



Half Year Results

for the six months ended
31 December 2006



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

Summary

→ Underlying results

- Revenue up 4.1% to \$1017.7m
- EBITDA up 2.9% to \$270.6m
- NPAT down 2.7% to \$121.4m
- Cashflow (pre-acquisitions) up 15.7%
- Earnings per share (post SPS) down 10.3%

→ Interim dividend up 25% to 10.0 cents per share, fully franked



Key Drivers

→ Recent major acquisitions a highlight

- Trade Me growing strongly - EBITDA NZ\$23.3m
- Border Morning Mail - fully integrated and synergies being realised

→ Australian publishing results mixed

- Fairfax Business Media increased revenue and profit
- Regional and Community papers increased revenue and profit
- Metropolitan papers affected by weaker NSW and Victorian economies
- Excellent cost performance
- Circulation and readership remain strong

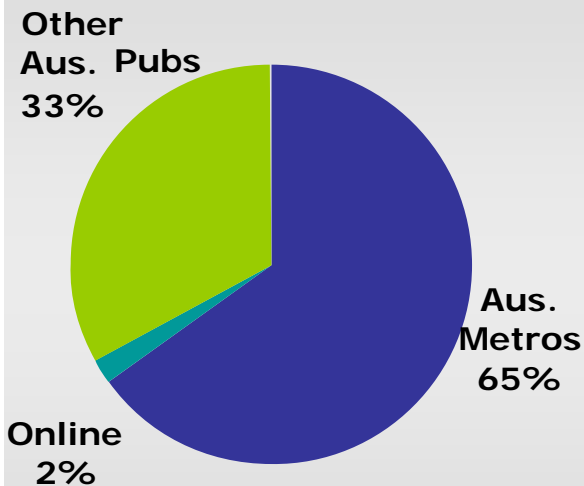
→ Fairfax Digital continued strong revenue and profit increase

