

Fairfax Media

Full Year Results

FOR THE TWELVE MONTHS ENDED
29 JUNE 2008



David Kirk, Chief Executive Officer
Brian McCarthy, Deputy Chief Executive Officer
Sankar Narayan, Chief Financial Officer

21 August 2008

RESULTS SUMMARY

→ Strong underlying earnings growth*

- Revenue up 2.9%
- Costs up 1.4%
- EBITDA up 6.9%
- EBIT up 8.7%

→ On a constant currency basis EBITDA up 7.8% and EBIT up 9.6%.

→ Underlying earnings per share up 8.2% to 25.1 cents

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

RESULTS SUMMARY (Cont.)

Underlying Results (excluding significant items)

	Revenue		EBITDA		
	2008 A\$m	% change	2008 A\$m	2007* A\$m	% change
Australian Regional & Community Publications		5.5%	205.5	190.5	7.8%
Sydney and Melbourne Metropolitan Publications		(2.8)%	174.1	191.1	(8.9)%
Australian Printing		(1.0)%	73.1	70.6	3.5%
Subtotal	1,644.5	0.9%	452.7	452.2	0.1%
Specialist Publications**	327.7	5.9%	86.0	74.8	15.0%
Online**	246.9	33.0%	114.4	81.1	41.1%
New Zealand Publishing**	508.7	0.8%	164.1	162.6	0.9%
Fairfax Radio Network	81.4	(2.1)%	19.7	18.1	8.8%
TV Production and Distribution**	108.5	(11.3)%	16.6	14.9	11.4%
Corporate & Other	-		(22.3)	(26.2)	14.9%
Total	2,917.7	2.9%	831.2	777.5	6.9%
Constant currency basis					7.8%



* 2007 pro-forma includes the twelve month results of Rural Press to 1 July 2007 and the results of Southern Cross and Southern Star for the eight months to 1 July 2007. Significant items have been excluded

** Business segments with offshore earnings

KEY DRIVERS OF RESULT

→ Diversification strategy

- Broad based growth:
 - Online
 - Specialist Publications
 - Australian Regional & Community Publications
 - Fairfax Radio Network
 - Southern Star
 - New Zealand Publishing

