



Fairfax Full Year Results 2004

26 August 2004

Agenda

- Highlights and Results Overview
- Group Financial Performance
- Australian Business Review
- Fairfax Digital Business Review
- New Zealand Business Review
- Priorities and Outlook



Highlights & Results Overview

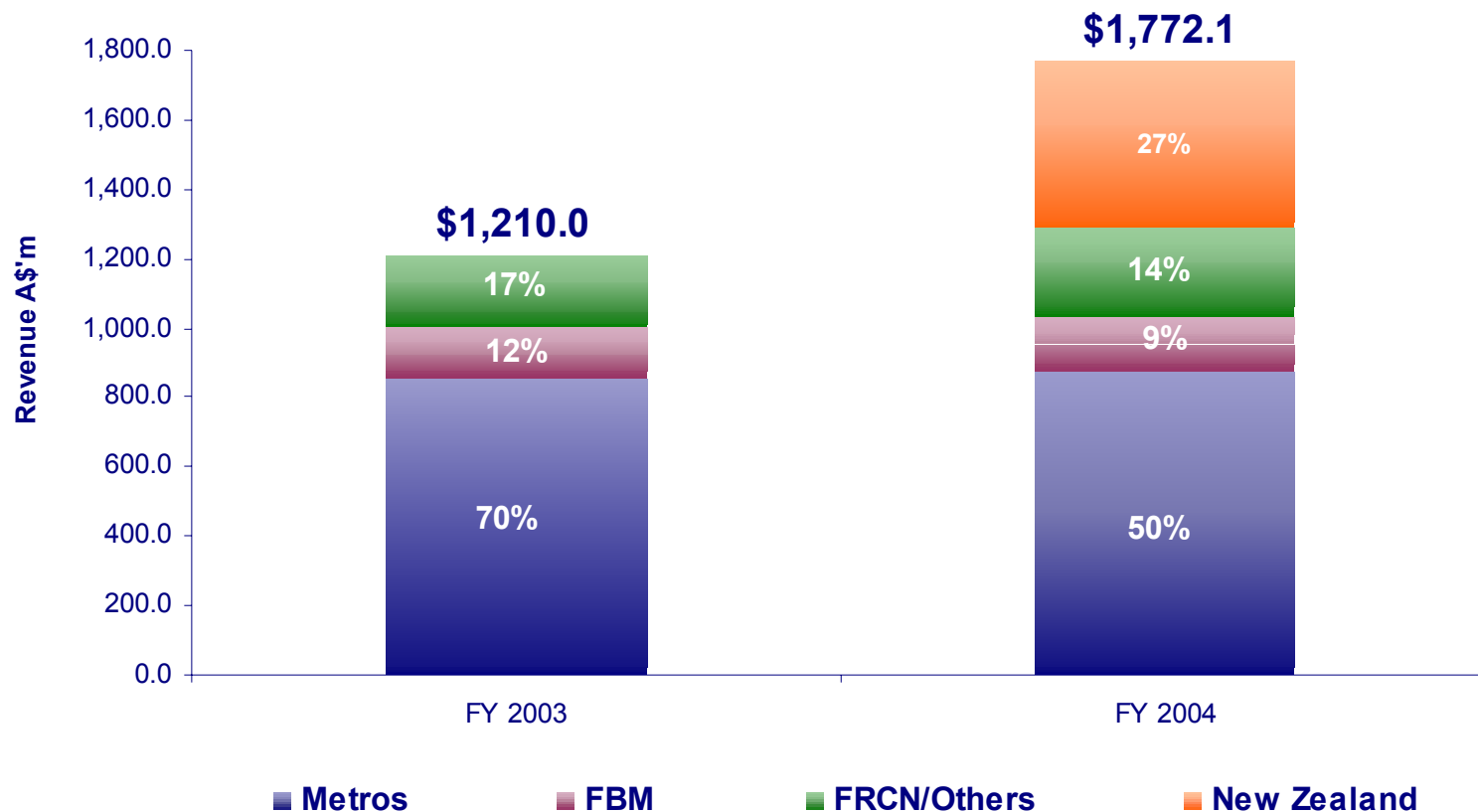
Highlights - key achievements

- Strong results - EPS up 48.5%
- Growth in Australia – EBIT up 31.6% in H2 FY2004
- Excellent New Zealand results - EBITDA of NZ\$165.5m
- New printing facilities generating benefits
- Final dividend of 11.0 cents and full year dividend of 16.5 cents

As a result, Fairfax is now better positioned with a stronger portfolio

- Broader mix of business with lower volatility
- All Business Units performing profitably
- Improved cost controls and management processes
- World class infrastructure
- Stronger balance sheet, with low capex going forward

A broader mix of businesses



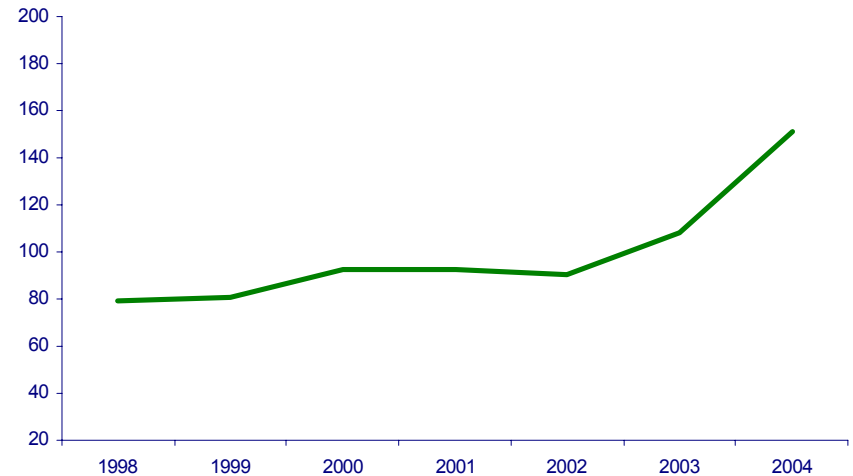
Note: FBM is inclusive of AFR

Fairfax New Zealand business is less cyclical

Underlying Australian EBIT A\$m



Underlying New Zealand EBIT NZ\$m



Results overview

	\$	LY Comparison	
Underlying EBITDA	\$453.5m	67.7%	↑
Underlying EBIT	\$368.2m	82.9%	↑
Reported EBIT	\$347.7m	72.7%	↑
Underlying profit after tax	\$207.6m	65.4%	↑
Reported profit after tax	\$276.0m	119.9%	↑
Underlying EPS	21.36 cents	48.5%	↑
Reported EPS	29.07 cents	102.2%	↑
Ordinary Dividend	16.5 cents	26.9%	↑

Both Australia and New Zealand had a strong 2nd half

EBIT: YOY H2 FY04 & FY04

	H2 FY04	Var	Var	FY04	Var	Var
	\$'m	\$'m	%	\$'m	\$'m	%
Australia *	117.1	28.1	31.6%	235.2	34.0	16.9%
New Zealand	70.2	-	-	133.0	-	-
Total	187.3	98.3	110.4%	368.2	166.9	82.9%

* Underlying EBIT results



Group Financial Performance

Summary financial performance

- Delivered on recent market guidance
- Strong EPS growth of 48.5%
- Strengthening balance sheet
- Improving free cash flows
- Increased dividend

EBIT up on recent market guidance

	Underlying Trading Performance			Adjustments			As Reported		
	FY2004 \$'m	FY2003 \$'m	Var %	Significants FY2004 \$'m	Disposals FY2004 \$'m	Disposals FY2003 \$'m	FY2004 \$'m	FY2003 \$'m	Var %
Revenue	1,770.7	1,208.8	46.5%	(3.0)	5.7	7.8	1,773.4	1,216.6	45.8%
Associate profits	1.4	1.2	-	-	-	-	1.4	1.2	-
Costs	1,318.6	939.7	(40.3%)	17.5	5.7	7.8	1,341.8	947.4	(41.6%)
EBITDA	453.5	270.5	67.7%	(20.5)	0.0	0.0	433.0	270.5	60.1%
Depreciation	85.3	69.2	(23.3%)	0.0	0.0	0.0	85.3	69.2	(23.3%)
EBIT	368.2	201.3	82.9%	(20.5)	0.0	0.0	347.7	201.3	72.7%

Underlying EPS is up 48.5%

	Underlying Trading Performance			Adjustments			As Reported		
	FY2004 \$'m	FY2003 \$'m	Var %	Significants FY2004 \$'m	Disposals FY2004 \$'m	Disposals FY2003 \$'m	FY2004 \$'m	FY2003 \$'m	Var %
EBIT	368.2	201.3	82.9	(20.5)	0.0	0.0	347.7	201.3	72.7
Interest	71.9	23.5	(206.1%)	0.0	0.0	0.0	71.9	23.5	(206.1%)
Tax	87.9	52.0	(69.0%)	(88.9)	-	-	(1.0)	52.0	101.9%
Outside equity interest	0.8	0.2	-	-	-	-	0.8	0.2	-
Net profit after tax	207.6	125.5	65.4%	68.4	-	-	276.0	125.5	119.9%
Presses	18.4	16.6	10.8%				18.4	16.6	10.8%
WANOS	886.3	756.3	17.2%				886.3	756.3	17.2%
EPS (cents)	21.36	14.38	48.5%				29.07	14.38	102.2%