→ New Zealand Publishing weaker as economic activity stagnated

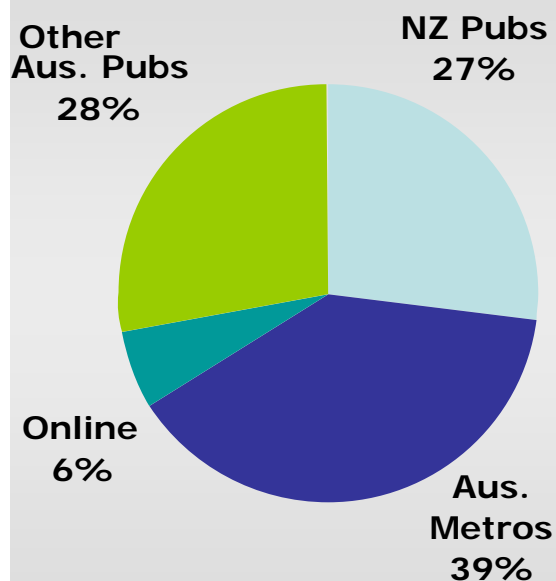


The revenue base continues to diversify

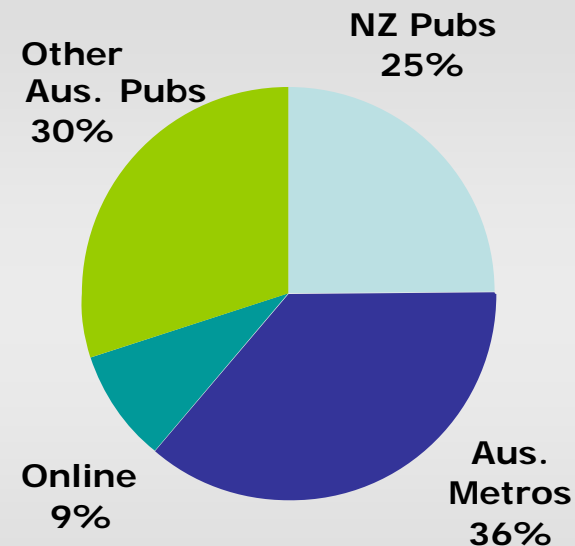
FY03



FY06

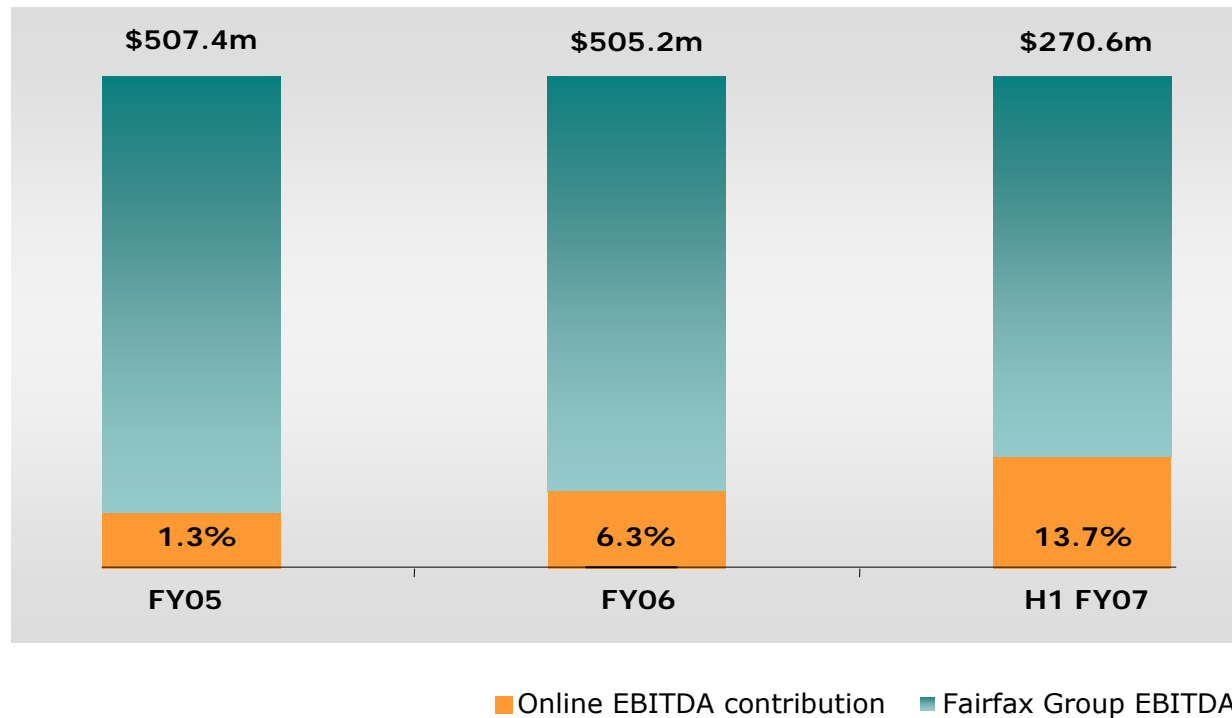


H1 FY07



Online EBITDA contribution increasing

Online EBITDA Contribution



Australian Publishing

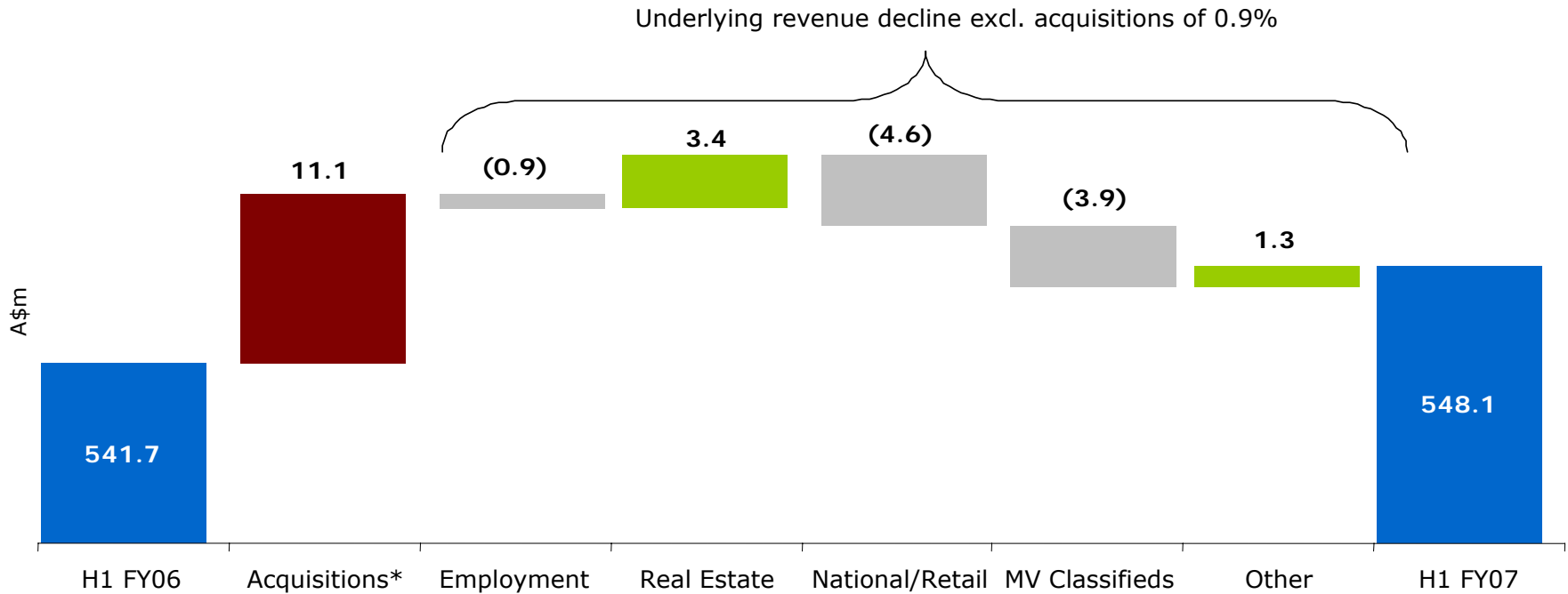
A\$m	H1 FY07 \$'m	H1 FY06 \$'m	Var \$'m	Var %
Advertising	548.1	541.7	6.4	1.2%
Circulation	108.3	108.0	0.3	0.3%
Other revenues	21.0	11.2	9.8	87.5%
Total revenue	677.4	660.9	16.5	2.5%
Costs	520.9	501.0	(19.9)	(4.0%)
EBITDA	156.5	159.9	(3.4)	(2.1%)
Depreciation	34.8	33.4	(1.4)	(4.2%)
EBIT	121.7	126.5	(4.8)	(3.8%)
EBITDA margin	23.1%	24.2%		
EBIT margin	18.0%	19.1%		



