

Fairfax

Full year results

For the year ended 30 June 2005

Agenda

Highlights

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Financial Performance

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Business Reviews

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Summary

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Outlook

Highlights

- Diverse portfolio of assets underpins record profits in mixed economic and competitive environments
- Benefits of capital investments and acquisitions being realised
- New revenue generating initiatives
- Continuing tight cost control

Highlights (continued)

Substantial increases, year on year in

– Underlying Profit

- EPS up 19.2% to 25.5 cents
- NPAT (post PRESSES) up 23.7% to \$234.1m
- EBIT up 15.6% to \$425.8m

– Cashflow

- Free cashflow up 77% to \$277.1m
- Free cashflow per share up 70.6% to 30.2 cents

– Dividends

- 11.0 cents Final Dividend
- 5.0 cents Special Dividend
- Total for FY2005 of 23.5 cents up 42.4%

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Group Financial Performance

Mr Sankar Narayan
Chief Financial Officer

Strong underlying EBIT growth of 16%

	Underlying Trading Performance			Adjustments		As reported		
A\$m	FY05 \$'m	FY04 \$'m	Var %	FY05 \$'m	FY04 \$'m	FY05 \$'m	FY04 \$'m	Var %
Revenue	1,873.4	1,770.7	5.8	11.0	2.7	1,884.4	1,773.4	6.3
Associate profits	2.9	1.4	106.5			2.9	1.4	106.5
Costs	1,368.1	1,318.6	(3.8)	7.0	23.2	1,375.0	1,341.8	(2.5)
EBITDA	508.2	453.5	12.1	4.0	(20.5)	512.3	433.0	18.3
Depreciation	82.4	85.3	3.4	-	-	82.4	85.3	3.4
EBIT	425.8	368.2	15.6	4.0	(20.5)	429.8	347.7	23.6

EPS growth of 19%

	Underlying Trading Performance			Adjustments		As reported		
A\$m	FY05 \$'m	FY04 \$'m	Var %	FY05 \$'m	FY04 \$'m	FY05 \$'m	FY04 \$'m	Var %
EBIT	425.8	368.2	15.6	4.0	(20.5)	429.8	347.7	23.6
Interest	78.4	71.9	9.0			78.4	71.9	9.0
Profit before tax	347.4	296.3	17.2	4.0	(20.5)	351.4	276.0	27.3
Tax	94.1	87.9	(7.1)	(3.0)	(88.9)	91.1	(1.0)	-
Net Profit	253.3	208.4	21.5	7.0	68.4	260.3	276.8	(5.9)
Outside equity interest	(0.6)	(0.8)	20.8			(0.6)	(0.8)	20.8
Net Profit after tax	252.6	207.6	21.7	7.0	68.4	259.7	276.0	(5.9)
PRESSES Dividend	18.5	18.4	0.5			18.5	18.4	0.5
Net Profit after tax (post PRESSES)	234.1	189.2	23.7	7.0	68.4	241.1	257.6	(6.4)
WANOS	919.0	886.3	3.7			919.0	886.3	3.7
Earnings per share (cents)	25.47	21.36	19.2			26.24	29.07	(9.7)

Net debt reduced by \$158m

Balance Sheet		
A\$m	FY05	FY04
	\$'m	\$'m
Intangibles	2,337.1	2,314.9
Property, plant and equipment	734.3	780.4
Investments & financial assets	23.8	32.7
Receivables	292.8	273.9
Inventories	30.2	42.1
Other assets	53.8	59.1
Net borrowings	(931.8)	(1,089.5)
Other liabilities	(331.1)	(344.8)
Net assets	2,209.2	2,068.7

Free cashflow increased 77%

	FY 05 \$'m	FY 04 \$'m
Cash flows from operating activities	343.8	218.7
Capital Expenditure	(48.2)	(43.7)
PRESSES Dividend	(18.5)	(18.4)
Operating cashflow post Capital Expenditure and PRESSES (Free cashflow)	277.1	156.6
Acquisitions	(23.3)	(66.5)
Proceeds from sale of investments and PP&E	11.0	5.7
Ordinary dividends paid	(102.6)	(64.9)
Net debt reduction	(157.8)	(105.6)
Other movements (net)	(4.8)	(1.5)
Proceeds from issue of shares	0.4	76.2
Net investing and financing activities	(277.1)	(156.6)
Free cashflow per share	30.2 cents	17.7 cents

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Business financial performance

**Australia
Publishing
Digital**

New Zealand

**Mr Sankar Narayan
Chief Financial Officer**

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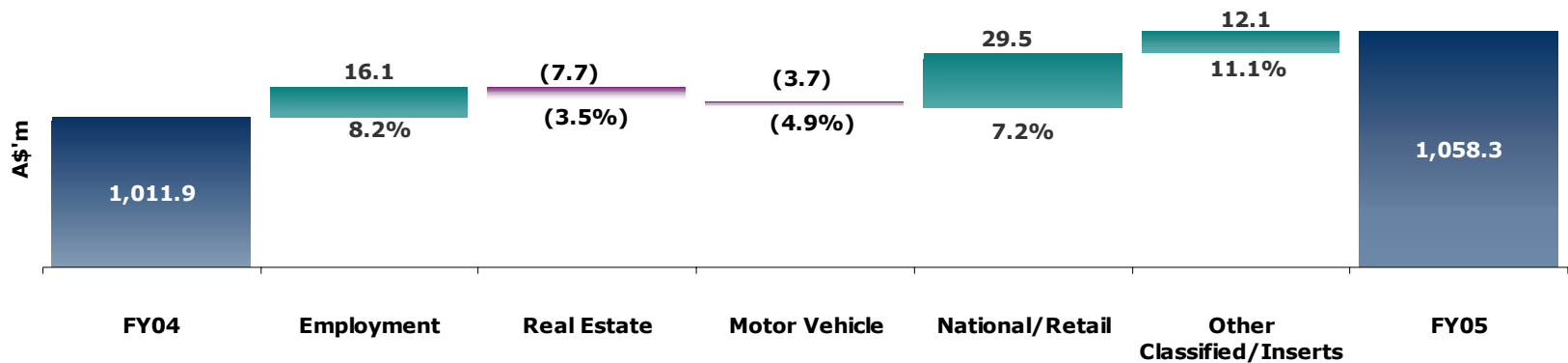
Australian Publishing