→ Integration synergy benefits on track

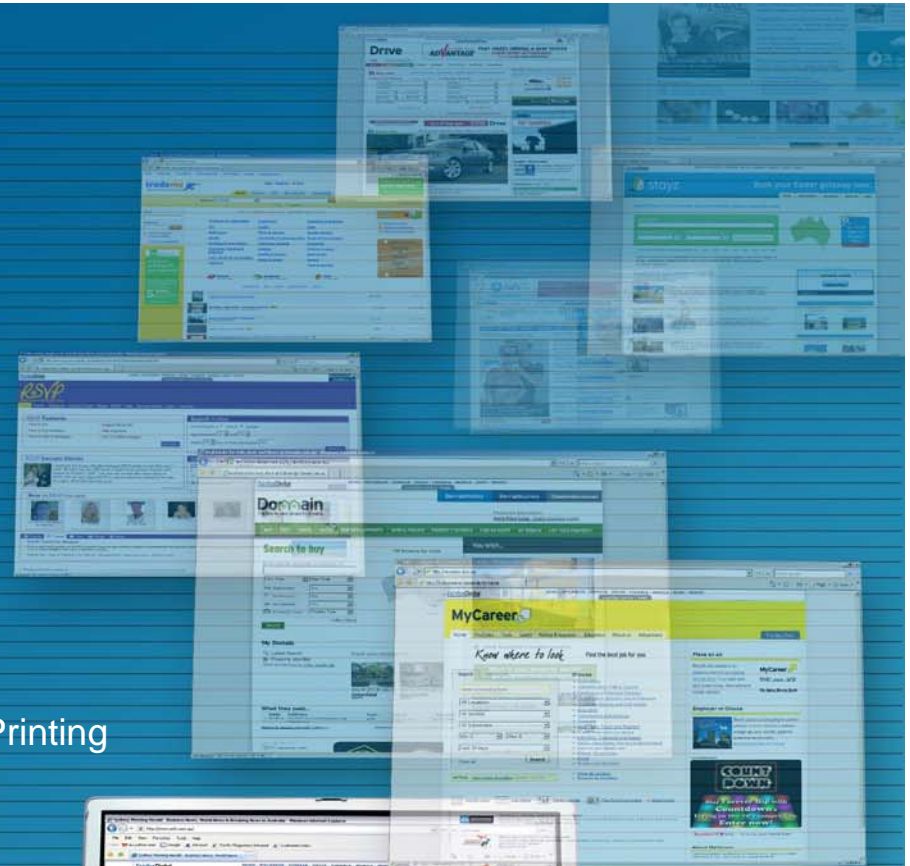
→ Strong management team

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Operational Reviews

Brian McCarthy

Deputy Chief Executive Officer and
Chief Executive Officer Australian Publishing and Printing



AUSTRALIAN REGIONAL AND COMMUNITY PUBLICATIONS

Comprises The Canberra Times and all Australian Regional & Community publications

Results

- Revenue up 5.5%
 - EBITDA up 7.8%
- Excellent stable of publications across Australia
- 102 regional paid publications
 - 130 free regional and community publications
- Pleasing regional results across all states/markets
- Canberra advertising revenues up strongly
- Sydney community publications affected by lower real estate activity



Note: 2007 results pro forma Fairfax Media and Rural Press for the 12 months ended 1 July 2007.

AUSTRALIAN REGIONAL AND COMMUNITY PUBLICATIONS (Cont.)

- Cost management in place. Excluding acquisitions, cost growth only 2.1%
- Cover price increases instigated on 25 of 102 regional paid publications
- Daily paid circulation in line with last year
- In regional markets National and Real Estate advertising categories stronger

SYDNEY AND MELBOURNE METROPOLITAN PUBLICATIONS

Comprises Sydney and Melbourne metropolitan newspapers and magazines

Results

- Revenue down 2.8%
 - EBITDA down 8.9%
- Continued weakness in Sydney advertising market. Melbourne market weaker in second half
- Display revenues in line with last year
- Volumes stronger with lower yield, particularly in motors and Sydney real estate categories. Employment volumes and yields weaker in second half
- Solid growth in Magazine revenues and earnings
- Improvement in cost management

AUSTRALIAN PRINTING

Results

- Revenue down 1.0%
 - EBITDA up 3.5%
- 17 printing sites across Australia
- Integration benefits being achieved
- Plants in Wagga, Nowra and Warrnambool closed. Burnie closure announced August 2008
- Capital expenditure programme will further increase productivity

AUSTRALIAN & NEW ZEALAND AGRICULTURAL PUBLICATIONS

Results included in Specialist Publications segment

Australian Agricultural publications

- 20 leading titles
- Revenues and profits higher in drought affected markets
- Advertising volumes flat, yield increased 3%
- Horse Deals acquisition performing to expectations

