Fairfax

Financial Results Briefing

Half year ended 31 December 2000

16 February 2001

Introduction

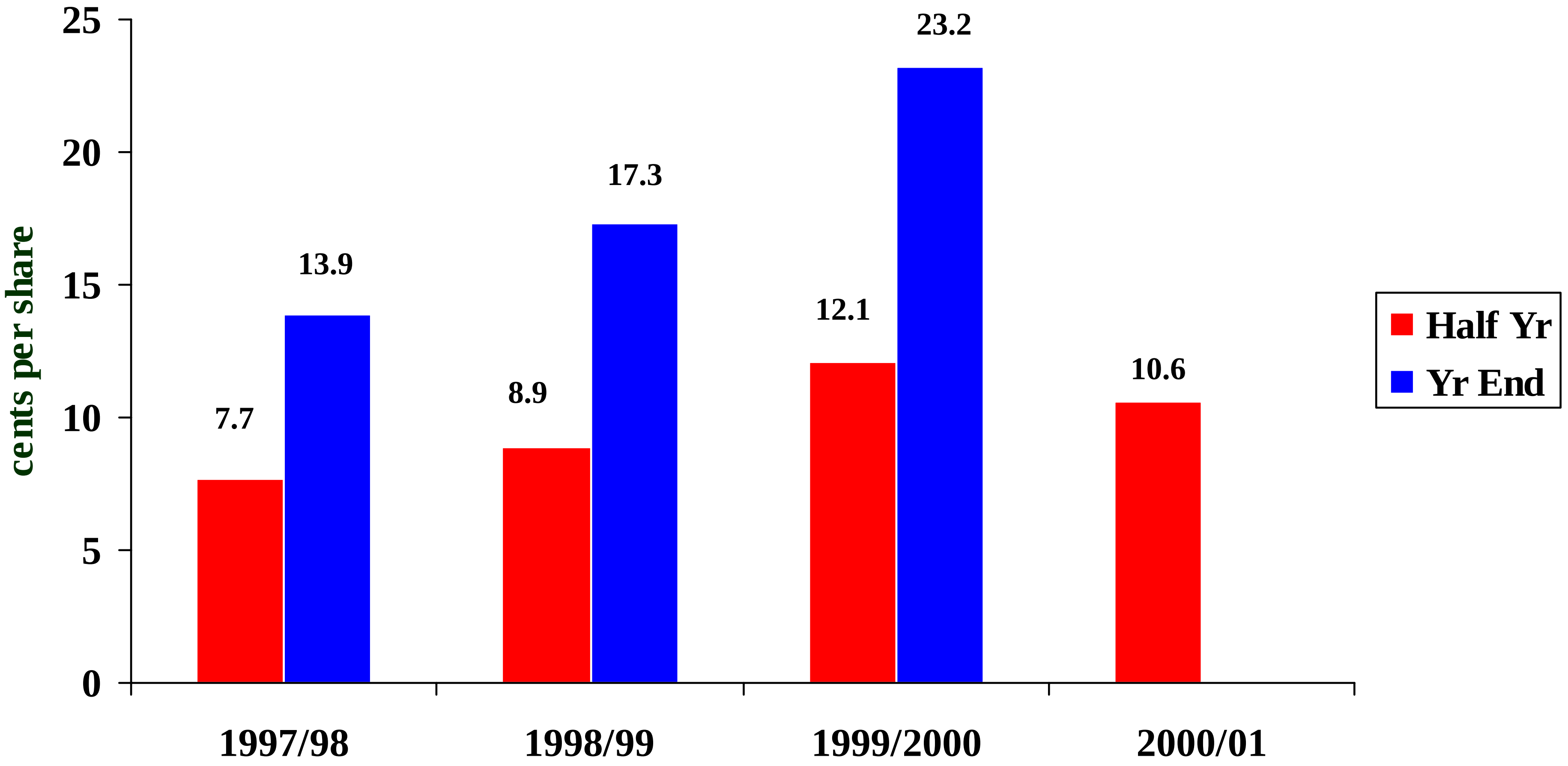
- An unusual half, in a softening market
  - Olympics
  - Industrial Action
- Continuing with our strategy, recognising current conditions
  - Containing costs
  - Investing selectively in publishing
  - Focusing f2 on designated opportunities in a cost effective manner