EBIT growth of 7.3% with margin improvement

A\$m	FY05 \$'m	FY04 \$'m	Var \$'m	Var %
Advertising	1058.3	1011.9	46.4	4.6%
Other revenues	238.2	238.7	(0.4)	(0.2%)
Total revenue	1296.5	1250.6	45.9	3.7%
Costs	971.6	945.6	(26.1)	(2.8%)
EBITDA	324.9	305.1	19.8	6.5%
Depreciation	70.5	68.0	(2.5)	(3.7%)
EBIT	254.4	237.1	17.3	7.3%
EBITDA margin	25.1%	24.4%		
EBIT margin	19.6%	19.0%		

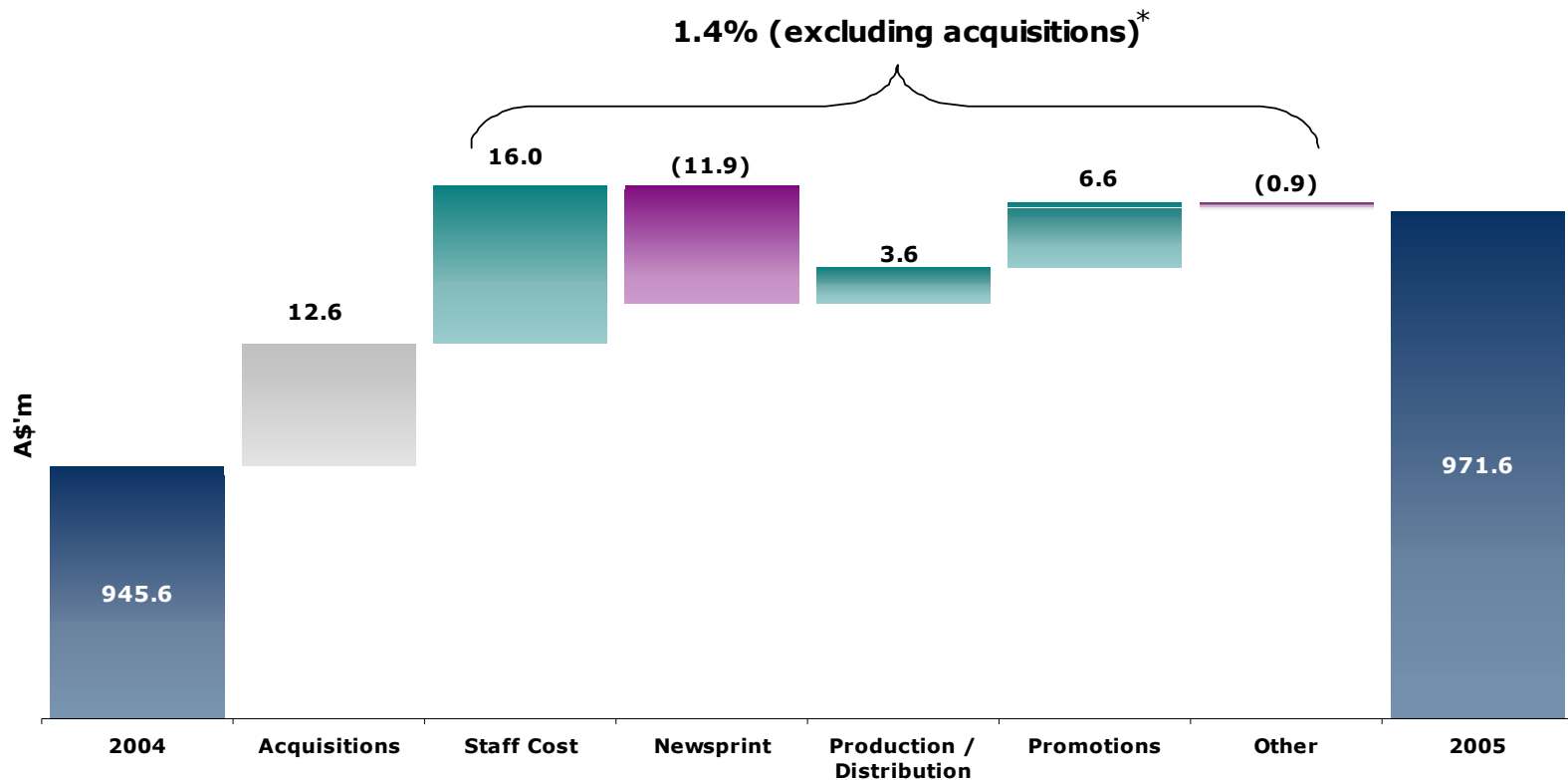
Australian publishing advertising revenue driven by employment and national/retail

Publishing Advertising FY05 v FY04



Australian publishing costs remain firmly under control

Underlying Publishing Cost FY05 v FY04



* Includes termination and restructuring costs

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Fairfax Digital

Digital revenue and margins increased substantially

A\$m	FY05 \$'m	FY04 \$'m	Var \$'m	Var %
Revenue	54.9	39.7	15.2	38.2%
Costs	48.3	36.8	(11.5)	(31.3%)
EBITDA	6.6	2.9	3.7	126.2%
Depreciation	2.0	4.9	2.9	59.3%
EBIT	4.6	(2.0)	6.6	
EBITDA Margins	12.0%	7.3%		
EBIT Margins	8.3%	(5.0%)		