Australian Publishing

Advertising revenue

Advertising Revenue H1 FY07 v H1 FY06

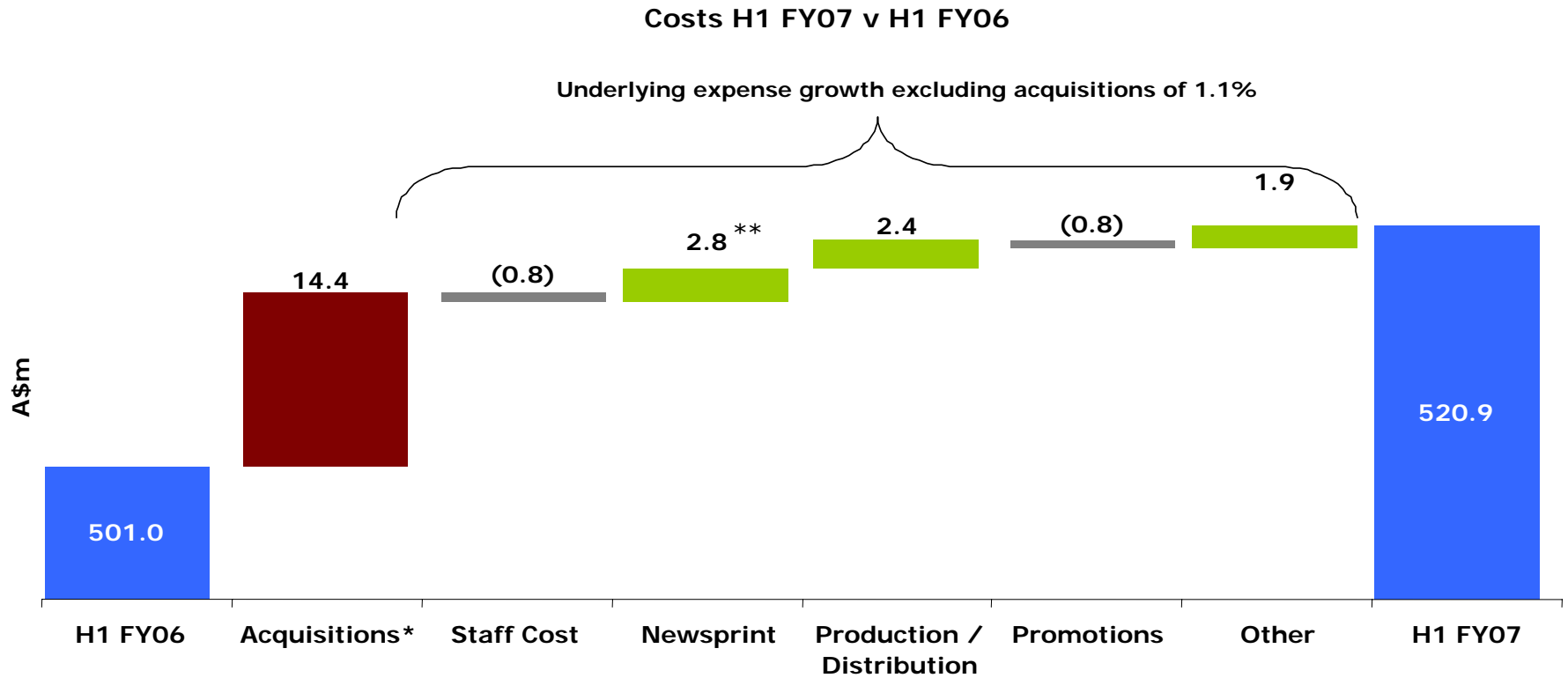


*Border Morning Mail and Independent advertising revenues



Australian Publishing

Excellent cost control



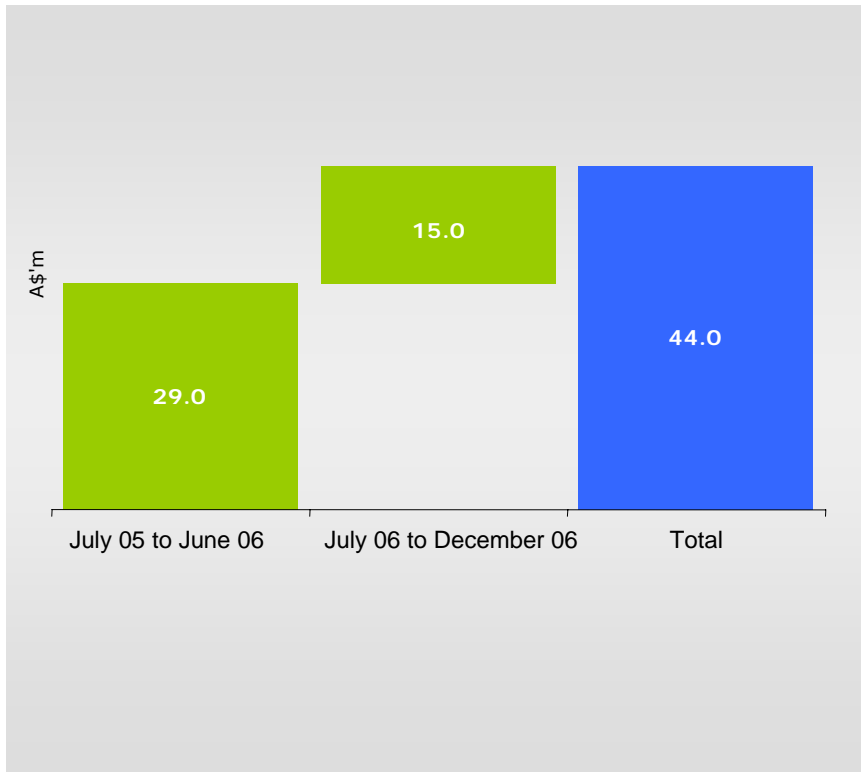
*Border Morning Mail and Independent

**Volume savings have partially offset contractual price increase of 7%



Australian Publishing

Cumulative real cost reductions have been achieved



- \$44m in permanent ongoing real cost reductions achieved over the past 18 months
- \$8m of cost savings have been re-invested into new product initiatives
- Structural cost reduction projects in place which will deliver continued improvements (excluding Rural Press synergies)