Result overview

- Profit after tax of $77.4 million
  - down 12.1% (pre abnormals) on pcp
  - down 18.1% on pcp on a like for like basis
- Eps pre abnormals
  - down 12.4% to 10.6 cents on pcp
- Excluding one off effects, profit after tax broadly in line with last year
- Dividend of 4.5 cents in line with last year

Earnings per Share *

EPS Growth of 67% over two years to 30/6/00



* pre abnormal items in prior years

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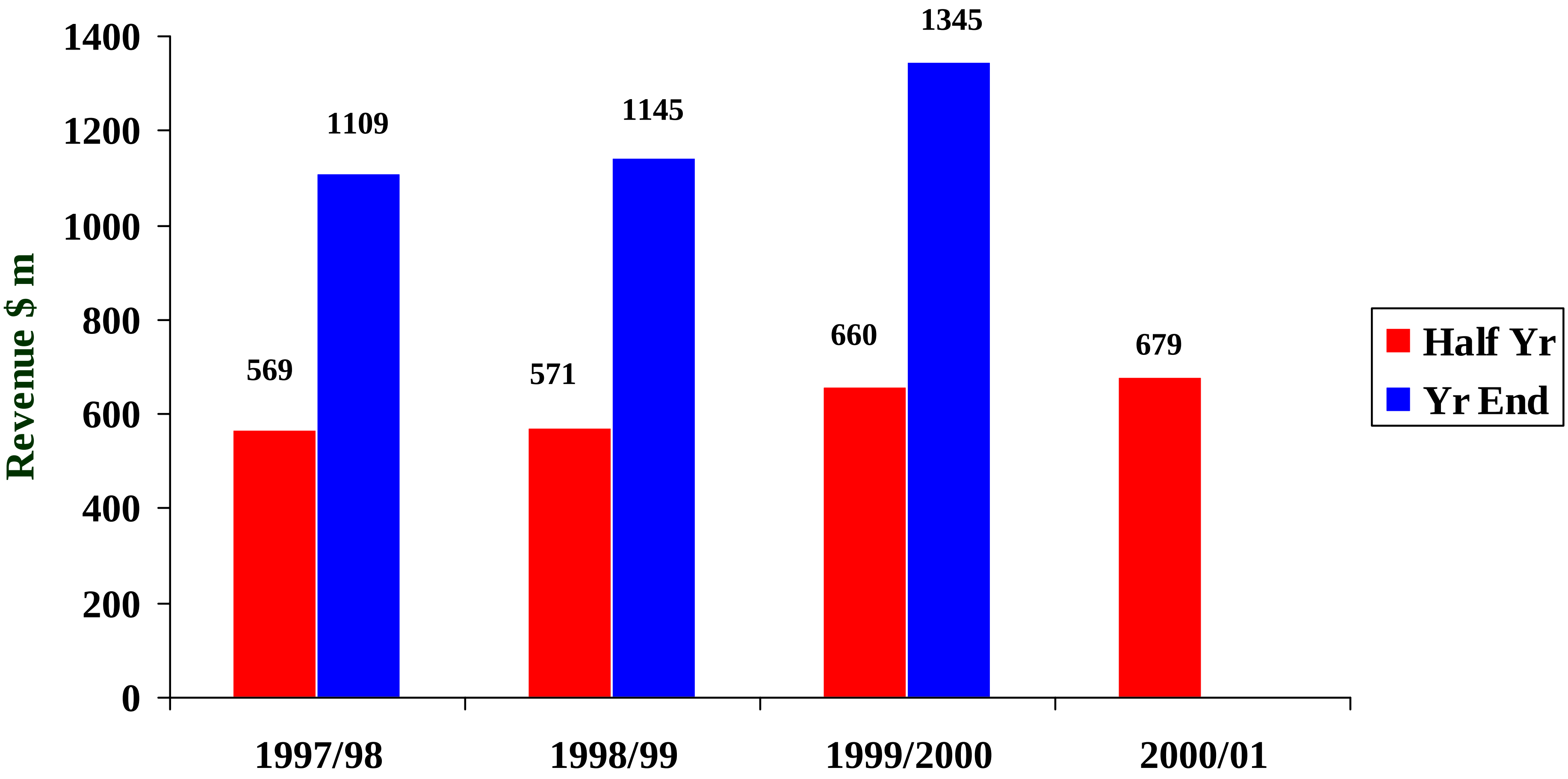
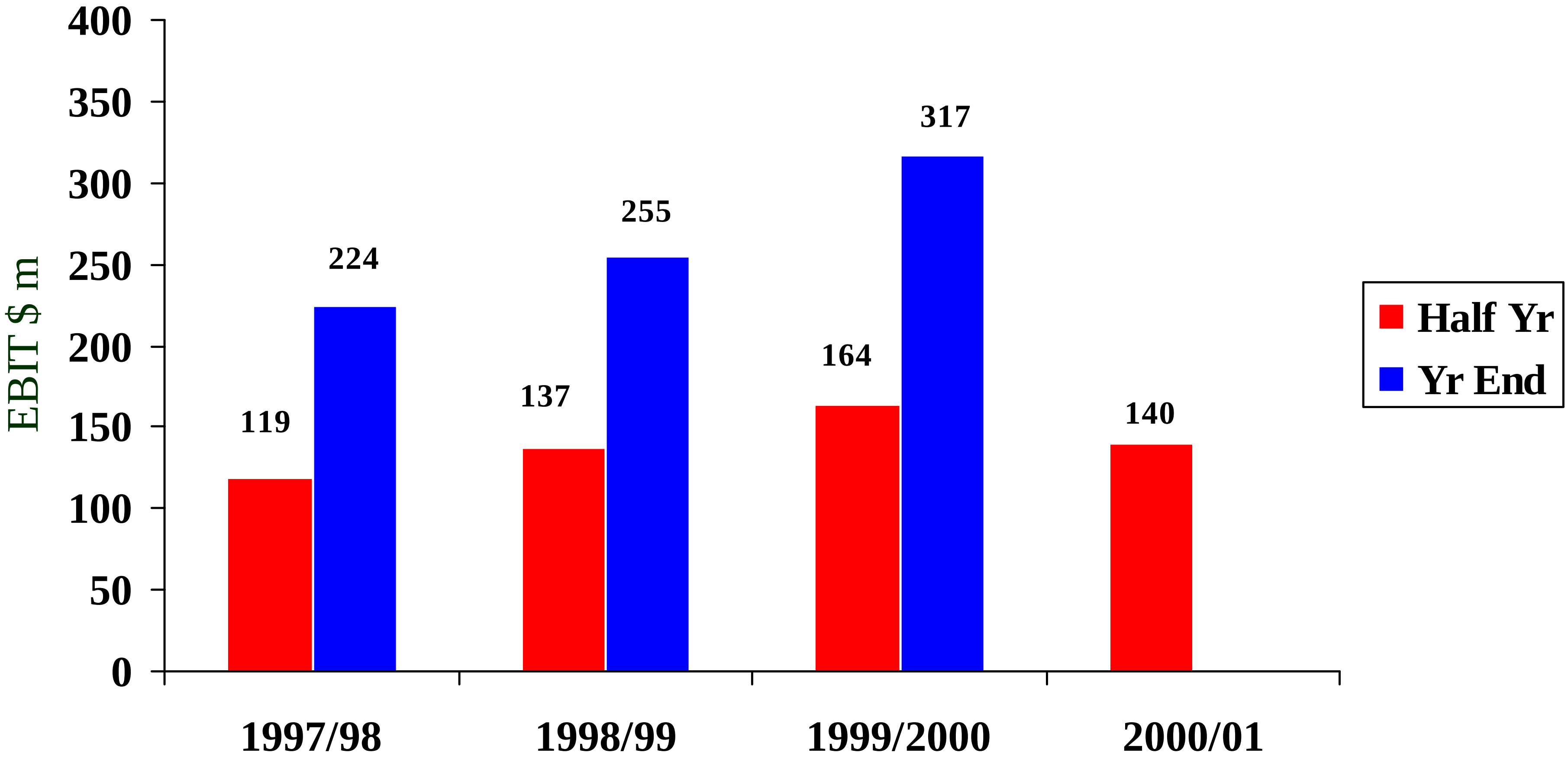
Revenue (A$'million)



EBIT (A$'million)



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Publishing Business Results

- Revenue growth of 2.7% to $649.3m; 0.8% to $637.3m on a like for like basis
- EBIT Margin down from 29.2% to 25.2%
- First half characterised by uncertainty and significant one off events
  - Olympics
  - Industrial action at The Age