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New Zealand

NZ profit growth driven by advertising revenue growth and margin expansion

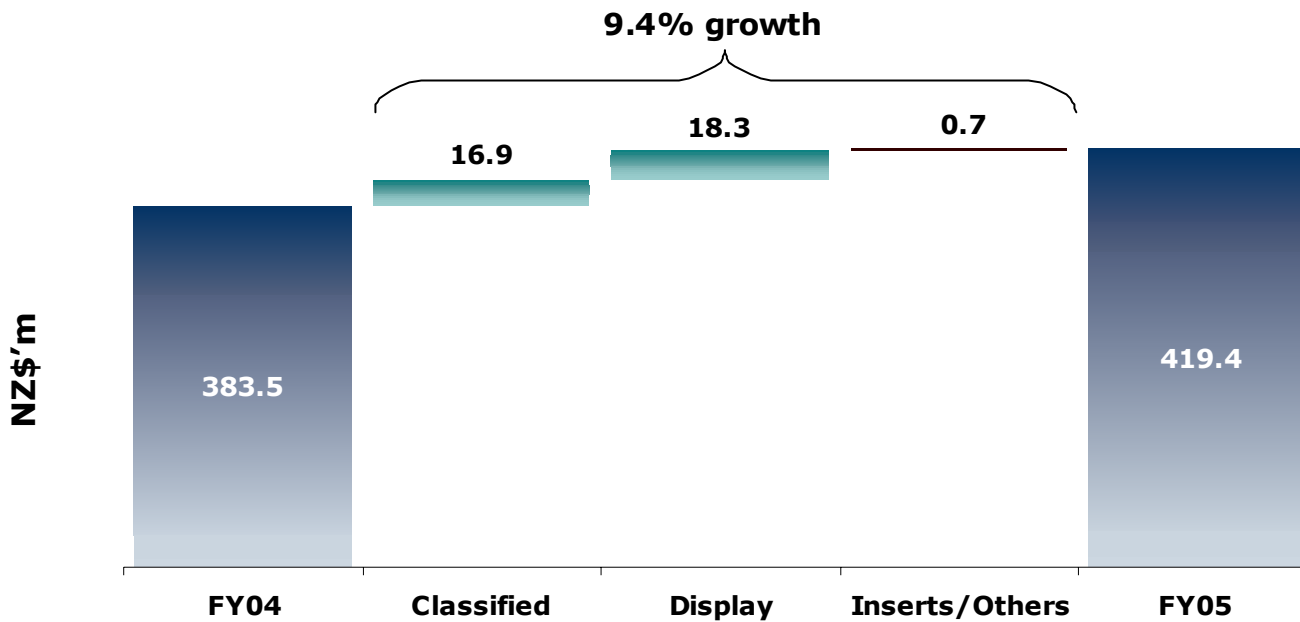
NZ\$m	FY05 \$'m	FY04 \$'m	Var \$'m	Var %
Advertising	419.4	383.5	35.9	9.4%
Other revenues	148.3	163.7	(15.4)	(9.4%)
Total revenue	567.7	547.2	20.5	3.8%
Costs	376.8	381.7	4.9	1.3%
EBITDA	190.9	165.5	25.4	15.3%
Depreciation	10.8	14.3	3.5	24.5%
EBIT	180.1	151.2	28.9	19.1%
EBITDA margin	33.6%	30.2%		
EBIT margin	31.7%	27.6%		

Note:

- Excludes profit on sale of Gordon & Gotch. NZ \$4.4m (exchange rate of A\$1 to NZ\$1.08)
- FY05 excludes and FY04 includes the operating activities of Gordon & Gotch

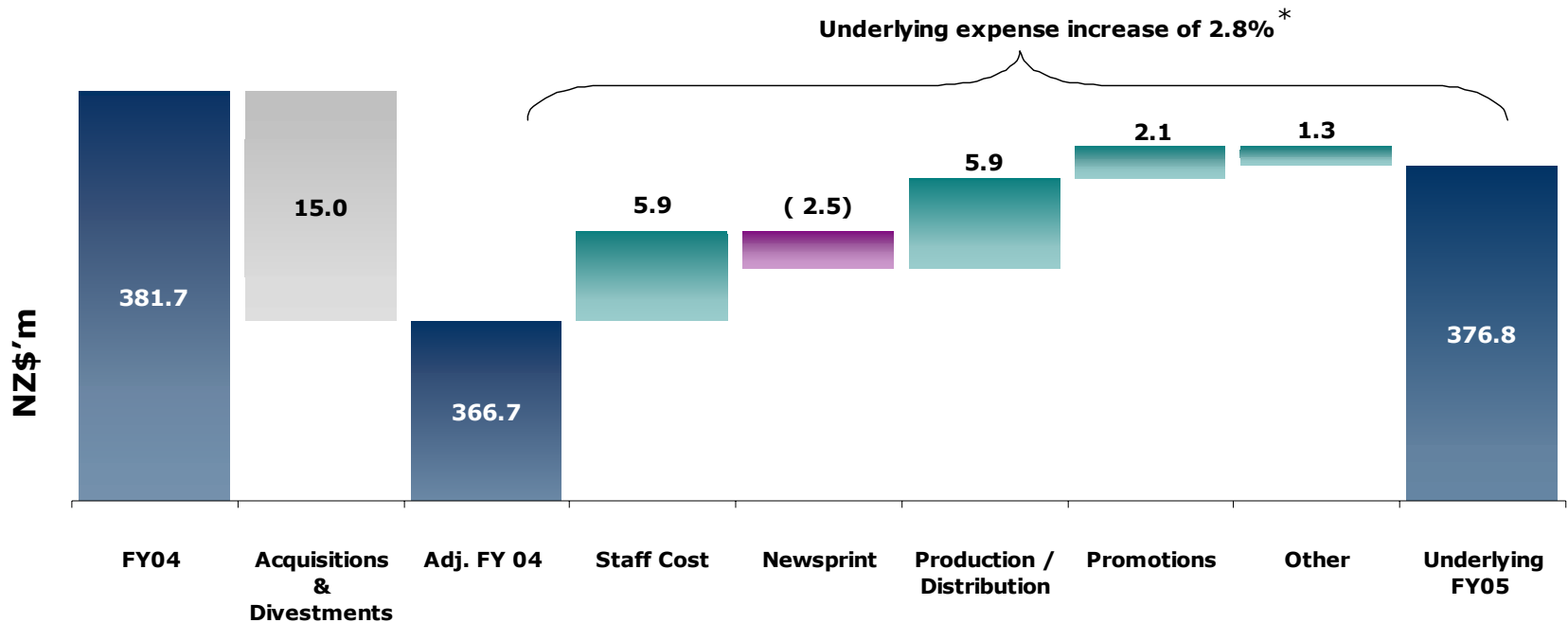
All sectors contributed to NZ advertising revenue gains