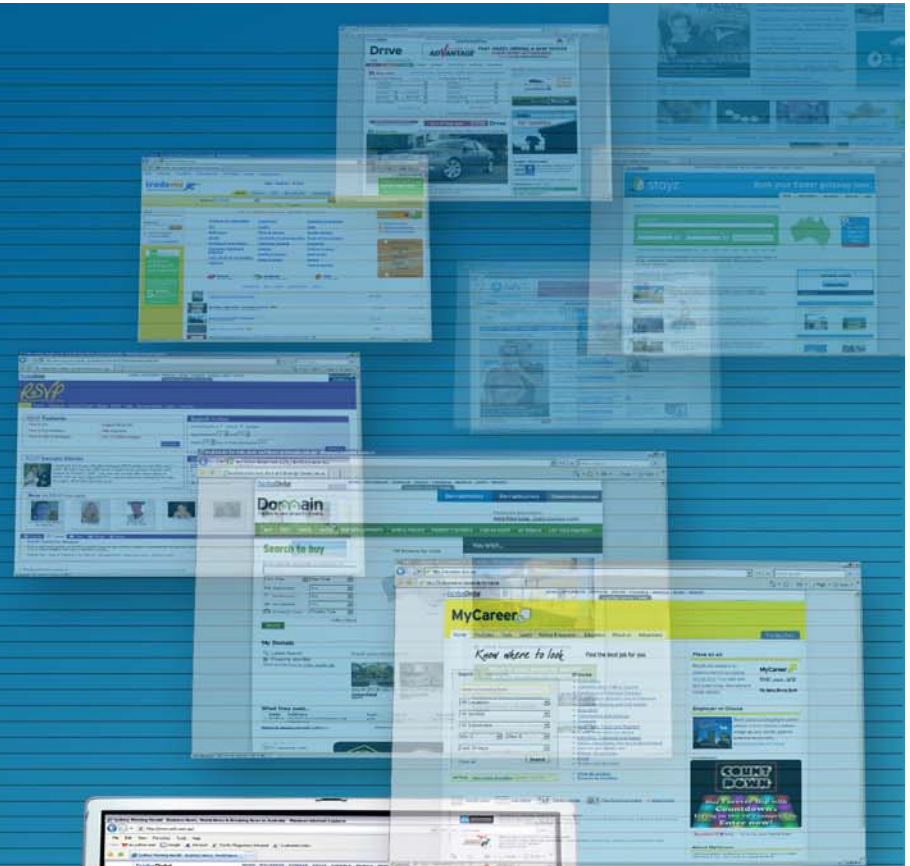
New Zealand Agricultural publications

- 6 leading titles
- Increased revenues, profits and margins
- Strong volume and yield increases

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Operational Reviews

David Kirk
Chief Executive Officer



FAIRFAX BUSINESS MEDIA & USA AGRICULTURAL PUBLICATIONS

Results included in Specialist Publications segment

Fairfax Business Media

- Strong revenue and profit growth
- Increases in both advertising volumes and yields
- Excellent cost management in place
- AFR.com performance greatly improved with stronger operating metrics
- Turnaround in Business Review Weekly profitability

USA Agricultural publications

- Further gains achieved in USA. Revenue, earnings and market shares improved
- Advertising volumes up 7%, yields up 3%

ONLINE

Comprising Fairfax Digital and Trade Me

Results

- Revenue up 33.0% in A\$
- EBITDA up 41.1% in A\$

Trade Me

- EBITDA increased 39% to NZ\$70.1 million
- Continues to exceed expectations.
- Earn-out of NZ\$45.2 million provided for in FY08 and paid in July 2008
- Continues to maintain leadership in Auctions, Motors and Real Estate classifieds and growing market share in Employment

ONLINE (Cont.)

Fairfax Digital

→ Strong growth continues:

- Revenue up over 30%
- EBITDA up 47%
- Margin expansion to over 30%

→ Results include investment in new initiatives:

- Thevine.com.au
- WAtoday.com.au
- Brisbanetimes.com.au
- Relaunch of Businessday.com.au

→ Improved profits in second half even as market conditions tightened

→ Transaction, display and classified revenues continue to grow strongly

NEW ZEALAND PUBLISHING

Results in NZ\$m

- Revenue up 2.5%
 - EBITDA up 3.1%
- First half performance strong with solid growth across all key advertising categories
- Rate of growth in second half lower as economic conditions worsened considerably
- Strong cost management across all key areas. Total costs up 2.2%
- Further cost savings initiatives in place for 2009

FAIRFAX RADIO NETWORK

Results

- Revenue down 2.1%
 - EBITDA up 8.8%
- Integration cost saving initiatives substantially completed with full year benefit in FY09
- Rebranding of the network to Fairfax Radio Network completed
- Sydney advertising market remains subdued
- Melbourne, Brisbane and Perth markets stronger
- Ratings performance improved, particularly at 2UE
- Regional radio performance strong

