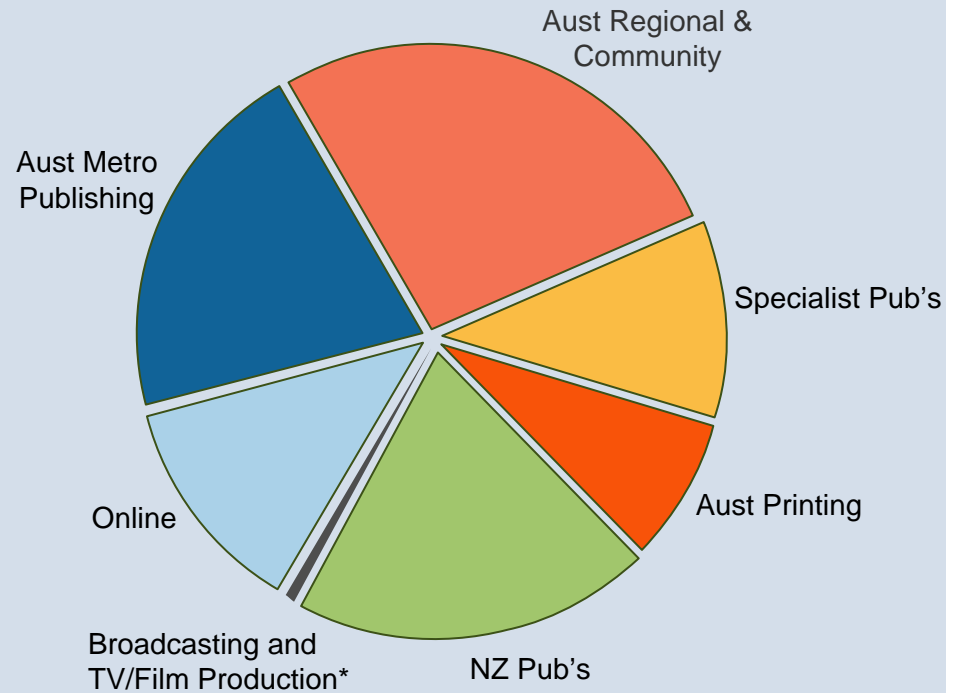
FY03 EBITDA



FY07 EBITDA



H1 FY08 EBITDA



* Includes only 2 months of Southern Cross and Southern Star trading for the period

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Operational Reviews



AUSTRALIAN PUBLISHING AND PRINTING

Underlying results				
	H1 FY08 (\$M)	H1 FY07 (\$M) Pro-forma Fairfax & Rural Press	% growth	Adjusted* % growth
Revenue	986.2	957.3	3.0	2.3
Costs	718.2	700.1	2.6	1.3
EBITDA	268.0	257.2	4.2	5.1
EBIT	225.6	212.5	6.2	7.4

→ Metropolitan and Magazines

- Overall results down primarily due to weaker advertising markets in Sydney
- Overall classified advertising volumes stronger with lower yields, particularly in motors and Sydney real estate
- Small growth in overall display

→ Regional and Community

- Regional results strong in favourable trading conditions
- Canberra advertising revenues up strongly

AUSTRALIAN PUBLISHING AND PRINTING (Cont.)

→ Printing

- Margins improving as integration benefits are achieved
- Plants in Wagga, Nowra and Warrnambool closed

→ Fairfax Business Media

- Revenue and profit strong
- Market conditions buoyant, particularly in national display and commercial real estate markets
- AFR.com successfully relaunched with strong growth in traffic

→ Australian Agricultural

- Revenues and profits higher in drought-affected market
- National, Local and Property stronger on good volume growth

STRONG CIRCULATION RESULTS

Circulation per Audit Bureau of Circulations	% change Dec 07 to Dec 06
Monday to Friday	
The Sydney Morning Herald	(0.5%)
The Age	1.0%
Canberra Times	1.4%
Australian Financial Review	2.3%
Saturday	
The Sydney Morning Herald	0.0%
The Age	0.2%
Canberra Times	(2.6%)
Australian Financial Review	3.6%
Sunday	
The Sun Herald	(2.0%)
The Sunday Age	5.6%
Canberra Times	2.4%