Debt reduction even after the Text acquisition

Summary Balance Sheet	FY2004 \$'m	FY2003 \$'m
Intangibles	2,314.9	2,203.9
Property, plant and equipment	780.4	819.7
Investments & other assets	32.7	41.8
Receivables	273.9	259.7
Inventories	42.1	40.9
Other assets	59.1	40.7
Net borrowings	(1,089.5)	(1,200.3)
Other liabilities	(344.8)	(424.5)
Net assets	2,068.7	1,781.8

Free cashflow has improved

	H1 FY2004 \$'m	H2 FY2004 \$'m	FY2004 \$'m	FY2003 \$'m
EBITDA	222.3	210.6	432.9	270.5
Balance sheet items	(57.5)	(3.2)	(60.7)	(12.6)
Capex	(5.8)	(33.3)	(39.1)	(181.4)
Interest	(31.2)	(40.7)	(71.9)	(23.5)
Tax	(26.1)	(49.9)	(76.0)	17.6
Presses Dividend	(9.2)	(9.2)	(18.4)	(16.6)
Free cashflow	92.5	74.3	166.8	54.0
Acquisition	0.0	(65.5)	(65.5)	(938.7)
Change in Net Debt	(103.6)	(7.2)	(110.8)	614.2
Shares	50.9	23.5	74.4	358.7
Dividend	(39.8)	(25.1)	(64.9)	(88.2)
	(92.5)	(74.3)	(166.8)	(54.0)

Continued focus on

- Cost controls
- Cashflow management
- EPS growth
- Total shareholder return



Australian Business Review

Strong Australian H2 performance

- Tullamarine transition completed
- Improved revenue growth in H2 driven by employment, retail and real estate
- Improving cost controls
- Fairfax Digital grew strongly in key categories

Profit & Loss: Australian operations

	H2 FY2004	H2 FY2003	Var	Var	FY2004	FY2003	Var	Var
	\$'m	\$'m	\$'m	%	\$'m	\$'m	\$'m	%
Total revenue	651.1	601.3	49.9	8.3%	1290.3	1210.1	80.2	6.6%
Total costs	496.3	472.8	(23.6)	(5.0%)	982.3	939.7	(42.7)	(4.5%)
EBITDA	154.8	128.5	26.3	20.5%	308.0	270.5	37.5	13.9%
Depreciation	37.7	39.4	(1.8)	(4.5%)	72.8	69.2	3.5	5.2%
EBIT	117.1	89.1	28.1	31.6%	235.2	201.3	34.0	16.9%
EBITDA margin	23.8%	21.4%			23.9%	22.4%		

Publishing EBIT up 24% in H2

<i>Australian Publishing</i>				
	H2 FY2004	H2 FY2003	Var	
	\$'m	\$'m	\$'m	%
Revenue	629.0	586.6	42.4	7.2%
Costs	475.4	457.9	(17.5)	(3.8%)
EBITDA	153.6	128.7	24.9	19.3%
Depreciation	36.2	34.1	(2.1)	(6.2%)
EBIT	117.4	94.6	22.8	24.1%
EBITDA margin	24.4%	21.9%		
EBIT margin	18.7%	16.1%		

Note: FY2004 includes Text results for 6 months

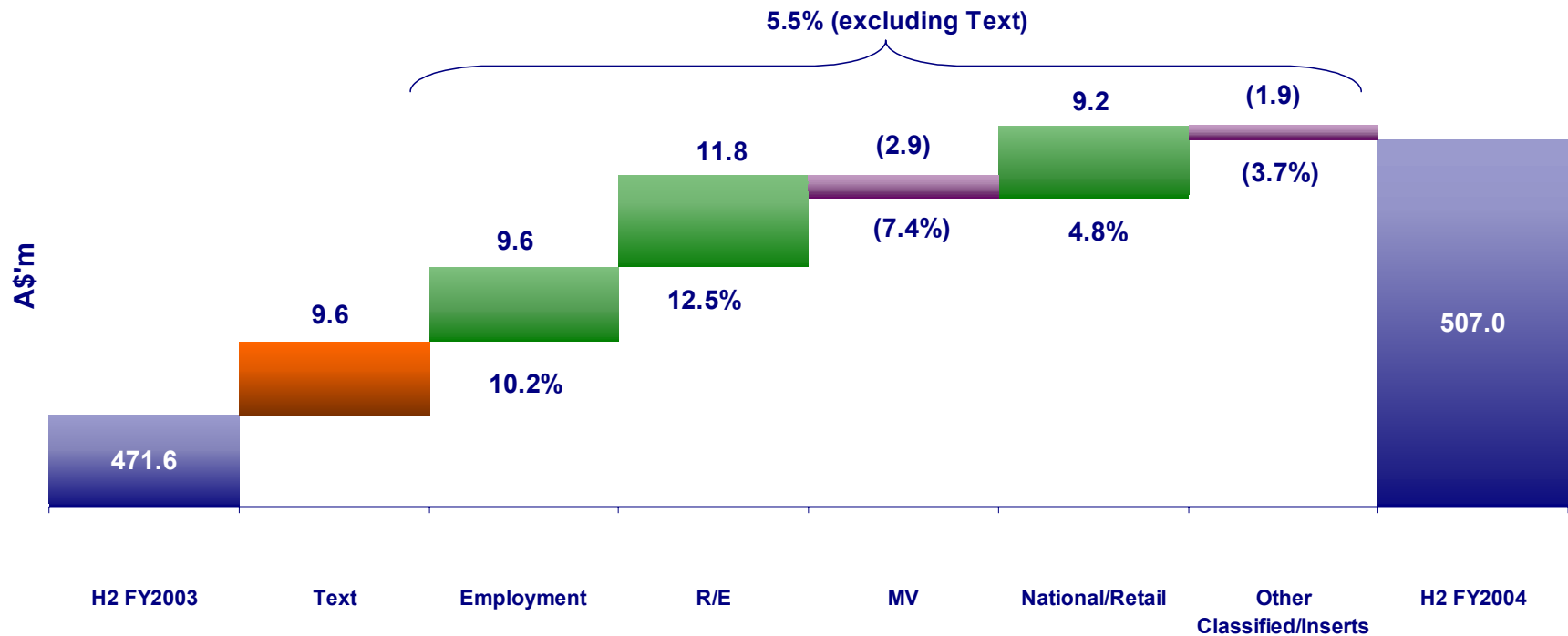
H2 has lifted the full year result

Australian Publishing				
	FY2004	FY2003	Var	
	\$'m	\$'m	\$'m	%
Revenue	1,250.5	1,183.7	66.8	5.6%
Costs	945.5	911.5	(34.0)	(3.7%)
EBITDA	305.0	272.2	32.8	12.0%
Depreciation	67.9	61.9	(6.0)	(9.7%)
EBIT	237.1	210.3	26.8	12.7%
EBITDA margin	24.4%	23.0%		
EBIT margin	19.0%	17.8%		