NZ Net Advertising by Category FY05 vs FY04



Tight cost management maintained

NZ Costs FY05 vs FY04



*Includes new initiatives Auckland Max and Sunday Magazine

International Financial Reporting Standards

- Small improvement to profit & loss (post PRESSES)
- Minor impact on net assets – total \$44.4m
 - De-recognition of internally generated mastheads \$6.3m
 - Masthead impairment adjustment \$17.7m
 - Deferred tax liability recognition on masthead values and other assets \$34.9m
- PRESSES of \$250m will be reclassified as debt from 1 July 2005 and dividend reclassified as interest (EPS neutral)
- First full year of results under IFRS will be year ending 30 June 2006
- IFRS will not impact cash flows, business operations, bank covenants, strategy or risk profile

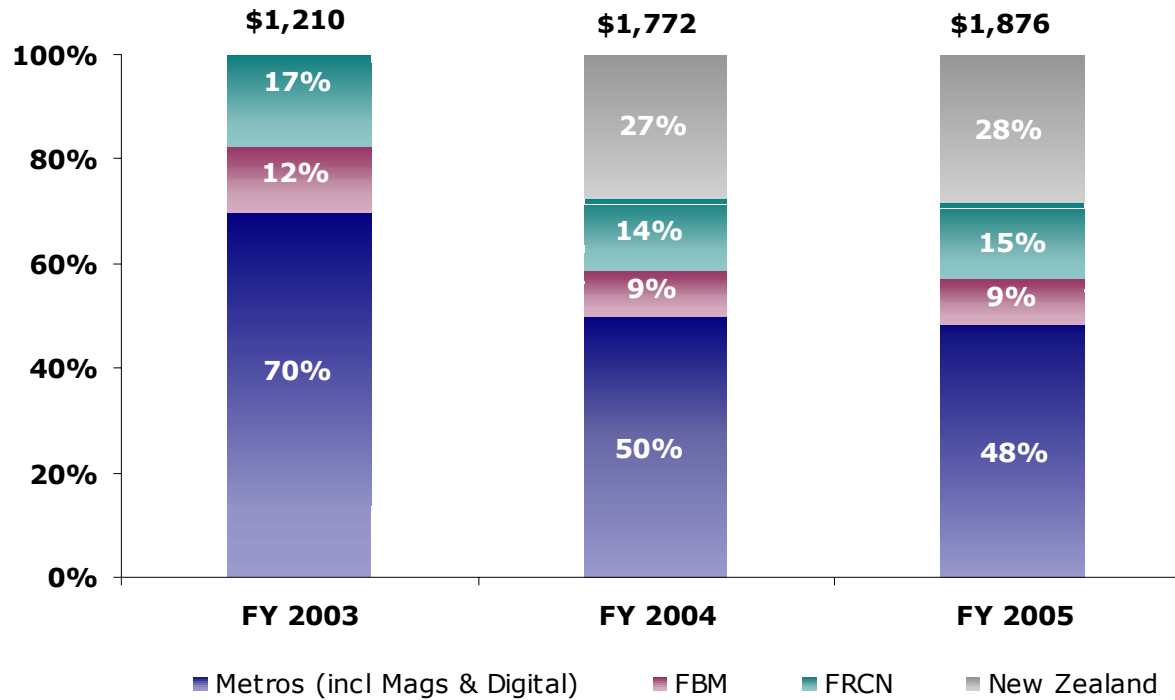
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Business Reviews

Mr Fred Hilmer
Chief Executive Officer

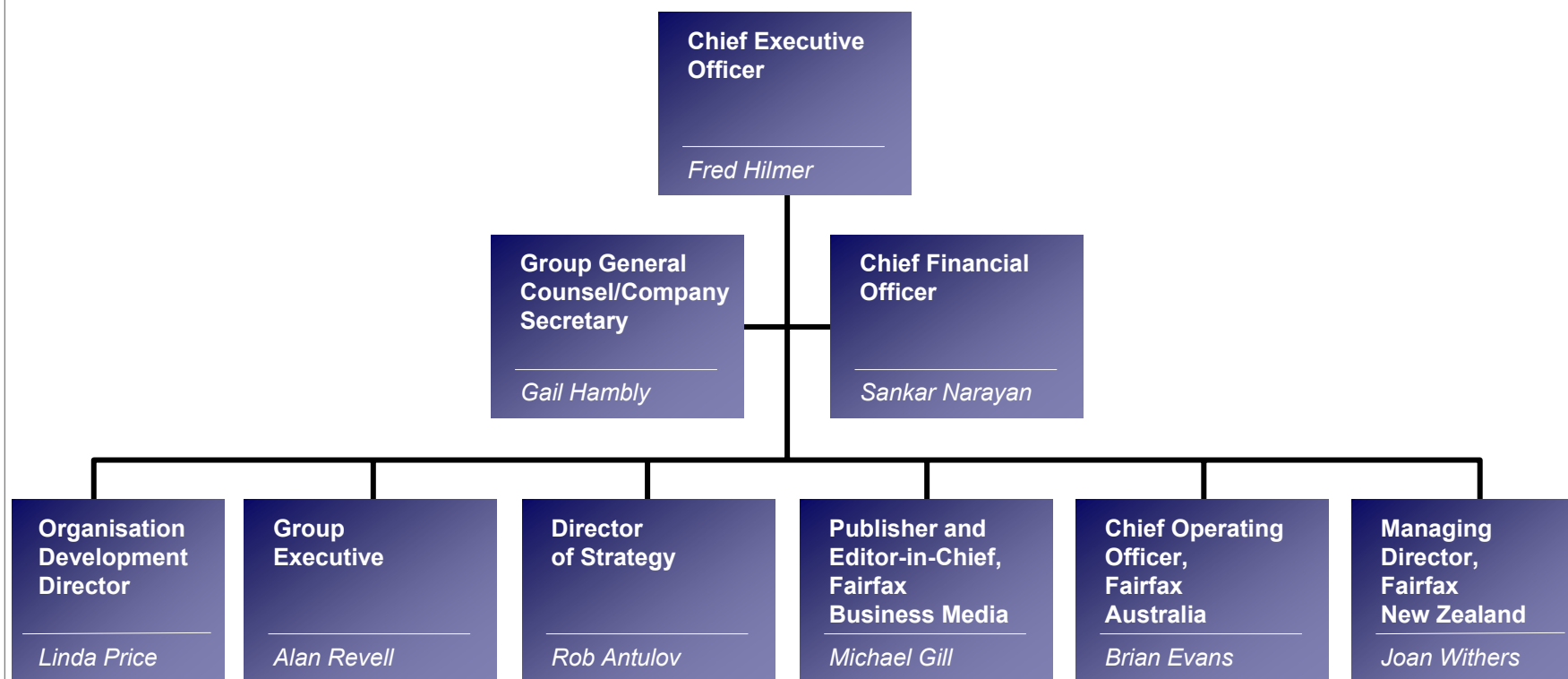
Revenue base continues to broaden

Revenue Mix



Note: Percentage split on total revenue by business units

New management structure in place



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Operational Review

Fred Hilmer
Chief Executive Officer

Metropolitan newspapers

- Revenue and profit up slightly
- Ensure franchise quality
- Continue tight cost management
- Revenue growth via initiatives
- Building capabilities in our people