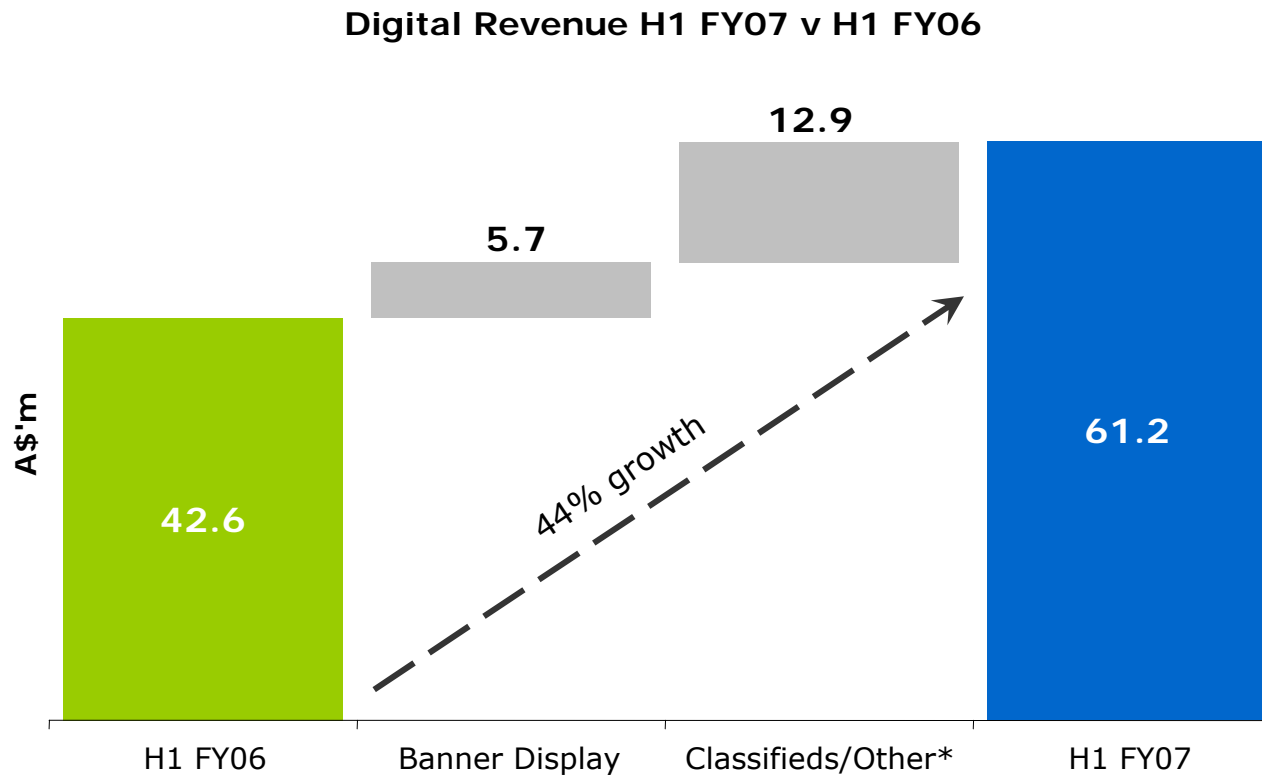
Fairfax Digital

A\$m	H1 FY07 \$'m	H1 FY06 \$'m	Var \$'m	Var %
Revenue	61.2	42.6	18.6	43.7%
Costs	44.2	30.6	(13.6)	(44.4%)
EBITDA	17.0	12.0	5.0	41.7%
Depreciation	1.4	1.0	(0.4)	(40.0%)
EBIT	15.6	11.0	4.6	41.8%
EBITDA margin	27.8%	28.2%		
EBIT margin	25.5%	25.8%		



Fairfax Digital

Online revenue growth



*Includes RSVP revenue



Trade Me continues to grow strongly

- **NZ\$23.3m EBITDA for the half**
- **All revenue drivers growing**
 - Gross Merchandising Sales – up 51% in CY2006
 - Sellers per month 155,000 - up 34%
 - Active users per month 800,000* - up 31%
 - Motors listings over 40,000 - up 52%
 - Property listings over 31,000 - up over 240%
 - Job listings at 5,200 and growing
- **On track to deliver NZ\$45m EBITDA for the 12 months to 31 March 2007**