Note: FY2004 includes Text results for 6 months

Improved advertising revenues – H2

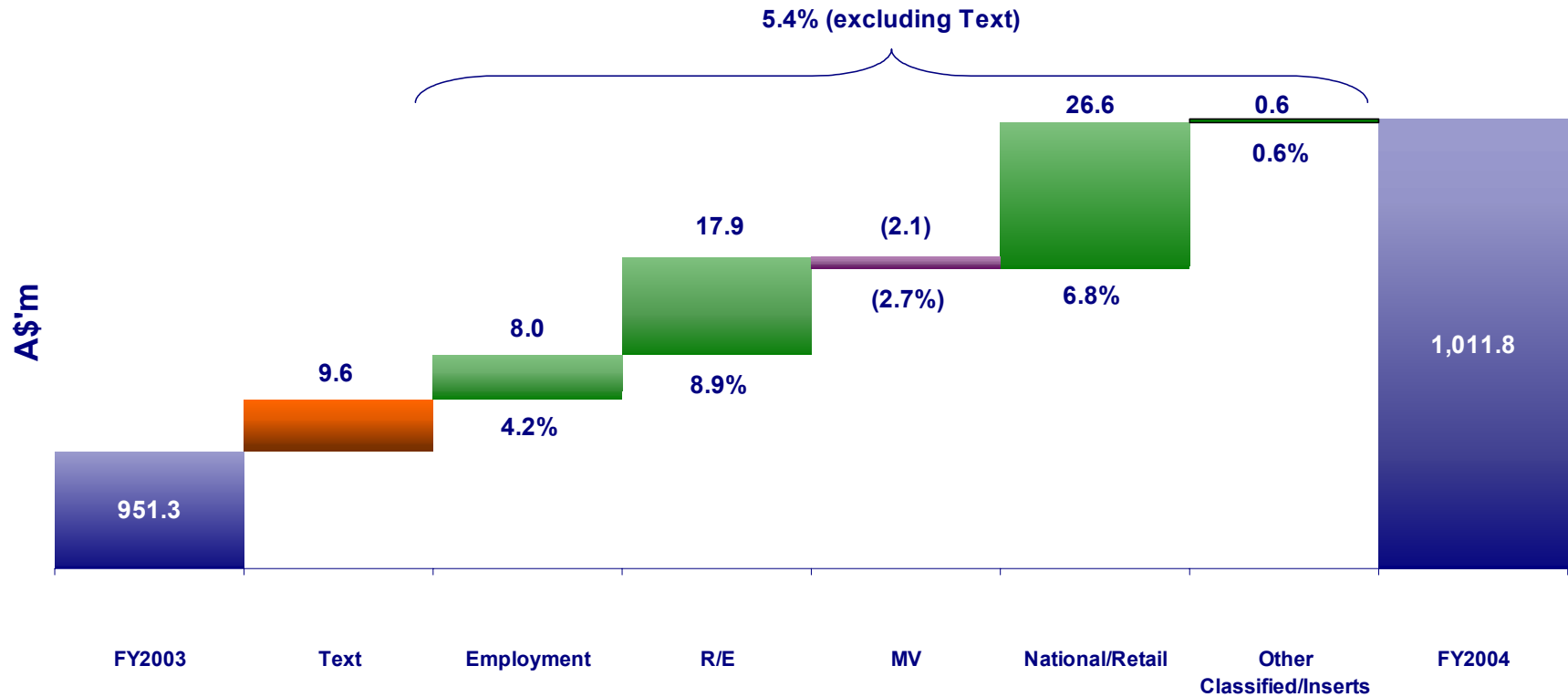
Publishing Advertising H2 FY2004 vs H2 FY2003



* Text total revenue of \$11.9m

Improved advertising revenues – Full Year

Publishing Advertising FY2004 vs FY2003



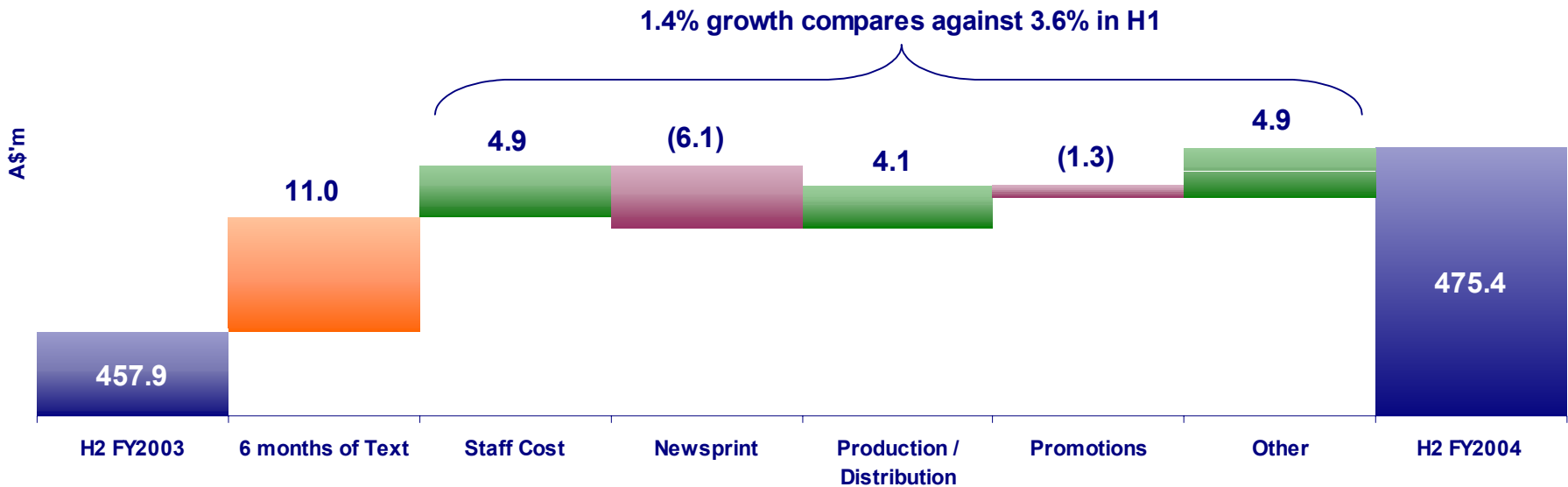
Revenue: Online has contributed to category growth

Revenue Growth

		H2 FY04 vs H2 FY03	FY04 vs FY03
Employment	Print Classified & Display	11.0%	4.5%
	Online	72.2%	76.8%
	Total Print & Online	13.1%	6.7%
Real Estate	Print Classified & Display	6.5%	3.5%
	Online	82.6%	80.1%
	Total Print & Online	9.4%	5.9%