NEW ZEALAND PUBLISHING

→ Results

- Like for like EBITDA growth 7.8%*
- Reported Revenue growth of 3.9% to NZ\$301.8m
- Reported EBITDA growth of 5.1% to NZ\$94.9m

→ New Zealand returns to strong growth

→ Continued strength in real estate

→ Rebound in employment

→ Growth in display driven by retail, entertainment and travel

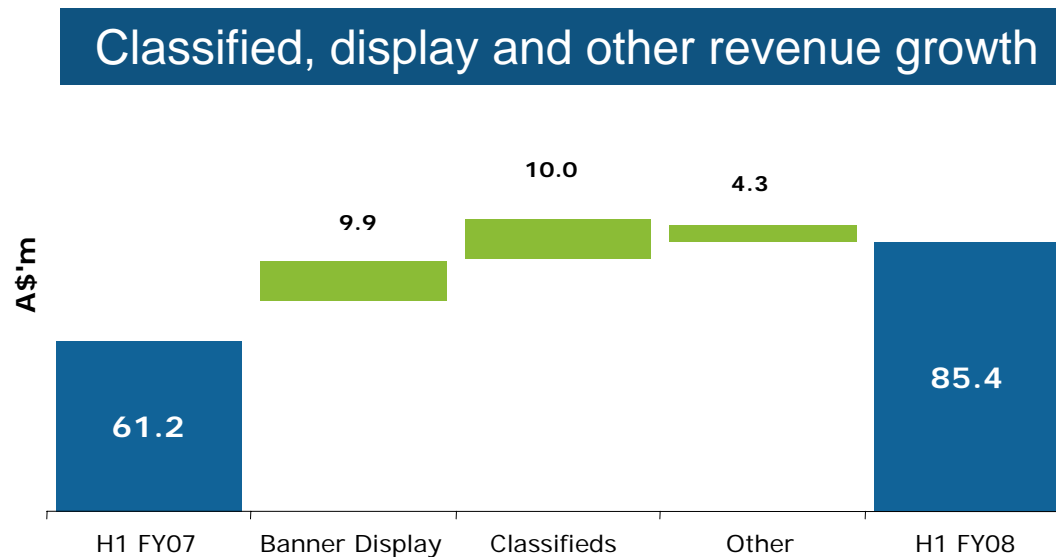
→ Labour cost performance strong offset by higher newsprint costs due primarily to 1 January 2007 price lift of 4.5%

AUSTRALIAN INTERNET

→ Results

- Revenue increased 39.5% to \$85.4m
- EBITDA increased 41.2% to \$24.0m

→ EBITDA margin at 28.1% in line with last year as growth investments continue.



AUSTRALIAN INTERNET (Cont.)

- Strong growth in display and classifieds – greater than 40% in both
- Transaction revenue key focus and growing strongly, up over 30%
- Major focus on inventory and yield management
- New initiatives implemented:
 - Financial services:
 - InvestSmart and Direct Access merger
 - Motoring:
 - Drive and Carsguide distribution agreement

TRADE ME

- EBITDA increased 39.9% to NZ\$32.6m
- Continues to exceed pre-acquisition targets with additional earn-out expected to be paid in July 2008
- Maintains leadership in NZ internet market
 - #1 auctions, listings up 36%
 - #1 real estate, listings up 84%
 - #1 cars, listings up 25%
 - #2 employment and growing strongly, listings up 60%

BROADCASTING AND PRODUCTION

→ Regional Radio

- Revenue increased 14.5% to \$6.3m
- EBITDA increased 46.2% to \$1.9m
- Market conditions have improved and expected to remain positive
- Divestment of Ipswich station in progress

→ Metropolitan Radio/Southern Star

- Contributed revenues of \$41.4m and EBITDA of \$8.7m for the approximate two months to 30 December 2007
- Integration
 - Back office (ie finance and accounting) savings in place with move to centralised finance centre at North Richmond, NSW substantially completed
 - Cost restructuring at 2UE has commenced
 - Rebranded as Fairfax News Network and cross promotions initiated