*Those who have listed or bid within the past 12 months



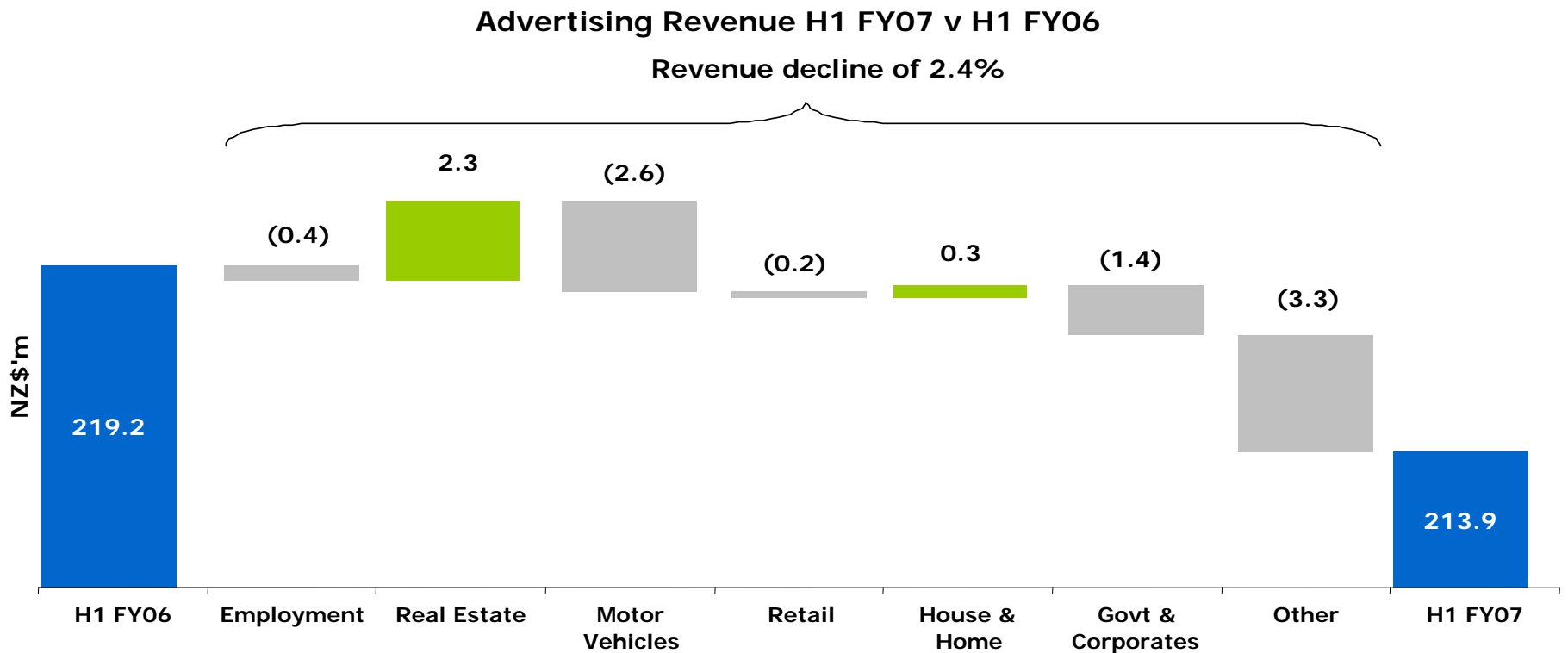
New Zealand Publishing affected by a stagnating economy

NZ\$m	H1 FY07 \$'m	H1 FY06 \$'m	Var \$'m	Var %
Advertising	213.9	219.2	(5.3)	(2.4%)
Circulation	68.7	67.4	1.3	1.9%
Other revenues	8.0	9.0	(1.0)	(11.1%)
Total revenue	290.6	295.5	(4.9)	(1.7%)
Costs	200.3[*]	196.7	(3.6)	(1.8%)
EBITDA	90.3	98.8	(8.5)	(8.6%)
Depreciation	5.6	5.4	(0.2)	(3.7%)
EBIT	84.7	93.4	(8.7)	(9.3%)
EBITDA margin	31.1%	33.4%		
EBIT margin	29.1%	31.6%		