  Impact approx $25m
- Olympics masked downward trends in economy
- Significant cost reduction measures in place from October
- Continued leadership in journalism, winning 8 prestigious Walkley awards

f2 - Fairfax Interactive Network

- Continued development of f2 as a leading interactive company with 3 key businesses around 4 core assets
- Revenues down 11.6% to $24.3m
- Costs (excluding depreciation) flat at $46.2m
- EBIT loss of $24.7m
- Sale of Sold.com to Yahoo as part of broader relationship
- Maintaining strategic focus

Financial Performance

Summary Profit & Loss

	Dec 2000 $m	Dec 1999 $m	Var %
Trading Revenue	**678.8**	**659.5**	**2.9%**
Costs	506.8	463.3	-9.4%
EBITDA	**172.0**	**196.2**	**-12.3%**
Depreciation	32.2	31.8	-1.3%
EBIT	**139.8**	**164.4**	**-15.0%**
Interest (net)	23.7	25.2	6.1%
Profit before abnormals and tax	**116.1**	**139.2**	**-16.6%**
Abnormal Items	-	30.1	-
Profit before Tax	**116.1**	**169.3**	**-31.4%**
Tax	38.7	48.6	20.1%
Outside Equity Interest	-	0.3	-
Net Profit	**77.4**	**121.0**	**-36.1%**
Net Profit after tax, pre abnormals	**77.4**	**88.0**	**-12.1%**
EPS (cents) - pre abnormals	**10.6**	**12.1**	**-12.4%**

Balance Sheet

	Dec 2000 $m	Jun 2000 $m	Dec 1999 $m
Intangibles	1277.5	1276.9	1277.5
Property, plant and equipment	602.6	519.5	490.6
Investments	17.9	44.8	52.2
Receivables	229.3	222.9	187.0
Inventories	24.9	19.3	16.9
Other Assets	56.6	58.8	45.1
Net Borrowings	-729.2	-611.9	-626.7
Other Liabilities	-345.8	-441.7	-369.0
Net Assets	**1133.8**	**1088.6**	**1073.6**
Net Assets per share	1.55	1.49	1.47

Cashflow Summary

	Dec 2000 $m	Dec 1999 $m
EBITDA	172.0	196.2
Working capital movements	-27.9	-9.8
Dividends received from associates	40.4	108.2
Net Interest (paid)/ received	-23.6	-25.4
Income tax paid	-66.7	-58.8
Other	-0.5	-3.7
Free cash flow	93.7	206.7
Utilised as follows:		
Increase/(Decrease) in net debt	117.3	-109.4
Net capital expenditure	-117.9	-42.0
Net investments	-6.5	-16.9
Dividends paid	-51.2	-47.3
Loan received/(repaid) - associated entities	-35.1	9.8
Payment for intangibles	-1.3	-2.8
Other	1.0	1.9

Key Financials

	Dec 2000	Dec 1999
EBITDA/Sales	25.5%	29.7%
EBIT/Sales	20.0%	24.9%
Publishing EBITDA/Sales	29.1%	34.0%
Publishing EBIT/Sales	24.5%	29.2%
Interest cover (times)	7.3x	7.8x
Net Debt	$729.2m	$626.7 m
Gearing	65.6%	66.0%

Profit & Loss: Comparing Like for Like

	As reported			Like for like adjustments		Like for Like		
	2000 $m	1999 $m	Var %	2000 $m	1999 $m	2000 $m	1999 $m	Var %
Trading Revenue	678.8	659.5	2.9	-21.8	-3.1	657.0	656.4	0.1
Costs	506.8	463.3	-9.4	-18.5	-4.9	488.3	458.4	-6.5
EBITDA	172.0	196.2	-12.3	-3.3	1.8	168.7	198.0	-14.8
Depreciation	32.2	31.8	-1.3	-1.5	-0.8	30.7	31.0	1.0
EBIT	139.8	164.4	-15.0	-1.8	2.6	138.0	167.0	-17.4

Note: Like for like adjustments comprise the effects of acquisitions and equity accounted profits