TV PRODUCTION AND DISTRIBUTION

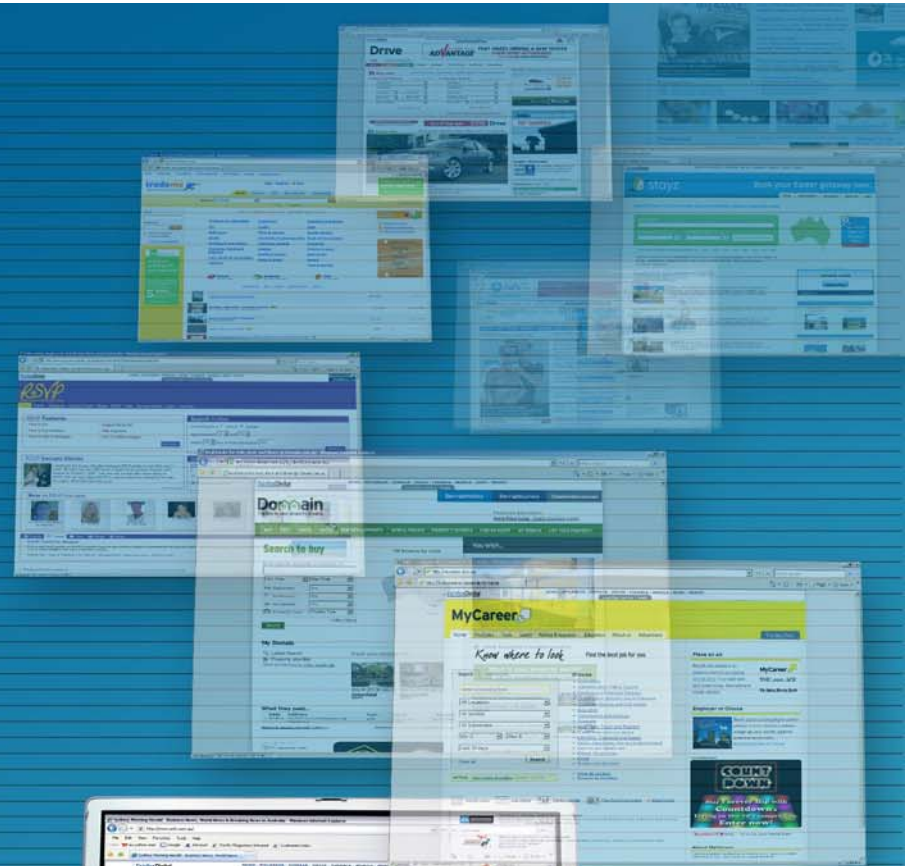
Results

- Revenue down 11.3% in A\$
 - EBITDA up 11.4% in A\$
- Australian production revenues increased due to new programs
- Distribution and royalties revenues affected by strong A\$
- Gross margins remain strong and benefit from producing follow on series
- Business is very well positioned to grow
- Sale of Carnival film and television for £22.5 million (approx A\$48m)

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Group Financials

Sankar Narayan
Chief Financial Officer



UNDERLYING TRADING PERFORMANCE

	As reported			Significant Items		Underlying Trading Performance		
	2008 A\$m	2007 A\$m	% change	2008 A\$m	2007 A\$m	2008 A\$m	2007 A\$m	% change
Revenue	2,909.0	2,172.8	33.9%	-	(55.2)	2,909.0	2,117.6	37.4%
Associate Profits	8.7	3.0	190.0%	-	-	8.7	3.0	190.0%
Costs	2,099.4	1,615.0	(30.0)%	(12.8)	(65.8)	2,086.5	1,549.2	(34.7)%
EBITDA	818.3	560.7	45.9%	12.8	10.7	831.2	571.4	45.5%
Depreciation	108.3	111.3	2.7%	0.8	(17.3)	109.1	94.0	(16.0)%
EBIT	710.0	449.4	58.0%	12.0	27.9	722.1	477.4	51.3%

UNDERLYING TRADING PERFORMANCE (Cont.)

	As reported			Significant Items		Underlying Trading Performance		
	2008 A\$m	2007 A\$m	% change	2008 A\$m	2007 A\$m	2008 A\$m	2007 A\$m	% change
EBIT	710.0	449.4	58.0%	12.0	27.9	722.1	477.4	51.3%
Net Interest	186.9	111.2	(68.0)%	-	-	186.9	111.2	(68.0)%
Profit before tax	523.2	338.2	54.7%	12.0	27.9	535.2	366.2	46.2%
Tax	135.7	76.6	(77.1)%	3.6	20.7	139.3	97.3	(43.2)%
Net profit	387.5	261.6	48.1%	8.4	7.3	395.9	268.9	47.2%
Outside Equity Interest	0.6	(1.9)	(132.4)%	-	3.0	0.6	1.1	(44.0)%
Net Profit after tax	386.9	263.5	46.8%	8.4	4.3	395.3	267.8	47.6%
SPS Dividend (net of tax)	17.2	17.9	(4.3)%	-	(1.3)	17.2	16.6	3.2%
Net Profit after tax and SPS	369.7	245.6	50.6%	8.4	5.6	378.1	251.1	50.6%
WANOS	1,505.8	1,082.0		-	-	1,505.8	1,082.0	
Earnings per share (cents)	24.55	22.70	8.1%	-	-	25.11	23.21	8.2%