Australian circulation decline is slowing

Year on Year change in circulation

Change from	% Change	
	Jul-Dec 03 v Jul-Dec 04	Jan-Jun 04 v Jan-June 05
Monday to Friday		
The Australian Financial Review	(3.6%)	(0.1%)
The Sydney Morning Herald	(3.5%)	(2.9%)
The Age	(0.4%)	(2.5%)
Saturday		
The Australian Financial Review	(5.9%)	1.9%
The Sydney Morning Herald	(5.4%)	(3.5%)
The Age	(4.2%)	(2.2%)
Sunday		
The Sun Herald	(2.3%)	(2.0%)
The Sunday Age	(0.7%)	2.8%

Readership remains strong

Readership Marketshare at June 05

Marketshare comparison is against equivalent News Ltd publication

	Total Readership** July 04 - June 05		AB Readership** July 04 - June 05	
	Share	Change	Share	Change
Monday to Friday				
The Sydney Morning Herald	42.5%	(0.5%)	64.8%	0.6%
The Age	32.1%	0.9%	54.3%	1.3%
Saturday				
The Sydney Morning Herald	55.1%	(3.3%)	75.8%	(2.4%)
The Age	41.2%	0.5%	63.6%	0.3%
Sunday				
The Sun Herald	42.9%	(1.4%)	56.1%	(0.0%)
The Sunday Age	29.2%	(0.3%)	52.5%	(0.9%)

** Roy Morgan Readership June 05

Regional and Community Newspapers

- Revenue and profit growth continued
- Expanded footprint in NSW and VIC with 8 new publications launched
- The regional market remains strong
- Suburban titles affected by real estate downturn



Fairfax Business Media

- Strong revenue and profit growth
- Employment position strong
- Number of new initiatives
 - Magazine reorganisation
 - AFR desktop
- Performing better than any of its global peers



Fairfax New Zealand

- Excellent results with revenues and profits up strongly
- Business improvements continuing across all Mastheads
- Further gains achieved in Auckland suburban market
- Circulation generally stable: Sunday Star Times remains over 200K despite new competition
- Joan Withers appointment as Fairfax New Zealand CEO



Fairfax Digital

- Strong revenue and profit growth
- Revenues increased across all categories
- RSVP acquisition performing well and will add at least \$4m EBITDA in 2006
- Well placed for future growth

drive.com.au

FINANCIAL REVIEW *afr.com* →

smh.com.au

RSVP

domain.com.au

mycareer.com.au

THE AGE
theage.com.au

Summary

- Substantial increases year on year in all the major financial measures
- Diverse portfolio of assets underpins record profits in mixed economic and competitive environments
- Benefits of capital investments and acquisitions being realised
- New revenue generating initiatives
- Continuing tight cost control

Outlook

While it is too early in the half to provide meaningful guidance, advertising revenue growth is continuing. The Company expects further earnings growth this half, the level of which will depend on the vitality of overall trading conditions. Further comment will be provided at the Annual General Meeting on 18 November 2005.

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Appendices

Australian Publishing

- P&L – FY05 H2 vs FY04 H2
- Advertising revenue – FY05 H2 vs FY04 H2
- Costs – FY05 H2 vs FY04 H2
- Display volumes FY
- Classified volumes FY

New Zealand

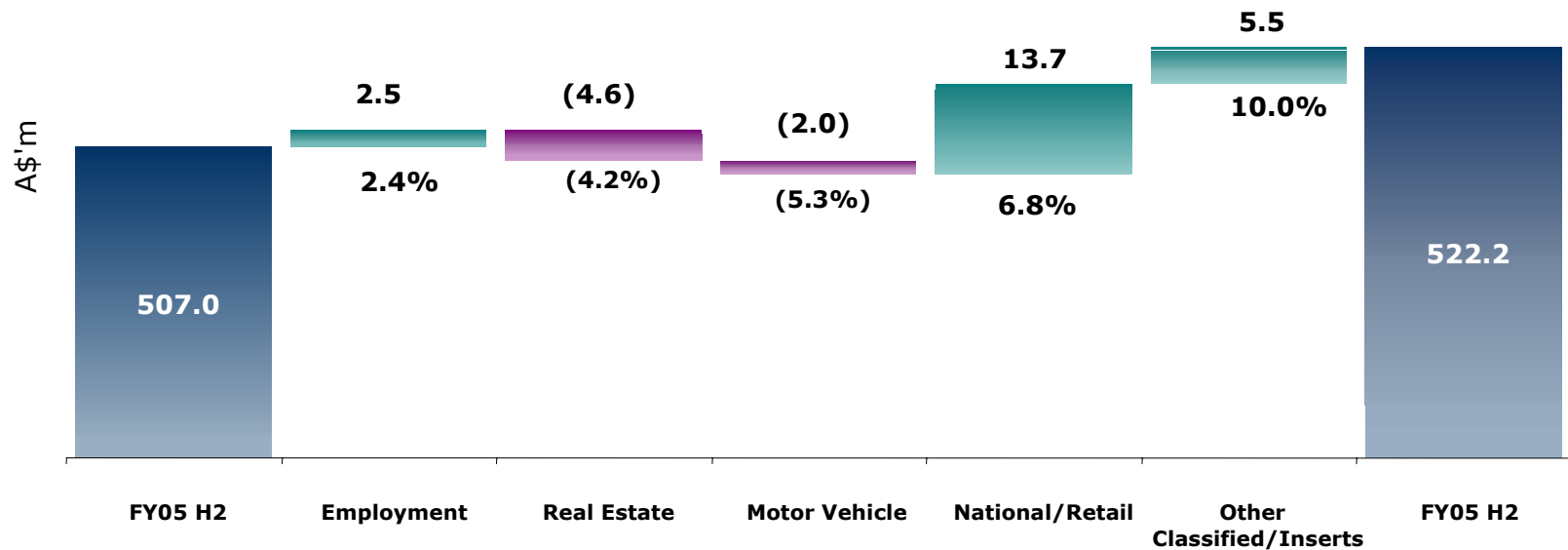
- P&L - FY05 H2 vs FY04 H2
- Advertising revenue – FY05 H2 vs FY04 H2
- Costs – FY05 H2 vs FY04 H2