*Includes severance payments of NZ\$2.8m

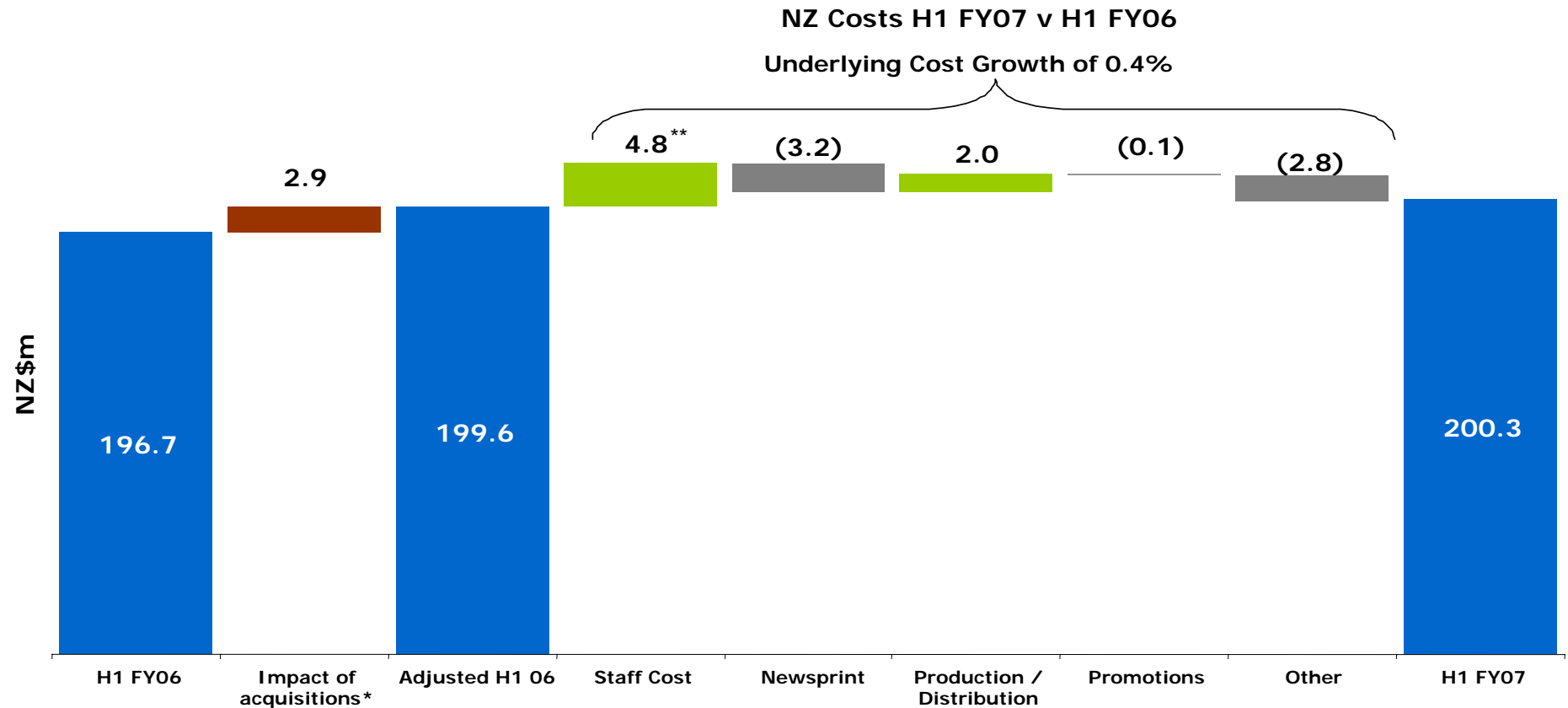


New Zealand Publishing Advertising revenue



New Zealand Publishing

Excellent cost control



*Acquisitions include the full half impact of the Rodney Times and The Independent

** Staff cost include a net NZ\$2.4 million in severance payments





GROUP FINANCIAL PERFORMANCE

Sankar Narayan
Chief Financial Officer

new establish
the market:
guide to
from home



Underlying trading performance

A\$m	As Reported			Adjustments		Underlying Trading Performance		
	H1 FY07 \$'m	H1 FY06 \$'m	Var %	H1 FY07 \$'m	H1 FY06 \$'m	H1 FY07 \$'m	H1 FY06 \$'m	Var %
Revenue	1030.9	977.6	5.4	(13.2)*		1017.7	977.6	4.1
Associate profits	0.2	4.8	(96.1)	-	(4.4)	0.2	0.4	(54.4)
Costs	747.2	728.4	(2.5)	-	(13.3)	747.2	715.1	(4.5)
EBITDA	283.9	254.0	11.8	(13.2)	8.9	270.6	262.9	2.9
Depreciation	41.5	39.4	(5.4)	-	-	41.5	39.4	(5.4)
EBIT	242.4	214.6	12.9	(13.2)	8.9	229.2	223.5	2.5

*Profit from sale of carsales.com.au



Underlying trading performance (cont.)