AGRICULTURAL PUBLISHING - USA

→ Results (US\$)

- Revenues up 8.4% to US\$18.3M
- EBITDA up 20.0% to US\$3.9M

→ Strong gains being achieved in revenues, earnings and market share

→ Marketplace remains competitive

Fairfax Media

Group Financials

Sankar Narayan
Chief Financial Officer



UNDERLYING TRADING PERFORMANCE

A\$m	As Reported			Adjustments		Underlying Trading Performance		
	H1 FY08 \$'m	H1 FY07 \$'m	Var %	H1 FY08 \$'m	H1 FY07 \$'m	H1 FY08 \$'m	H1 FY07 \$'m	Var %
Revenue	1437.7	1030.9	39.5		(13.2)	1437.7	1,017.7	41.3
Associate profits	2.0	0.2	953.0	-	-	2.0	0.2	953.0
Costs	1,033.6	747.2	(38.3)	(12.3)	-	1,021.3	747.2	(36.7)
EBITDA	406.1	283.9	43.1	12.3	(13.2)	418.4	270.6	54.6
Depreciation	53.3	41.5	(28.4)	-	-	53.3	41.5	(28.4)
EBIT	352.8	242.4	45.6	12.3	(13.2)	365.1	229.2	59.3

UNDERLYING TRADING PERFORMANCE (Cont.)

A\$m	As Reported			Adjustments		Underlying Trading Performance		
	H1 FY08 \$'m	H1 FY07 \$'m	Var %	H1 FY08 \$'m	H1 FY07 \$'m	H1 FY08 \$'m	H1 FY07 \$'m	Var %
EBIT	352.8	242.4	45.6	12.3	(13.2)	365.1	229.2	59.3
Net Interest	84.2	51.7	(62.9)	-	-	84.2	51.7	(62.9)
Profit before tax	268.6	190.7	40.9	12.3	(13.2)	280.9	177.5	58.3
Tax	72.3	48.1	(50.2)	3.7	-	76.0	48.1	(57.9)
Net Profit	196.3	142.5	37.7	8.6	(13.2)	204.9	129.3	58.4
Outside equity interest	0.3	0.4	16.4	-	-	0.3	0.4	16.4
Net Profit after tax	196.0	142.2	37.8	8.6	(13.2)	204.6	129.0	58.7
SPS Dividend (net of tax)	8.3	7.5				8.3	7.5	
Net Profit after tax and SPS	187.7	134.6	39.4	8.6	(13.2)	196.3	121.4	61.7
WANOS	1497.6	1005.7	48.9			1497.6	1005.7	48.9
Earnings per share (cents)	12.53	13.38	(6.3)			13.11	12.07	8.6