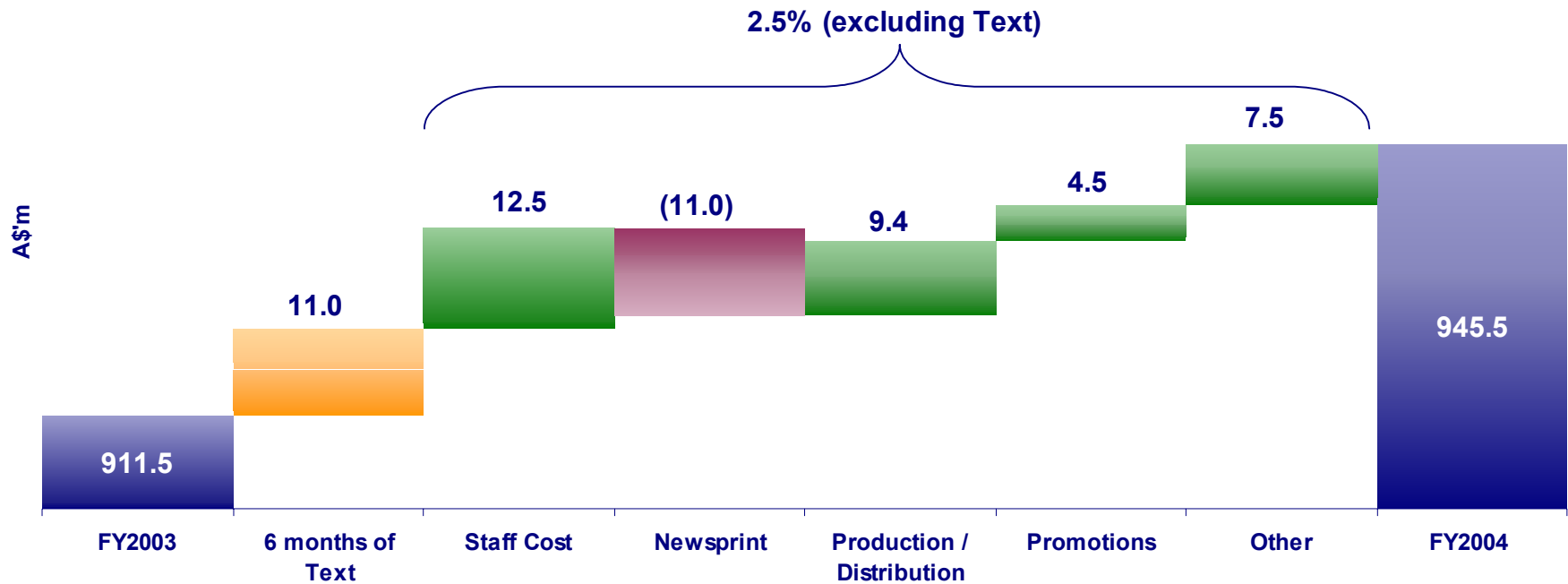
Improving cost control in H2

Underlying Publishing Cost H2 FY2004 vs H2 FY2003



Full year cost movement

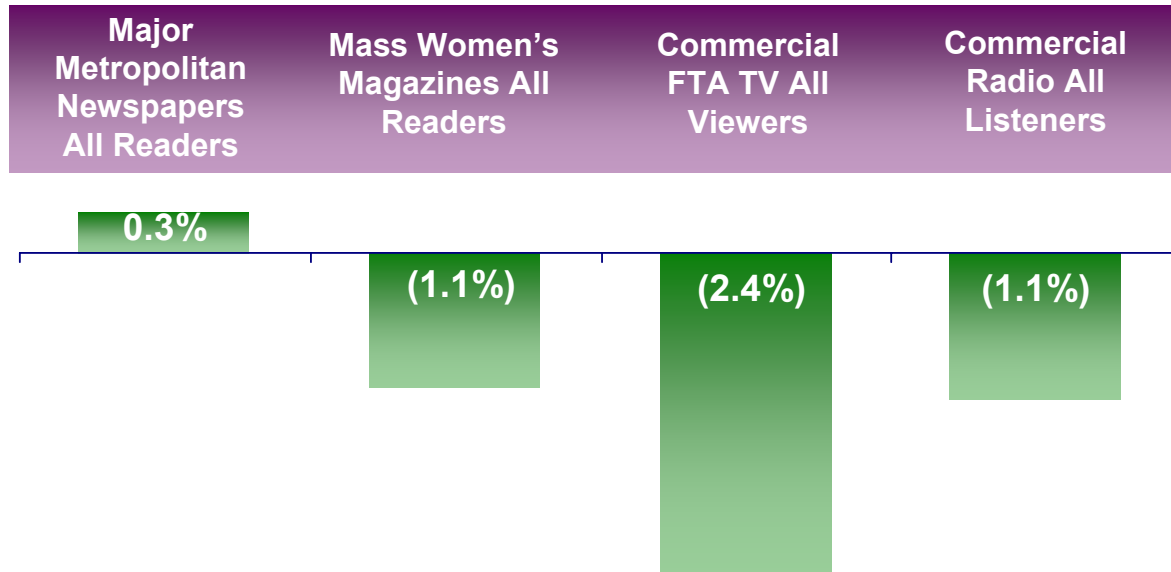
Underlying Publishing Cost FY2004 vs FY2003



Newspapers have maintained their audiences

Average Readership/Viewership % change CAGR FY2001-2004 ⁽¹⁾

NSW/VIC Media Audience Trends: FY2001-2004



Source: Roy Morgan Research (June surveys), OzTam, Radio Advisor

Major Metropolitan Newspapers: Average readership of SMH (M-Sat), The Sun-Herald, The Age (M-Sat), Sunday Age, Daily Telegraph (M-Sat), Sunday Telegraph, Herald Sun (M-Sat), Sunday Herald Sun.

Mass Women's Magazines: Average readership of Australian Women's Weekly, Woman's Day, New Idea, New Weekly, Who, Family Circle, For Me, Take 5, That's Life.

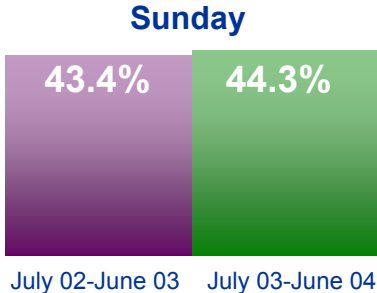
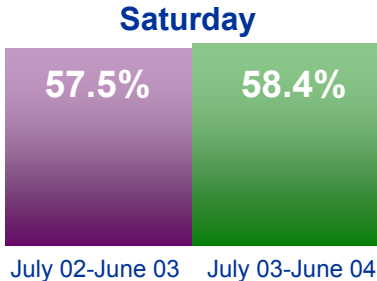
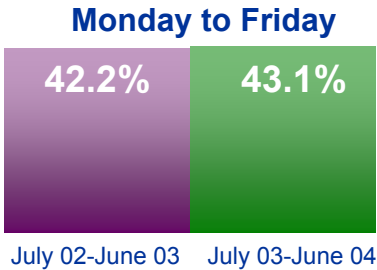
Commercial Free to Air TV: Average viewership (projections) 24 hour day, All People, Syd, Mel.

Commercial Radio: Average listenership, 5.30-12MN, All People, Syd Mel.

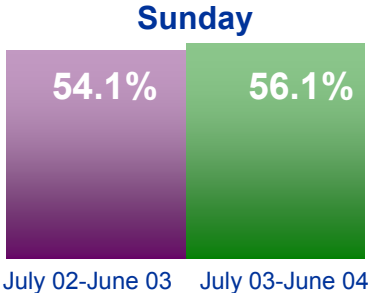
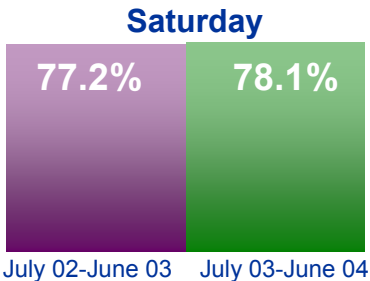
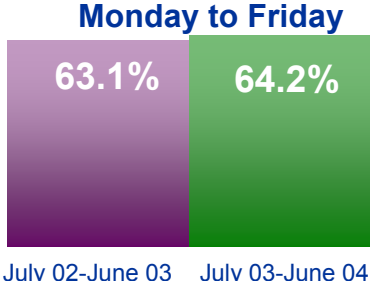
(1) TV data for FY01 H1 (July to Dec 2000) excluded from analysis due to changeover in measurement from Nielsen to Oztam in January 2001

SMH improved its readership market share last year

Total Readership



AB Readership

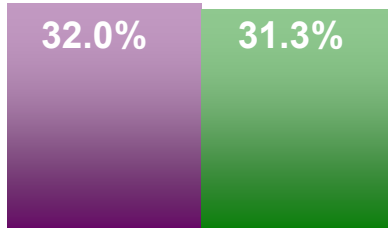


Source: Roy Morgan Readership Study July 03-June 04
Note: Comparison against The Daily Telegraph

The Age has largely held its AB audience

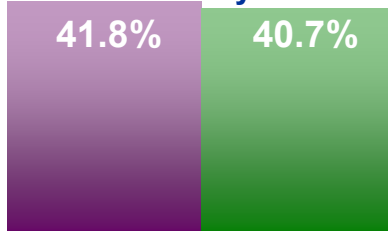
Total Readership

Monday to Friday



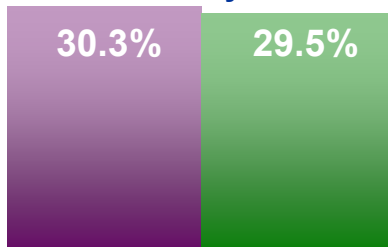
July 02-June 03v July 03-June 04

Saturday



July 02-June 03v July 03-June 04

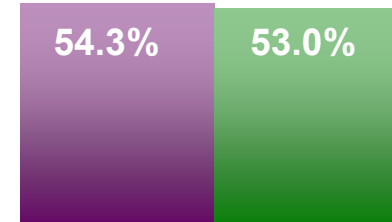
Sunday



July 02-June 03v July 03-June 04

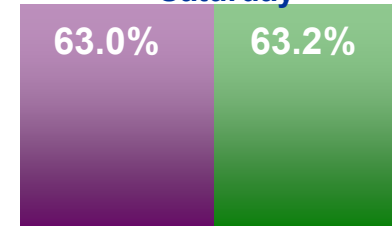
AB Readership

Monday to Friday



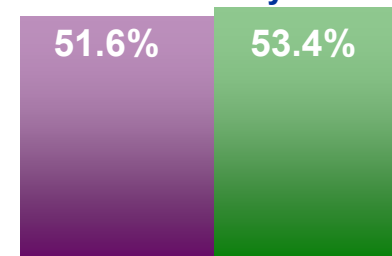
July 02-June 03 July 03-June 04

Saturday



July 02-June 03 July 03-June 04

Sunday



July 02-June 03 July 03-June 04

Source: Roy Morgan Readership Study July 03-June 04
Note: Comparison against The Herald Sun

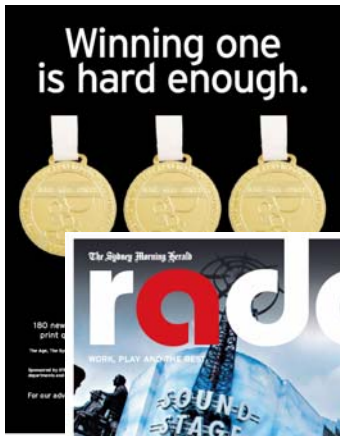
Ongoing focus to improve readership

- Improvement in editorial content
 - relaunch of Sat Spectrum
 - Melbourne Mag launch
 - Sat Age re-format
 - AFR in Sunday Age/Herald

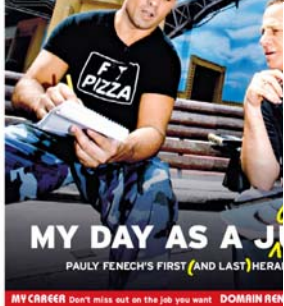
- Production/Distribution
 - on time running now re-established for Age