Publishing - Highlights

- Revenue growth of 0.8% to $637.3 million
  - Advertising +0.3%
  - Circulation +1.0%
- EBIT at $160.7 million, down from $184.3 million
  - EBIT margin down from 29.2% to 25.2%
  - EBITDA margin down from 34.0% to 29.8%
  - Olympics and strike reduced EBIT by around $25 million

Note: Like for like adjustments comprise the effects of acquisitions in 2000

Profit & Loss: Publishing Business

	Dec 2000 $m	Dec 1999 $m	Var $m	Var %
Trading Revenue	637.3	632.0	5.3	0.8%
Costs	447.6	417.1	-30.5	-7.3%
EBITDA	189.7	214.9	-25.2	-11.7%
Depreciation	29.0	30.6	1.7	5.4%
EBIT	160.7	184.3	-23.5	-12.8%
EBITDA %	29.8%	34.0%		
EBIT %	25.2%	29.2%		

Note: Like for like adjustments comprise the effects of acquisitions in 2000

Publishing Business - Cost Management

Total Period on Period Growth		$43.5 m	+10.4%
Less:	new acquisitions	(13.0)	
		$30.5	+7.3%
Less:	new initiatives and one off effects	(19.1)	
Underlying variance		$11.3 m	+ 2.7%