SIGNIFICANT AND NON-RECURRING ITEMS

A\$m	2008	2007
Property - comprising:		
Profit on sale of Spencer Street property	-	41.9
Property costs associated with the relocation from Darling Park to the new facility at One Darling Island, Pyrmont	(2.4)	(41.3)
Income tax benefit	0.7	12.2
Property (loss)/gain, net of tax	(1.7)	12.8
Investments – comprising:		
Profit on sale of investment in Carsales.com.au Limited	-	13.2
Impairment of investments and assets held for sale	-	(8.5)
Impairment of mastheads	-	(6.7)
Outside equity interest share of masthead impairment	-	3.0
Income tax benefit	-	0.5
Investment gain, net of tax	-	1.5
Restructuring and fixed asset impairment – comprising		
Depreciation and impairment of plant, equipment and software	0.8	(17.3)
Restructuring and redundancy charges	(10.4)	(9.3)
Income tax benefit	2.9	8.0
Restructuring and fixed asset impairment, net of tax	(6.7)	(18.6)
Net significant and non-recurring items after income tax expense	(8.4)	(4.3)

CASH FLOW

A\$m	2008	2007
Cash flows from operating activities	419.7	364.9
Acquisitions	(594.9)	(583.0)
PP&E Additions	(115.4)	(88.7)
SPS Dividend (pre-tax)	(25.6)	(25.6)
Proceeds from sale of investments and PP&E	11.6	88.1
Ordinary dividends paid	(243.2)	(150.7)
Net debt increase	202.6	709.4
Net reduction/(increase) in cash	268.0	(314.0)
Transaction costs – debt securitisation	-	(0.4)
Payment for shares – employee share trust	(14.6)	-
Proceeds from issue of shares	91.8	-
Net investing and financing activities	(419.7)	(364.9)



Operating cash flow affected by the timing of cash payments of approximately \$50 million for provisions booked in last year's results.