- Marketing
 - from short term circulation drivers to long term brand building

Editorial initiatives

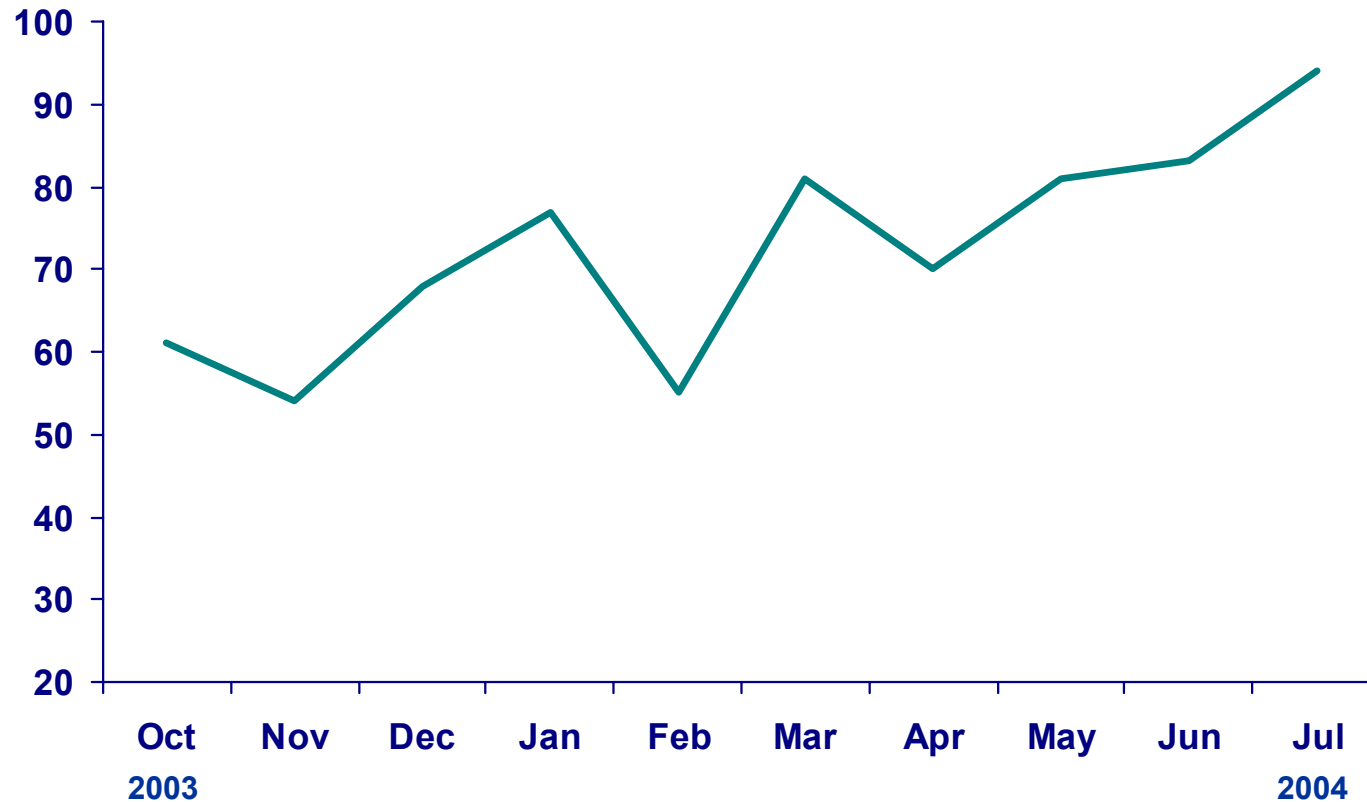


theage
(melbourne)
magazine



On time running has improved at Tullamarine

Tullamarine % On Time Running





Fairfax Digital Business Review

Fairfax Digital summary

- Profitable at the EBITDA level
- Leadership position in online news and information
- Improved positions in online employment and real estate
- Investment phase with targeted costs to improve competitive position

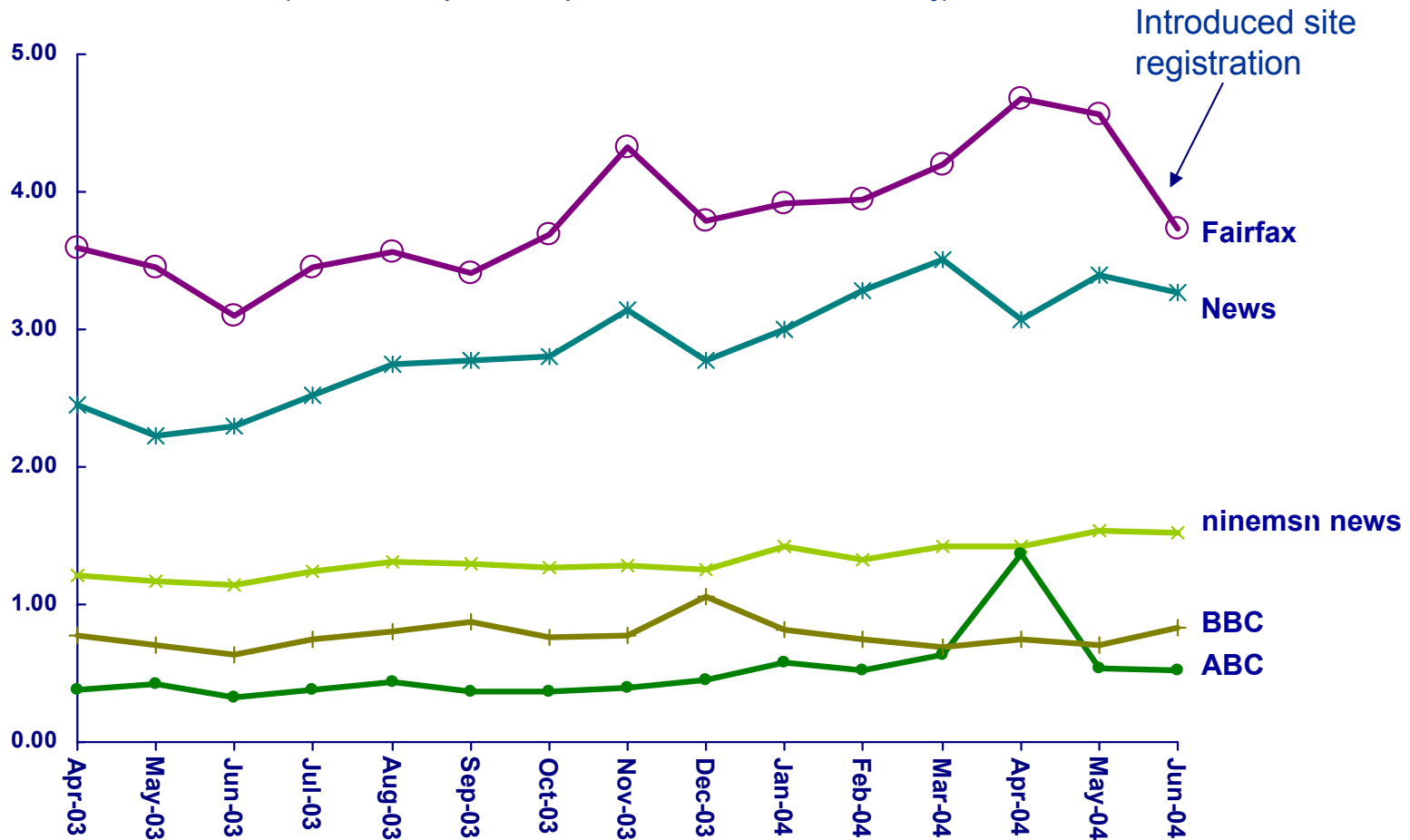
Fairfax Digital has turned the corner

	FY2004	FY2003	Var	Var
	\$'m	\$'m	\$'m	%
Revenue	39.8	26.4	13.4	50.8%
Costs	36.8	28.1	(8.7)	(31.0%)
EBITDA	3.0	(1.7)	4.7	N/A

Ongoing digital news leadership

Monthly audience by site

(Millions of unique visitors per month: Australian audience only)



Source: Red Sheriff : Ratings July 2004.

Our online classified businesses are experiencing strong growth

MYCAREER

Audience

- #2 in NSW and Vic
- 2nd half average audience growth of 10% per month (stronger than competitors)

Listings/ Agents

- 2nd half listing growth of 29% to 29,000

Comment

- Major site innovation rollouts in Q2 and Q3 supported by a new advertising campaign
- National expansion underway

DOMAIN

- #1 in NSW and #2 in Vic
- 2nd half average audience growth of 9% per month (stronger than competitors)

- Agent customer base grew 14% in 2nd half just under 3,500

- National expansion underway

DRIVE

- In top 2 in NSW and #3 in Vic
- 2nd half average audience growth of 6% per month