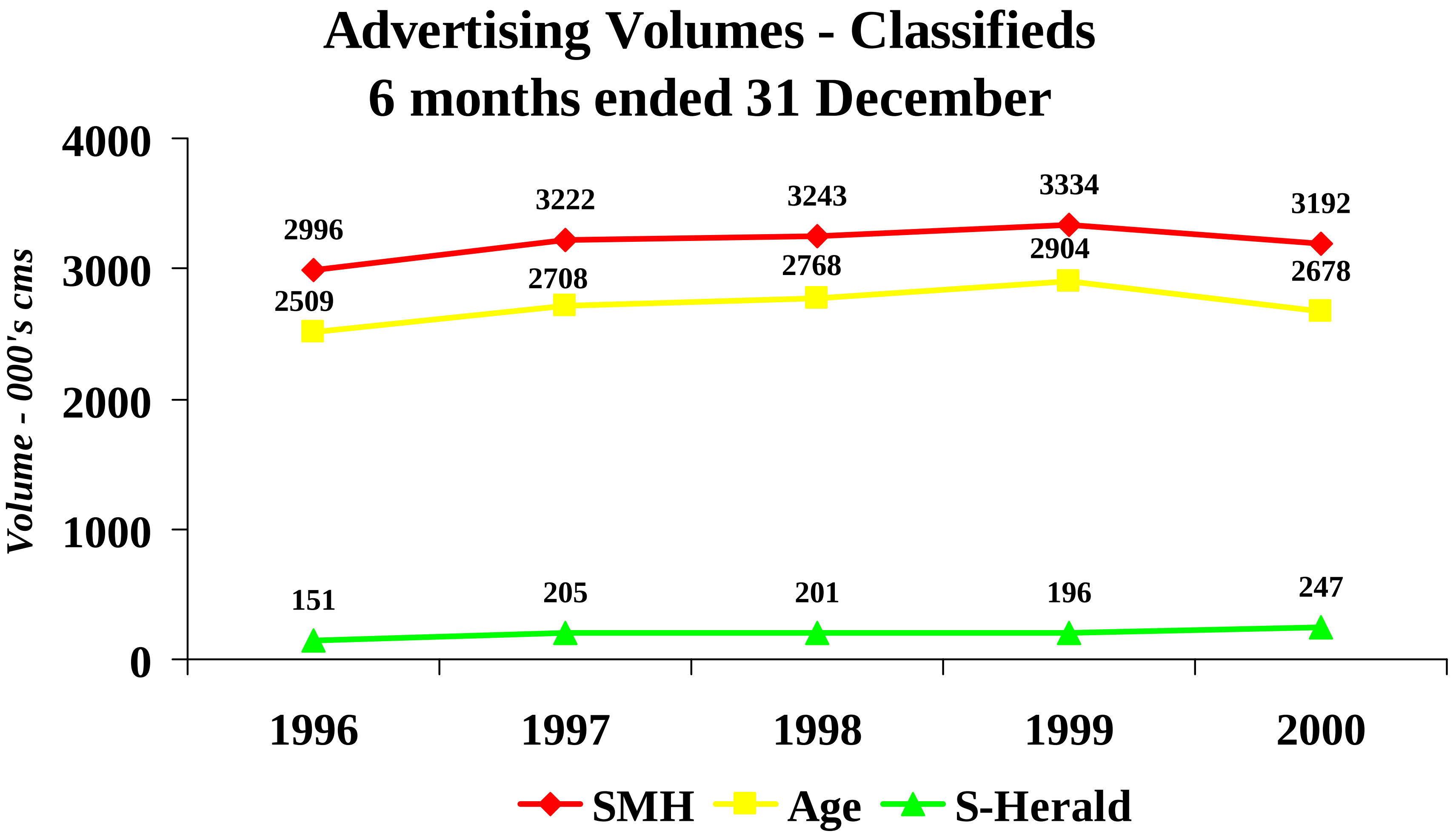
Cost Management

- Costs tightened
  - Hiring freeze
  - Pages
  - Discretionary costs

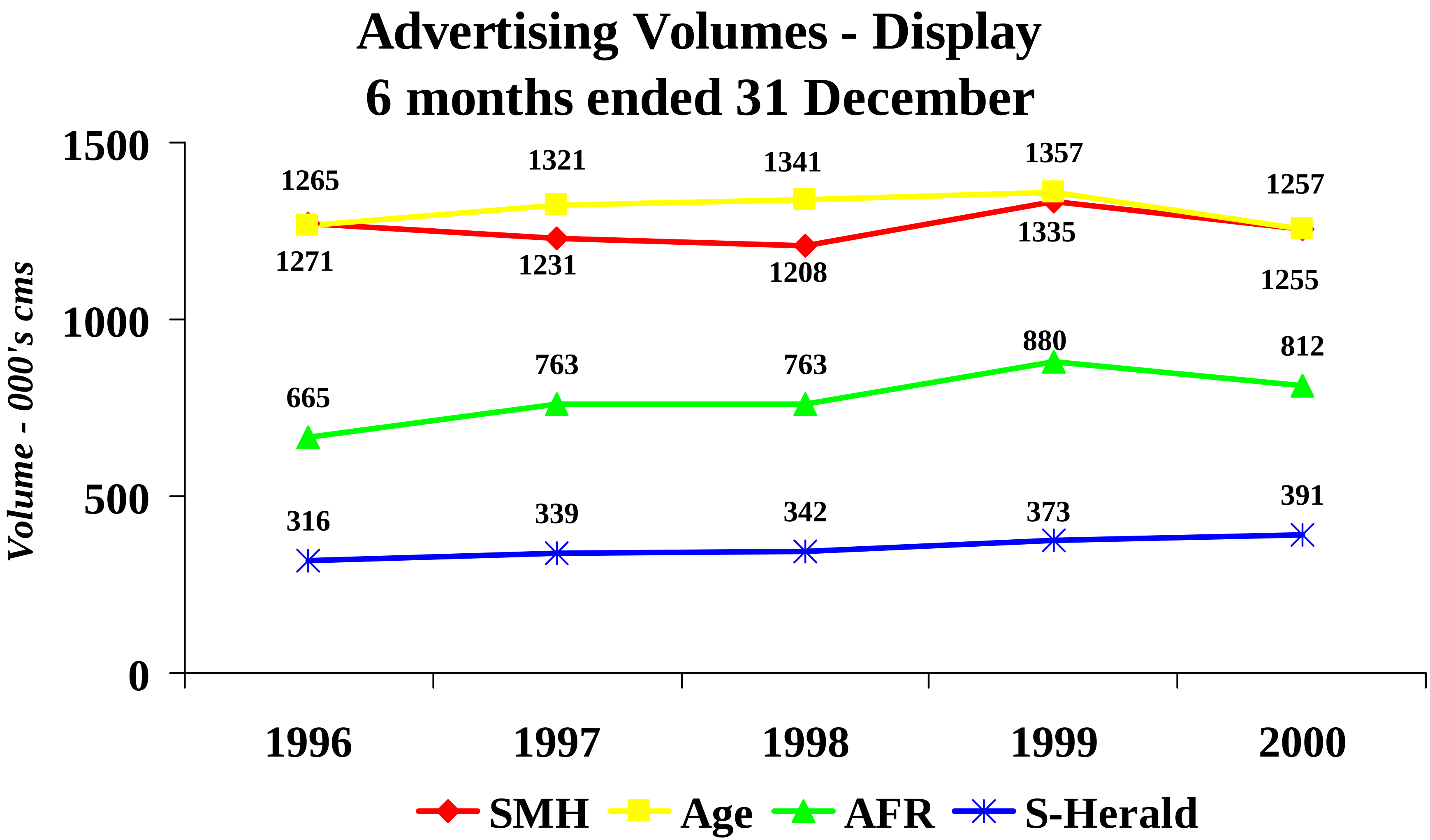
- Longer term management
  - New EBA
  - Newsprint
  - Purchasing