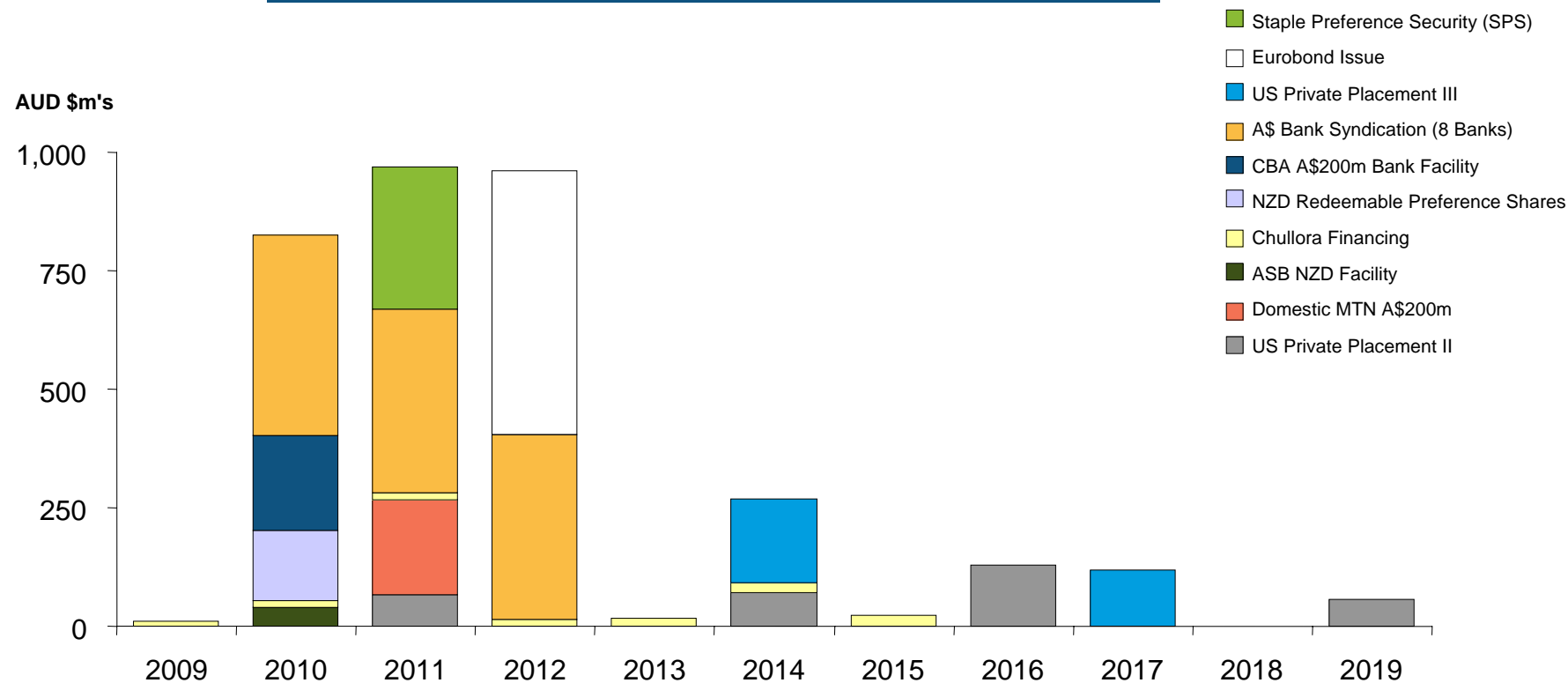
DEBT STRUCTURE

Ratios At 29 June 2008	
Net debt to EBITDA	2.9x
EBITDA to Interest Expense	4.5x

- Ratios all well within covenant limits
- Average interest rate of 8.23% on net debt (exc SPS)
- No refinancing exposure for at least 18 months
- A\$475 million in undrawn facilities