- 2nd half growth in used car listings of over 50% to 37,000

- National expansion underway

Source: Red Sheriff

Fairfax



New Zealand Business Review

Highlights – Fairfax New Zealand

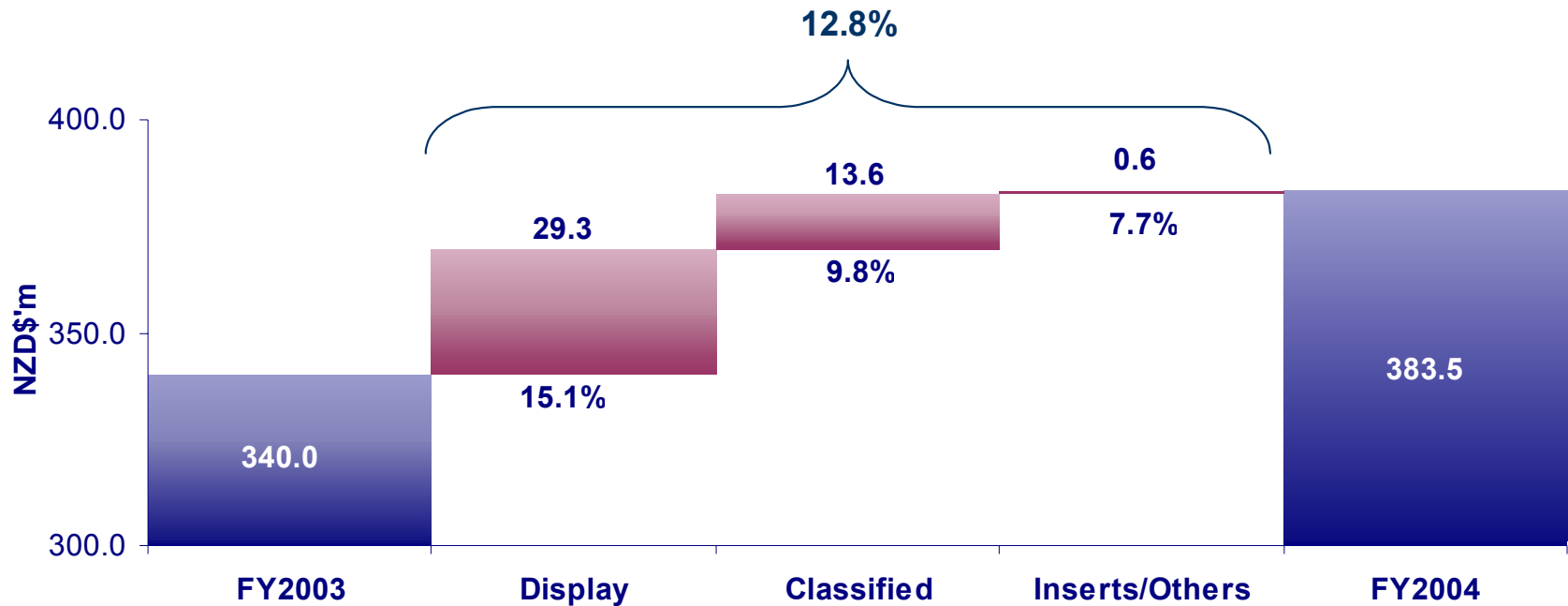
- Performance of NZ\$165.5m EBITDA significantly better than forecast
- Advertising revenue up 12.8% YOY driven by initiatives and economy
- H2 Advertising revenue up 14.0%
- Costs tightly managed
- Fairfax NZ website lifted revenues by 35% and is now profitable

Profit & Loss: New Zealand

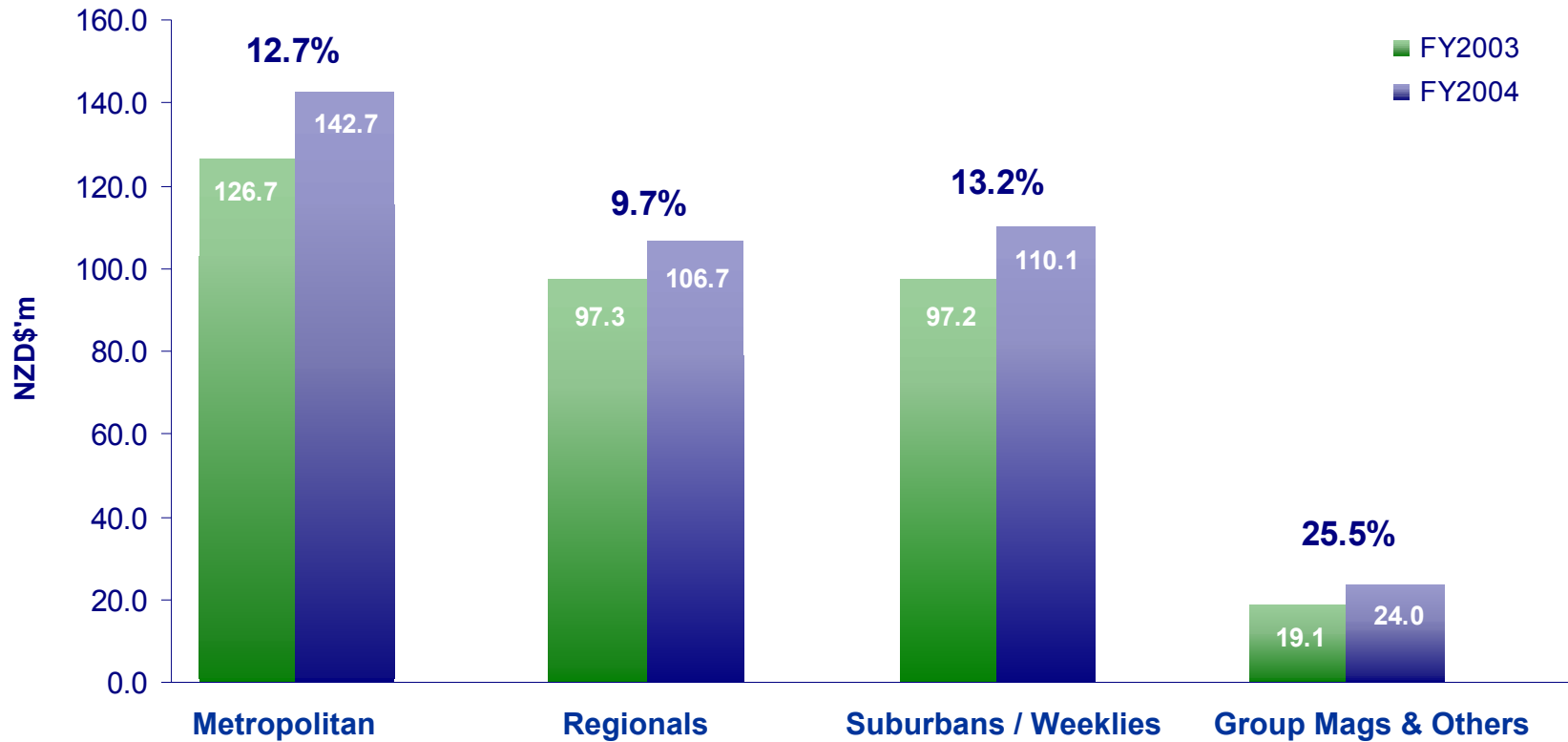
NZ\$m	FY2004 \$'m
Advertising	383.5
Circulation	127.9
Other Revenues	35.8
Total revenue	547.2
Staff	167.4
Newsprint & Paper	69.0
Production & Distribution	72.6
Promotions & Advertising	12.8
Other Expenses	59.9
Total costs	381.7
EBITDA	165.5
Depreciation	14.3
EBIT	151.2
EBITDA margin	30.2%
<i>Exchange Rate</i>	<i>A\$1.0 to NZ\$1.136</i>

NZ advertising revenue shows strong gains in all categories

NZ Advertising by Category FY2004 vs FY2003



NZ advertising revenue shows strong gains in all sectors



A decorative graphic consisting of a green circle on the left side, partially overlapping a horizontal bar. The bar is divided into two sections: a dark blue section on the left and a lighter blue section on the right. The text "Priorities and Outlook" is centered within the dark blue section. A white bracket is on the left side of the dark blue section, and a green bracket is on the right side of the lighter blue section.

Priorities and Outlook

Focus areas in FY2005

- **Corporate**
 - carefully monitoring growth opportunities
 - capital management initiatives
 - cost controls

- **Australia**
 - readership and target demographics
 - returns from capital investment
 - cross masthead synergies