Australian Publishing FY05 H2 vs FY04 H2 performance

A\$m	FY05 H2	FY04 H2	Var	Var
	\$'m	\$'m	\$'m	%
Advertising	522.2	507.0	15.2	3.0%
Other revenues	122.0	122.0	0.0	0.0%
Total revenue	644.2	629.0	15.2	2.4%
Costs	484.8	475.5	(9.4)	(2.0%)
EBITDA	159.4	153.6	5.8	3.8%
Depreciation	34.4	36.3	1.8	5.0%
EBIT	125.0	117.3	7.7	6.5%
EBITDA margin	24.7%	24.4%		
EBIT margin	19.4%	18.6%		

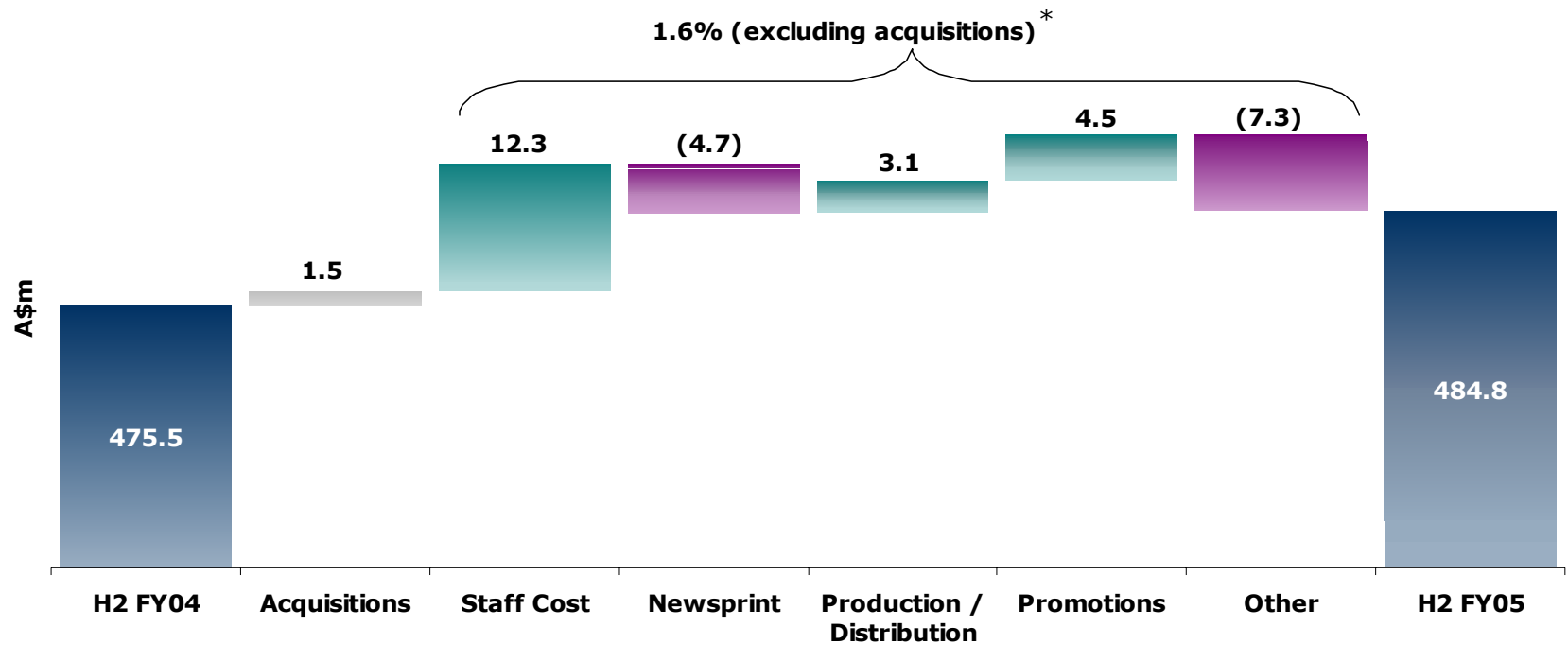
Australian publishing – advertising revenue growth in FY05 H2 vs FY04 H2