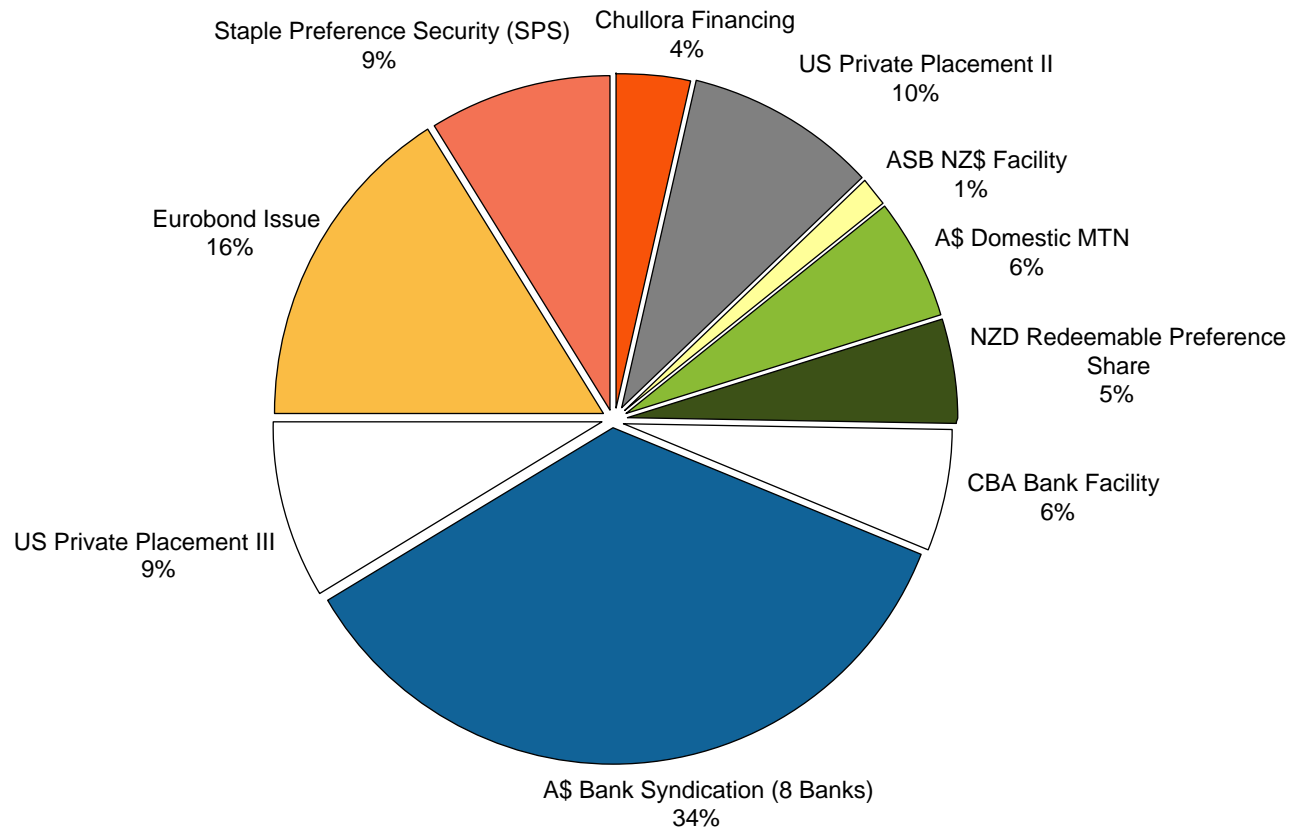
DEBT STRUCTURE: MATURITY

Committed Facility Maturity Profile (inc SPS)



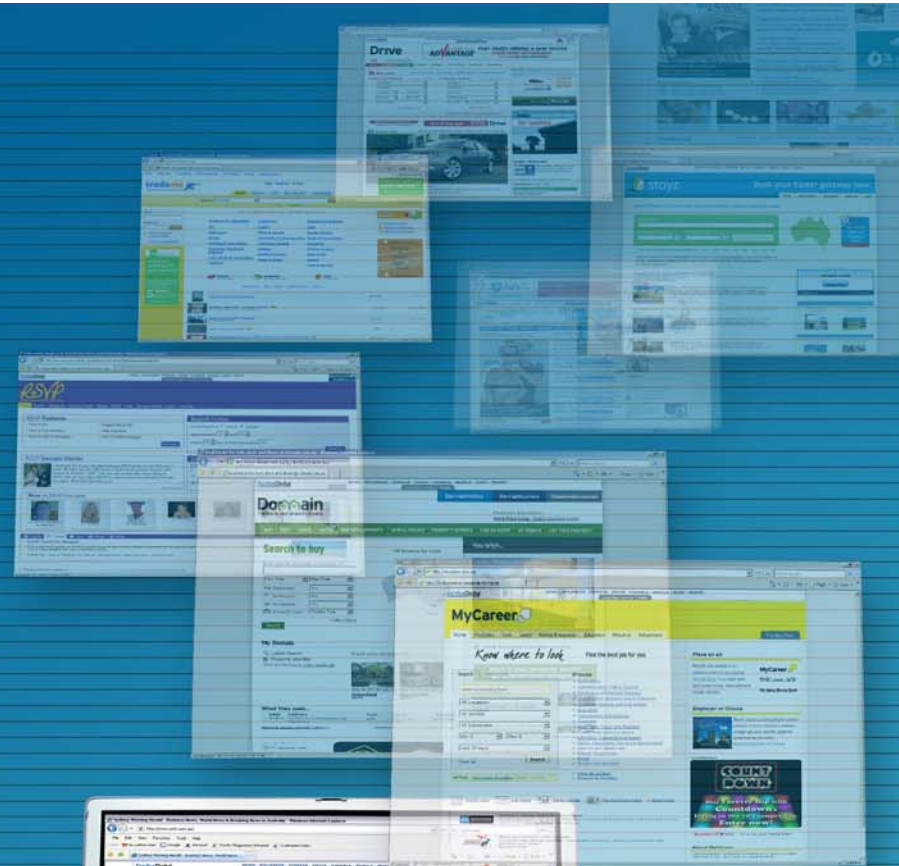
DEBT STRUCTURE: SOURCES OF DEBT

Source of Committed Debt Facilities



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Summary



SUMMARY

- Advertising markets have slowed
- Diversification has dramatically improved our ability to withstand cyclical and structural headwinds as evidenced in our recent second half performance
- Online remains strong and provides further earnings growth
- Further opportunities for cost reductions and continuous business improvement