- Structural Initiatives
  - Infrastructure
  - Capacity to Grow

Publishing Business



Publishing Business



Summary by Masthead

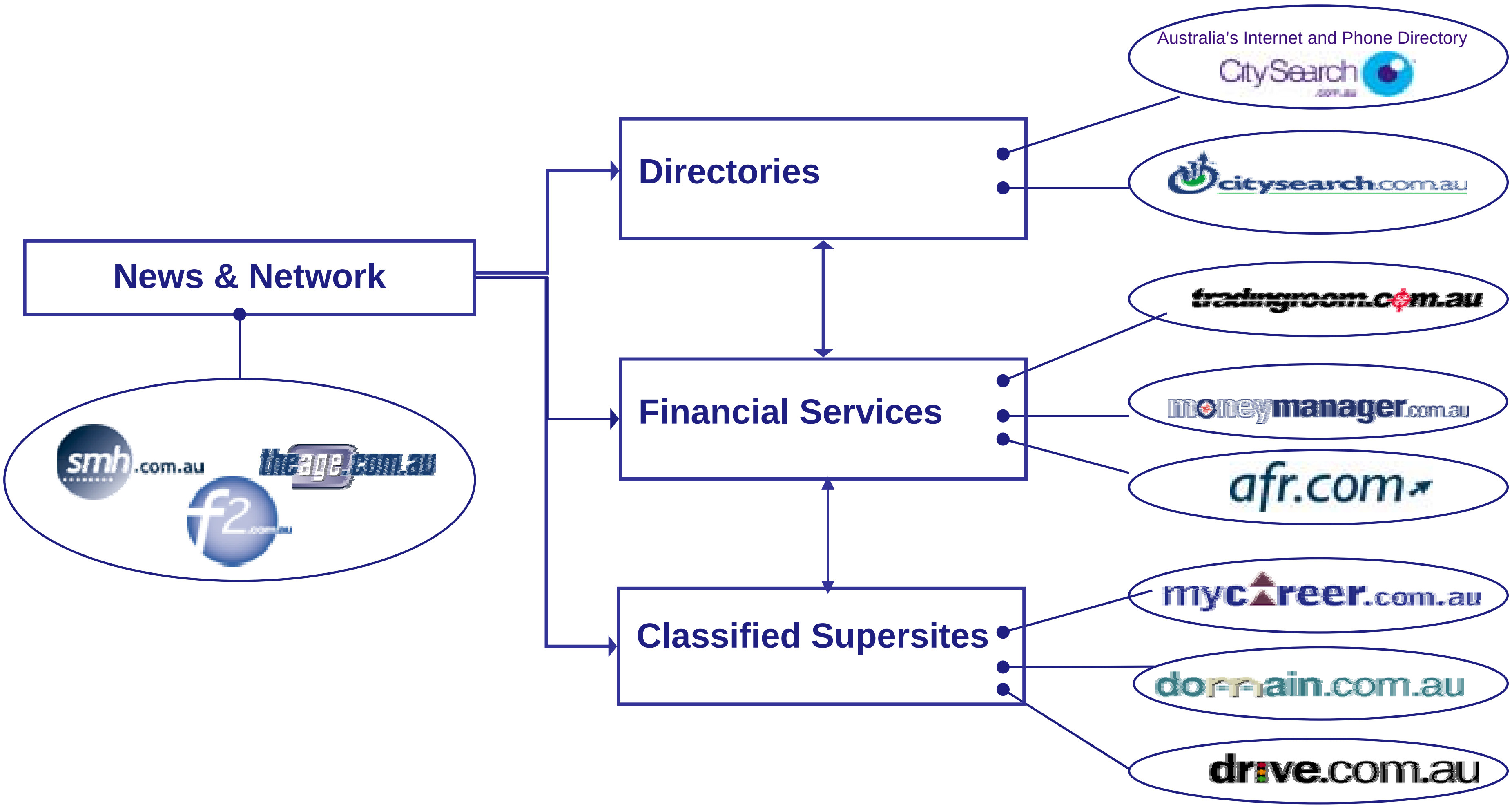
Last yr % var		**SMH**	**AGE**	**AFR**	**SUN**
Advertising Revenue		-2.8%	-3.7%	3.1%	15.8%
Classified Volume		-4.3%	-7.8%	-	25.8%
Display Volume		-6.0%	-7.3%	-7.7%	4.9%
Circulation Revenue		2.3%	-4.3%	7.8%	3.5%
Net Average Circulation Change		-0.8%	-1.9%	1.5%	-3.1%
* Net Avg Circulation (000's)	M-F	223.5	190.9	93.5	-
	Sat	379.3	309.5	90.9	-
	Sun	-	190.1	-	568.2