Publishing Advertising FY05 H2 vs FY04 H2



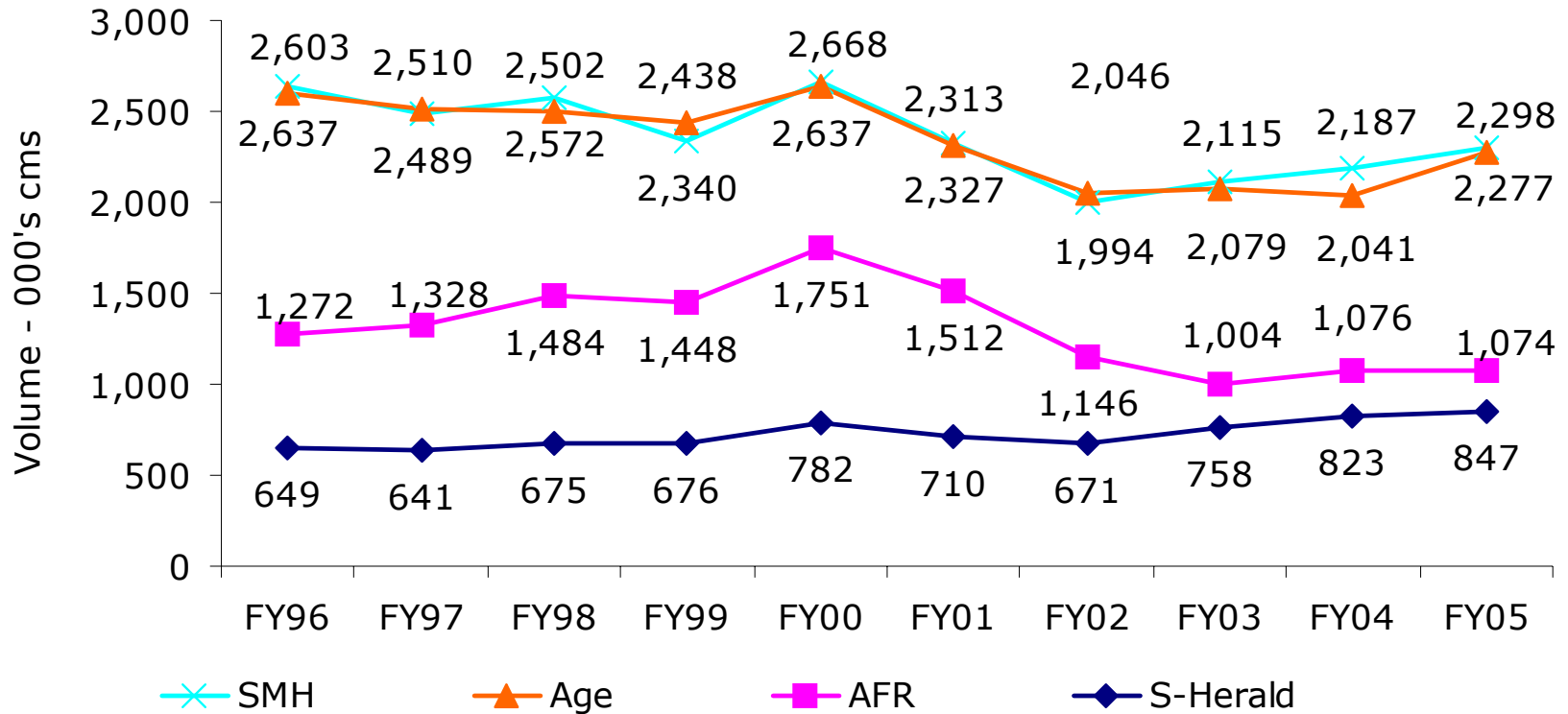
Australian publishing – cost movements FY05 H2 vs FY04 H2