- **New Zealand**
 - product improvement
 - cross masthead synergies

Outlook

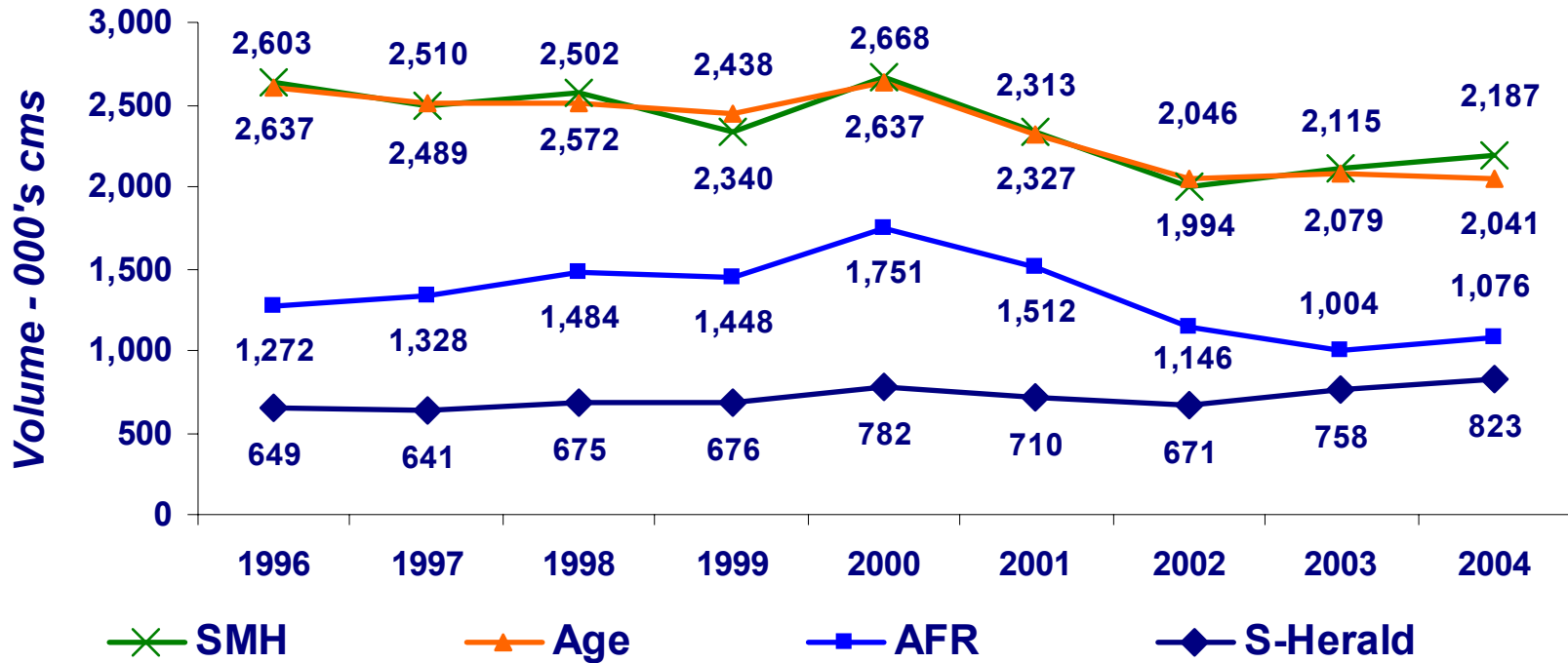
Revenues for the early part of this year across the group are running ahead of the same period last year by about 5%, fuelled by strength in employment, retail and continuing growth in our New Zealand businesses. We expect further earnings growth in this cycle through FY2005, the scale of which will depend on the vitality of further trading activities during the year. Further comment will be provided at the Annual General Meeting on 29 October 2004.

A decorative graphic consisting of a green circle on the left and a horizontal bar extending to the right. The bar is divided into two sections: a dark blue section on the left and a lighter blue section on the right. The word "Appendix" is written in white on the dark blue section. A white bracket is on the left side of the bar, and a green bracket is on the right side.

Appendix

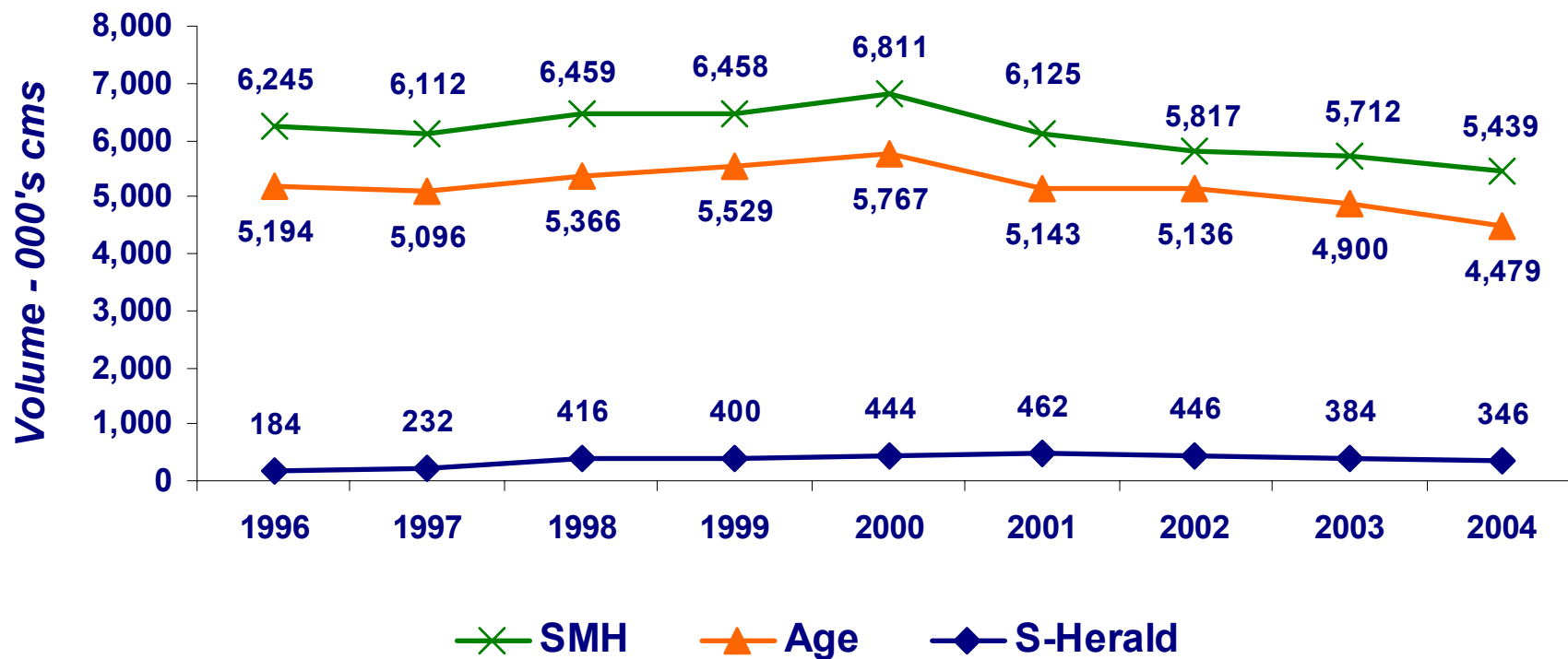
Australian publishing business

AUS Advertising Volumes - Display FY2004

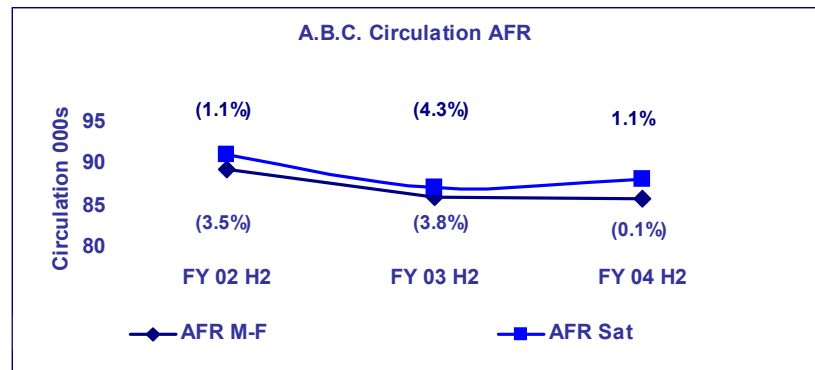
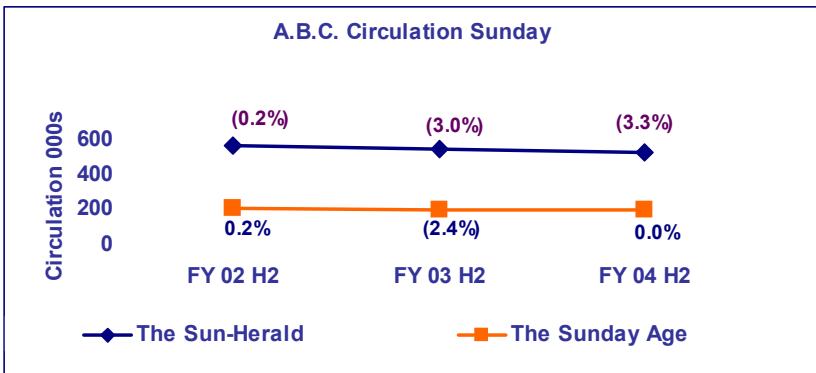
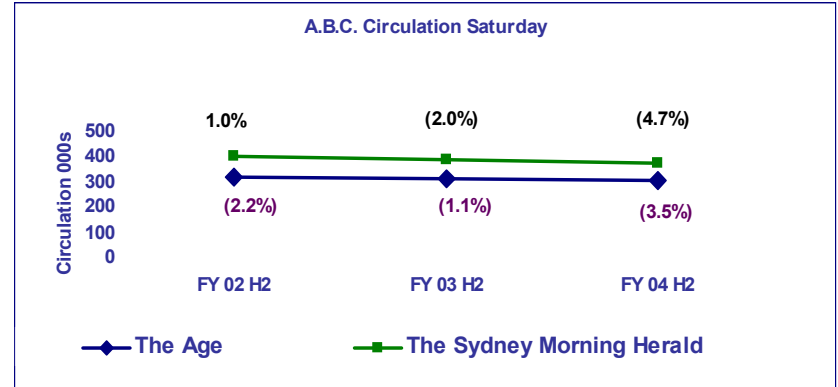
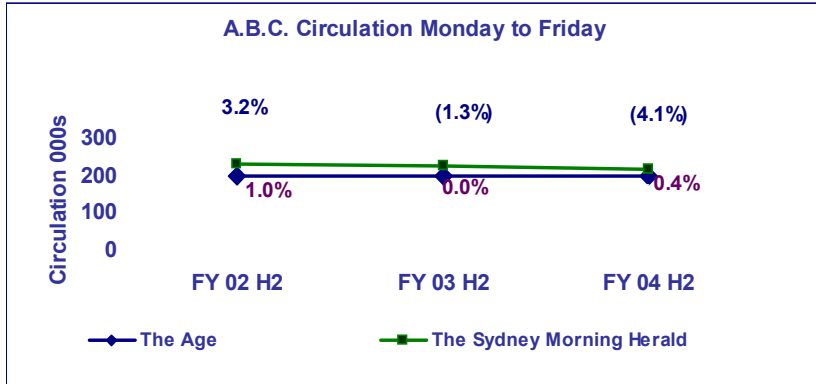