** Source: ABC 6 month circulation, December 2000*

Publishing: Summary

- Volumes off, but yield increases achieved
- Circulation, readership in line with or better than industry trends
- Underlying costs being contained
- Selective initiatives progressing

f2 - Fairfax Interactive Network



f2 Strategy

- Attract and serve a high quality audience in the right contexts
  - 2nd largest online audience in Australia
  - High quality audience mix
- Continue to build engines to generate revenue from our audience
  - Our online advertising revenues continue to grow
  - f2 is investing in new engines to capture other revenue streams in our core businesses: directories, financial services and supersites
  - Continue major investment in directories to re-invent the business as a powerful print and online vehicle for advertisers

f2 consolidated

	Dec 2000 $m	Dec 1999 $m	Variance $m	Variance %
Revenue				
Directories *	16.8	21.9	(5.1)	-23%
Other businesses	7.5	5.6	1.9	34%
Total	24.3	27.5	(3.2)	-12%
Expenditure				
Directories *	27.7	27.0	(0.7)	-3%
Other businesses	18.5	19.2	0.7	4%
Total	46.2	46.2	0.0	0%
EBITDA				
Directories *	(10.9)	(5.1)	(5.8)	-114%
Other businesses	(11.0)	(13.6)	2.6	19%
Total	(21.9)	(18.7)	(3.2)	-17%
Depreciation	2.8	1.2	(1.6)	-133%
EBIT	(24.7)	(19.9)	(4.8)	-24%

* includes both on-line and print revenues

f2's careful cost management will continue

- Costs have decreased each quarter since June 2000 (December quarter costs 21% down on June quarter)
- Saving is largely in marketing & staff costs
- Reduction in staff numbers largely through natural attrition with minimum redundancies
- Increase in Directories costs reflects our investment

Sale of SOLD.com.au to Yahoo!

- Economic value approx. $30m, 80% of which paid in cash
- Total investment approx. $12m since launch (18 months)
- Ongoing strategic relationship
  - Real estate distribution
  - CitySearch distribution and access to transaction tools
  - Ongoing share of customer value for referrals from f2 network

Classified Supersites

- Stay in touch with the leaders but with a much lower cash burn
- Ranked either # 2 or # 3 on any relevant measure
- Developing new revenue streams

CitySearch Directories

- Rebuild of management team completed
- Substantial productivity increases underway
- Significant product development, in print & online
- Strong traffic growth 65% increase in page views, compared to December 1999 half

Tradingroom investment with Macquarie Bank

- Building new revenue streams from the existing 175,000 Tradingroom & Direct Access members and cross-selling to Macquarie Bank & f2's retail customers bases
- Key management and Board in place, including CEO Lyn Cobley
- Scheduled for launch by second quarter 2001
- In addition to news and archival information, products will include:
  - Share trading
  - Managed funds
  - Cash management accounts
  - Margin Lending
  - Equities Research
  - Floats & other offers

Recent Events

- Management Changes
- Launch of new commuter paper
- Sale of Sold.com to Yahoo
- Publication and distribution of Corriere Della Sera

Summary

- An unusual half, in a softening market
- Continuing with our strategy, recognising current conditions
  - Containing costs
  - Investing selectively in publishing
  - Focusing f2 on designated opportunities in a cost effective manner