Underlying Publishing Cost FY05 H2 v FY04 H2

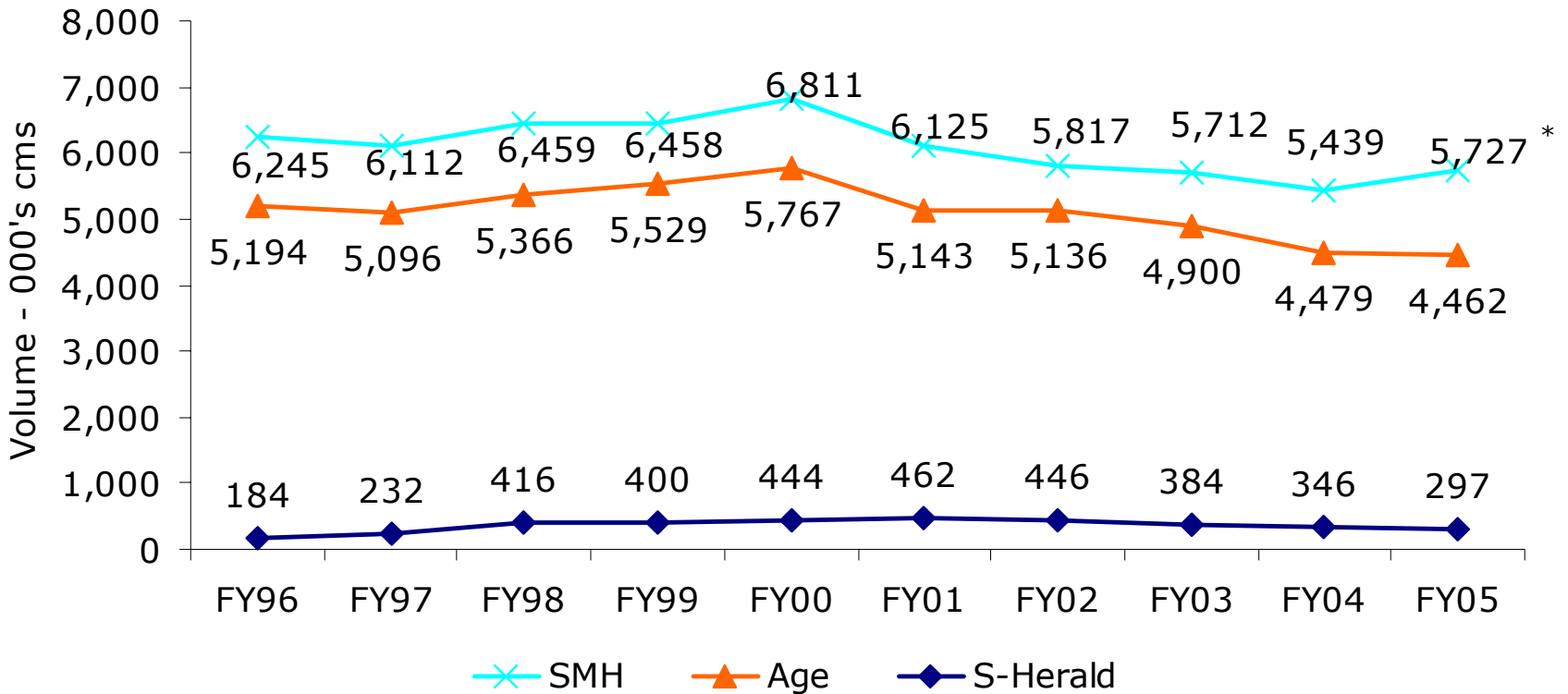


* Includes termination and restructuring costs

Australian publishing – display volumes FY



Australian Publishing – classified volumes FY



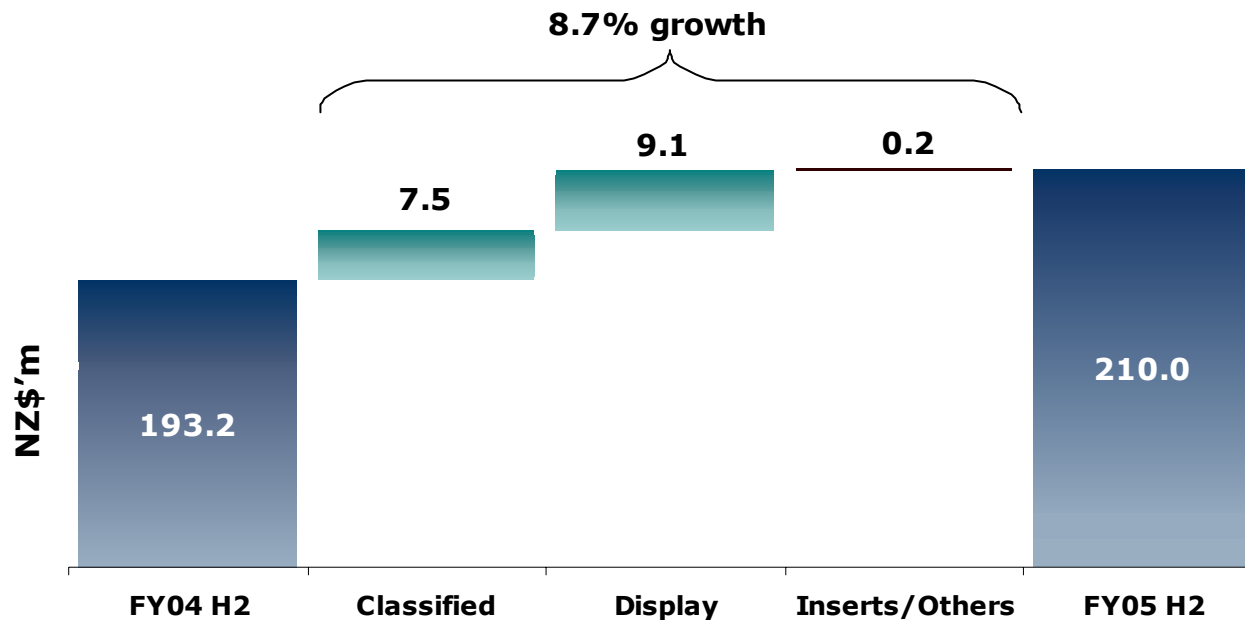
*Includes average volumes from Domain North and East

New Zealand – FY05 H2 vs FY04 H2 performance

NZ\$m	FY05 H2	FY04 H2	Variance	Variance
	\$'m	\$'m	\$'m	%
Advertising revenue	210.0	193.2	16.8	8.7%
Other revenue	75.8	81.0	(5.2)	(6.4%)
Total revenue	285.8	274.2	11.6	4.2%
Costs	190.2	187.3	(2.9)	1.5%
EBITDA	95.6	86.9	8.7	10.0%
Depreciation	5.7	7.3	(1.6)	(21.9%)
EBIT	89.9	79.6	10.3	12.9%
EBITDA margin	33.4%	31.7%		
EBIT margin	31.5%	29.0%		

New Zealand – advertising revenue growth in FY05 H2 vs FY04 H2

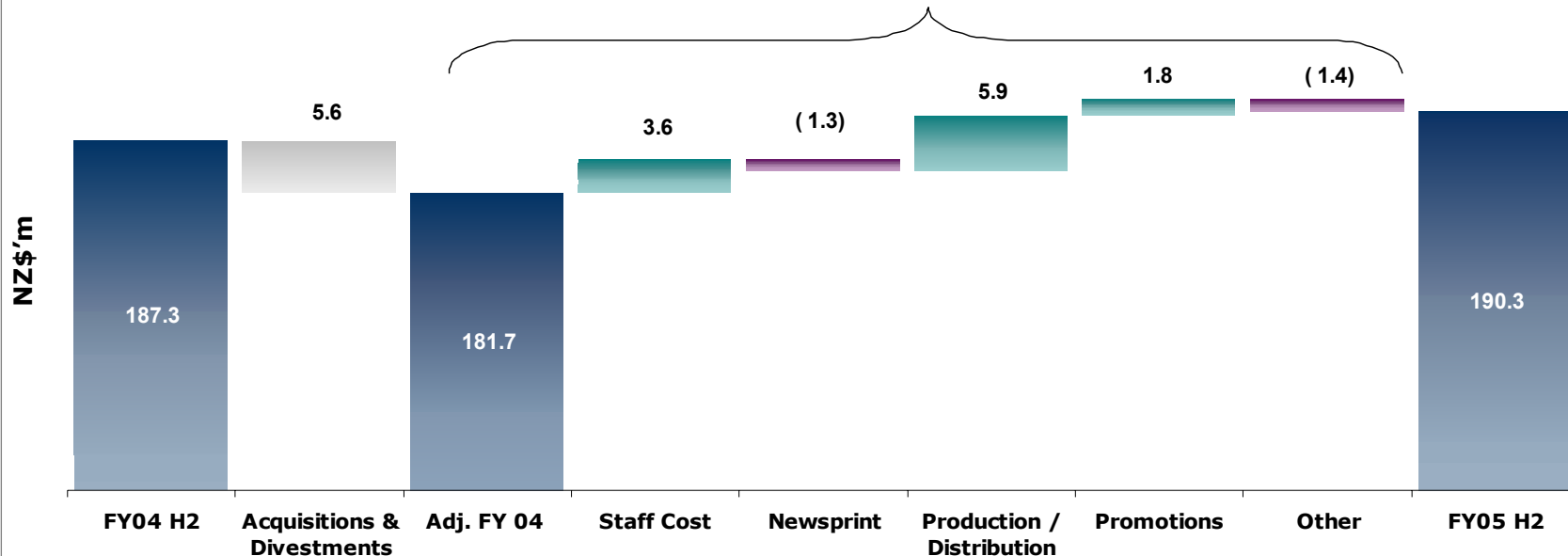
NZ Net Advertising by Category FY05 H2 vs FY04 H2



New Zealand – cost movements FY05 H2 vs FY04 H2

NZ Costs FY05 H2 vs FY04 H2

4.7% underlying expense increase*



*Includes new initiatives Auckland Max and Sunday Magazine