Australian publishing business

AUS Advertising Volumes - Classifieds FY2004



Australia: Circulation



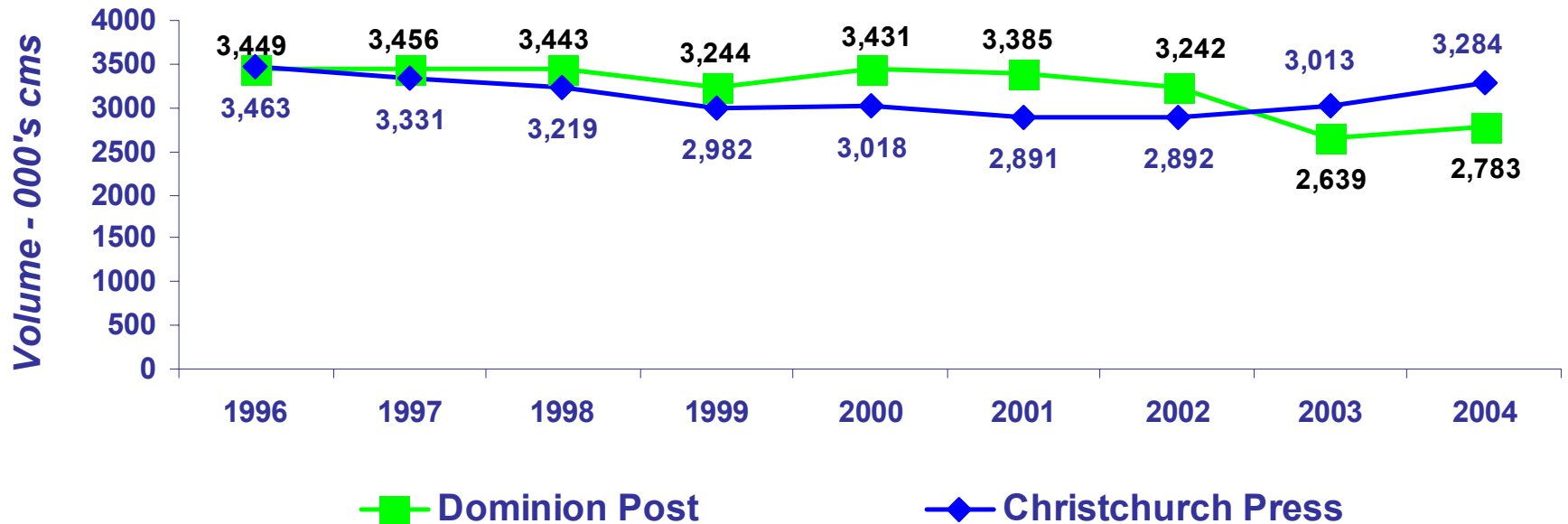
Profit & Loss: Australian operations

	H2 FY2004	H2 FY2003	Var	Var	FY2004	FY2003	Var	Var
	\$'m	\$'m	\$'m	%	\$'m	\$'m	\$'m	%
Advertising	525.2	483.7	41.5	8.6%	1045.1	972.8	72.3	7.4%
Circulation	106.5	104.6	1.9	1.8%	210.4	207.5	2.9	1.4%
Other revenues	19.4	13.0	6.4	49.2%	34.7	29.8	4.9	16.4%
Total revenue	651.1	601.3	49.9	8.3%	1290.3	1210.1	80.2	6.6%
Staff	218.7	207.7	(11.0)	(5.3%)	428.7	407.7	(21.0)	(5.2%)
Newsprint & paper	94.7	99.1	4.4	4.4%	191.7	201.0	9.3	4.6%
Production & distribution*	72.8	66.1	(6.7)	(10.1%)	144.0	131.6	(12.4)	(9.4%)
Promotions & advertising	24.3	22.4	(1.9)	(8.6%)	51.6	43.0	(8.6)	(20.0%)
Other expenses	85.8	77.6	(8.2)	(10.6%)	166.3	156.3	(10.0)	(6.4%)
Total costs	496.3	472.8	(23.6)	(5.0%)	982.3	939.7	(42.7)	(4.5%)
EBITDA	154.8	128.5	26.3	20.5%	308.0	270.5	37.5	13.9%
Depreciation	37.7	39.4	(1.8)	(4.5%)	72.8	69.2	3.5	5.2%
EBIT	117.1	89.1	28.1	31.6%	235.2	201.3	34.0	16.9%
EBITDA margin	23.8%	21.4%			23.9%	22.4%		

* Production/Distribution includes Materials & Ink costs

New Zealand Publishing Business

NZ Advertising Volumes - Display FY 2004

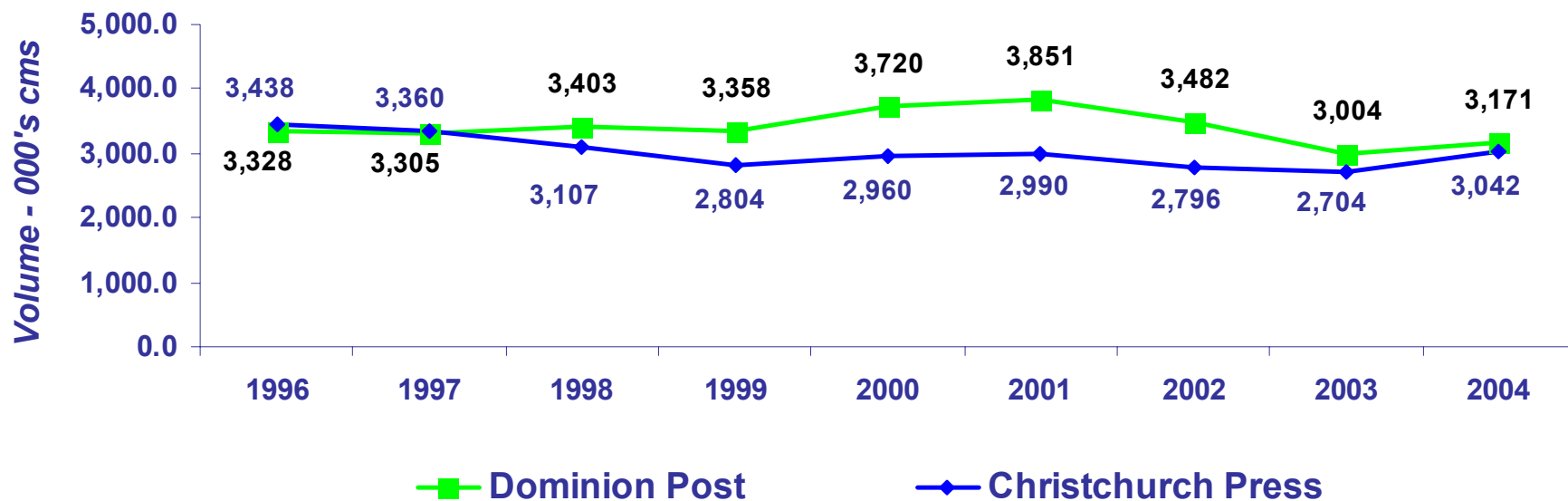


Shift from FY02 to FY03 in relation to the Dominion Post relates to the merger of the Dominion Post and the Evening Post in 2002.

The data prior to 2002 is the combination of the Dominion Post and the Evening Post.

New Zealand Publishing Business

NZ Advertising Volumes - Classifieds FY 2004



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