SIGNIFICANT AND NON-RECURRING ITEMS

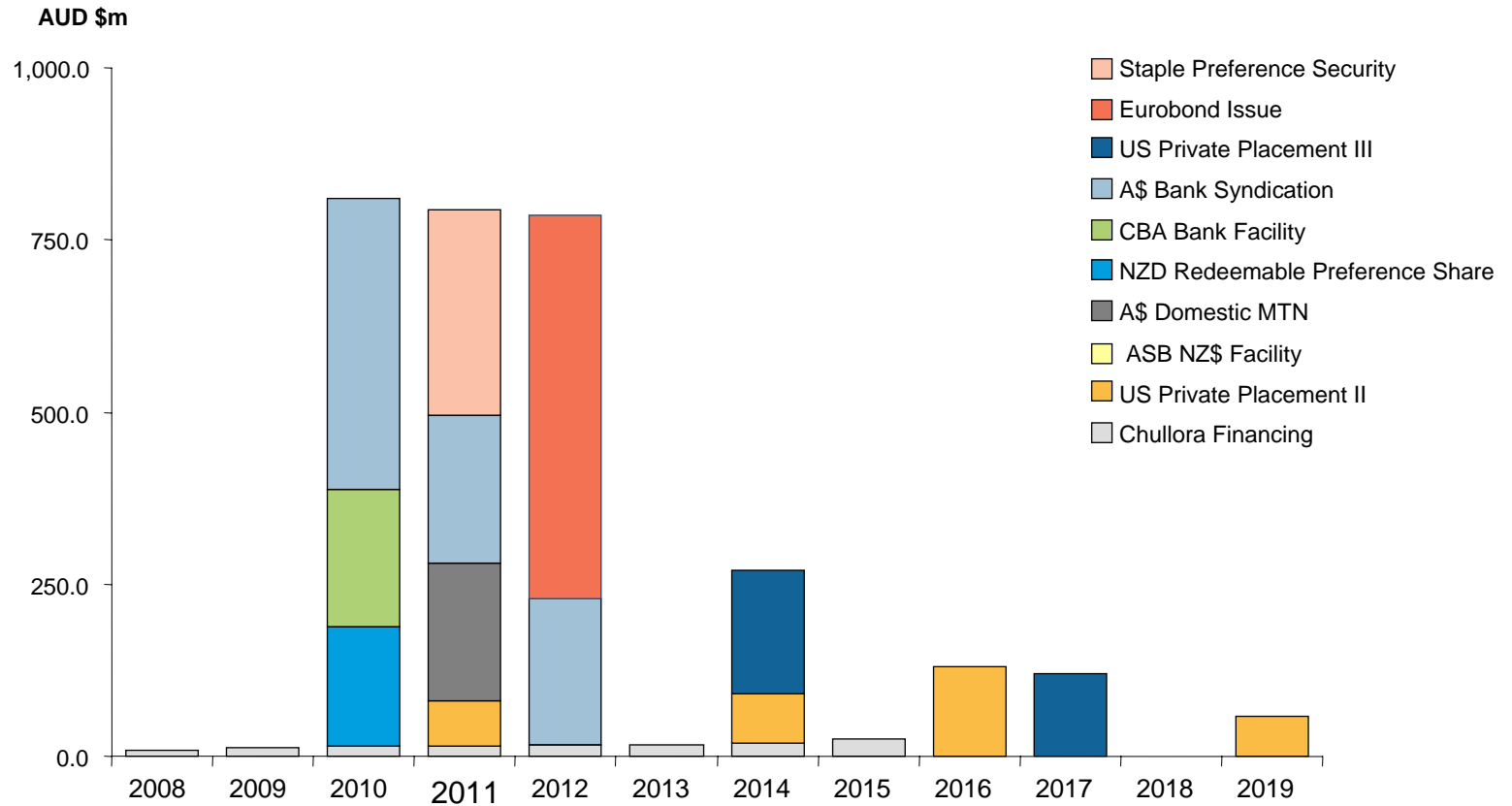
\$'m	H1 FY08	H1 FY07
Property - Comprising:		
Property costs associated with the relocation from Darling Park to the new facility at One Darling Island, Pyrmont	(2.1)	-
Income tax benefit	0.6	-
Property Loss, net of tax	(1.5)	-
Investments - Comprising:		
Profit on sale of investment in Carsales.com.au Limited	-	13.2
Income tax benefit	-	-
Investment gain, net of tax	-	13.2
Restructuring and redundancy- Comprising:		
Restructuring and redundancy charges	(10.2)	-
Income tax benefit	3.1	-
Restructuring and redundancy, net of tax	(7.1)	-
Net significant and non-recurring items after income tax expense	(8.6)	13.2

CASH FLOW

	Dec 07 \$'m	Dec 06 \$'m
Cash flows from operating activities	211.1	191.4
PP&E Additions	(51.0)	(36.8)
SPS Dividend	(12.4)	(13.1)
Operating cashflow post net PP&E and SPS Dividends (Free cashflow)	147.8	141.4
Acquisitions	(555.2)	(150.4)
Proceeds from sale of investments and PP&E	0.0	21.9
Ordinary dividends paid	(91.8)	(68.2)
Net debt increase/(reduction)	152.5	106.5
Net (increase)/reduction in cash	254.9	(51.2)
Proceeds from issue of shares	91.8	0.0
Net investing and financing activities	(147.8)	(141.4)

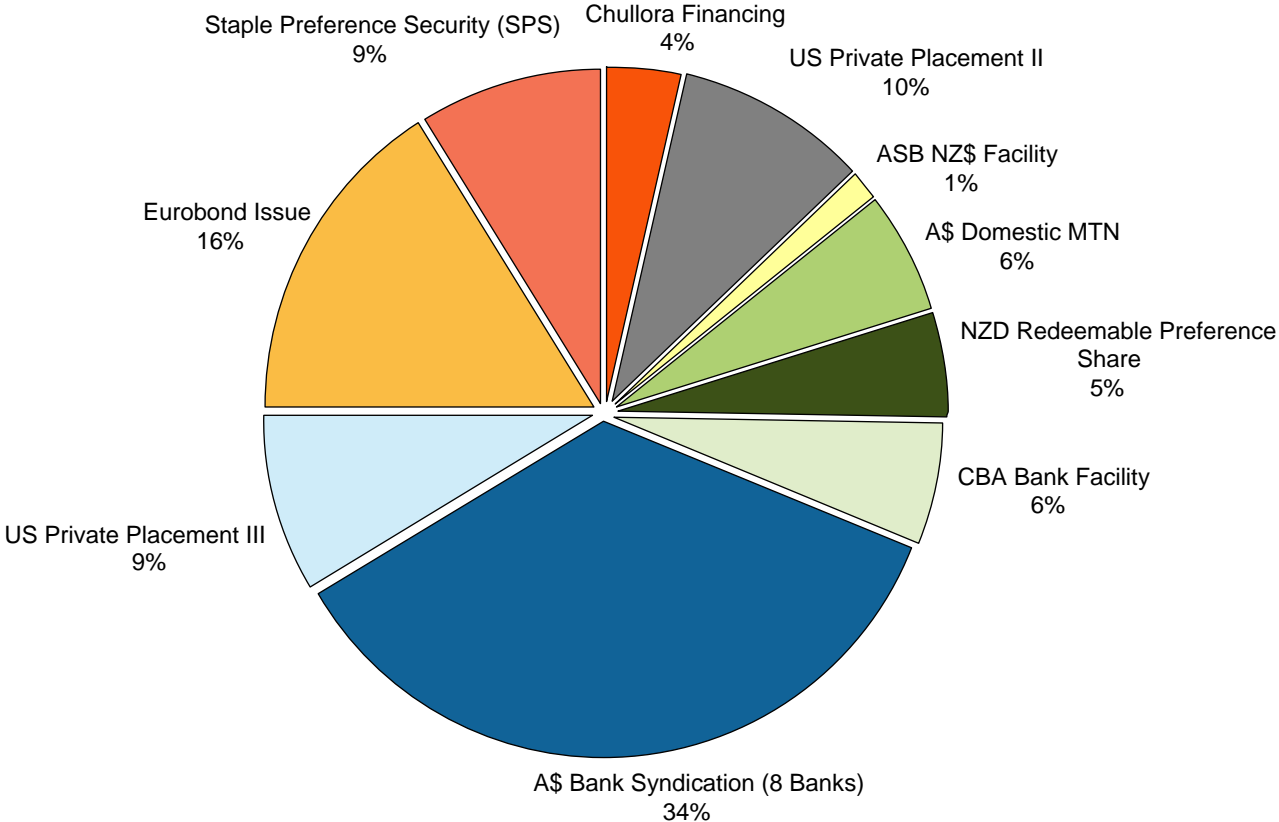
DEBT STRUCTURE: MATURITY

Drawn Committed Facilities Maturity Profile incl SPS



DEBT STRUCTURE: SOURCES OF DEBT

Source of Committed Debt Facilities



Fairfax Media

Conclusion

David Kirk
Chief Executive Officer



FROM METRO PUBLISHER TO LEADING MULTI-MEDIA COMPANY

- Unrivalled capability in digital content origination and aggregation
- Powerful multimedia brands extending audience reach
- Distributing and promoting content across multiple platforms
- Proven new media revenue models
- Strongly positioned for changing technologies and media consumption habits



**DRIVING
SUSTAINED
EARNINGS PER
SHARE GROWTH**