A\$m	As Reported			Adjustments		Underlying Trading Performance		
	H1 FY07 \$'m	H1 FY06 \$'m	Var %	H1 FY07 \$'m	H1 FY06 \$'m	H1 FY07 \$'m	H1 FY06 \$'m	Var %
EBIT	242.4	214.6	12.9	(13.2)	8.9	229.2	223.5	2.5
Interest	51.7	48.8	(5.9)	-	-	51.7	48.8	(5.9)
Profit before tax	190.7	165.8	15.0	(13.2)	8.9	177.5	174.7	1.6
Tax	48.1	45.6	(5.7)	-	4.0	48.1	49.6	2.8
Net Profit	142.5	120.2	(18.6)	(13.2)	4.9	129.3	125.1	3.3
Outside equity interest	0.4	0.3	(15.8)	-	-	0.4	0.3	(15.8)
Net Profit after tax	142.2	119.9	18.6	(13.2)	4.9	129.0	124.8	3.3
SPS Dividend (net of tax)	7.5	-				7.5	-	
Net Profit after tax and SPS	134.6	119.9	12.3	(13.2)	4.9	121.4	124.8	(2.7)
WANOS	1005.7	928.0	8.4			1005.7	928.0	8.4
Earnings per share (cents)	13.38	12.92	3.6			12.07	13.45	(10.3)



Cashflow remains strong

	H1 FY07 \$'m	H1 FY06 \$'m
Cash flows from operating activities	191.4	138.8
Capital Expenditure	(36.8)	(16.6)
SPS Dividend	(13.1)	0.0
Operating cashflow post Capital Expenditure and SPS Dividends (Free cashflow)	141.4	122.2
Acquisitions	(150.4)	(55.0)
Proceeds from sale of investments and PP&E	21.9	0.0
Ordinary dividends paid	(68.2)	(108.5)
Net debt increase/(reduction)	106.5	(86.7)
Net (increase)/reduction in cash	(51.2)	126.7
Proceeds from issue of shares	0.0	1.3
Net investing and financing activities	(141.4)	(122.2)
Free cashflow per share	14.05 cents	13.17 cents
	up 6.7%	



Balance Sheet

A\$m	Dec-06	Jun-06
Intangibles	3,195	2,900
Property, plant and equipment	663	654
Investments & financial assets	41	43
Receivables	288	282
Inventories	33	36
Other assets	109	104
Net borrowings	(1,252)	(1,455)
Other liabilities	(482)	(427)
Net assets	2,595	2,137





Reshaping Fairfax

David Kirk
Chief Executive Officer

The reshaping of Fairfax continues

1. Defend and Grow Our Publishing Business

Diversification into regional, business and magazine publishing

- Merger with Rural Press
- Acquisition of Border Morning Mail and Independent in Victoria

Business process simplification and cost reduction

- Underlying cost increase of 1.1% in Australia Publishing
- \$44m in permanent real cost reductions in publishing during the past 18 months
- Structural cost reduction projects in place

Editorial quality, smart marketing and innovative sales approach

- Circulation and readership strong
- Subscriptions at SMH and The Age are up over 20% in the first half
- New sections and publications – inserted and consolidated tabloid formats
- Integrated account servicing teams
- Retail advantAGE plan in Victoria
- New real estate sales packages



The reshaping of Fairfax continues

2. Rapid Growth in Digital

- Digital earnings 13.7% of group EBITDA up from 1.3% two years ago
- #1 in news and information, dating and holiday rentals
- Strong #2 in jobs, homes and cars in Australia
- Growth organically driven in Australia
- Further extension of news and information platform
- Development of entertainment content – Austereo agreement
- Development of new verticals and niche audiences (Life & Style, travel, essentialbaby.com.au)
- Integration with Rural Press online businesses and local print content to come
- Trade Me achieving excellent growth in all areas with category expansion
- Relaunch of New Zealand news and information website

3. Building a digital media company

- News and information content distributed across a wide variety of platforms
- Establishment of new integrated newsrooms in Sydney
- Integrated sales packages



Appendices

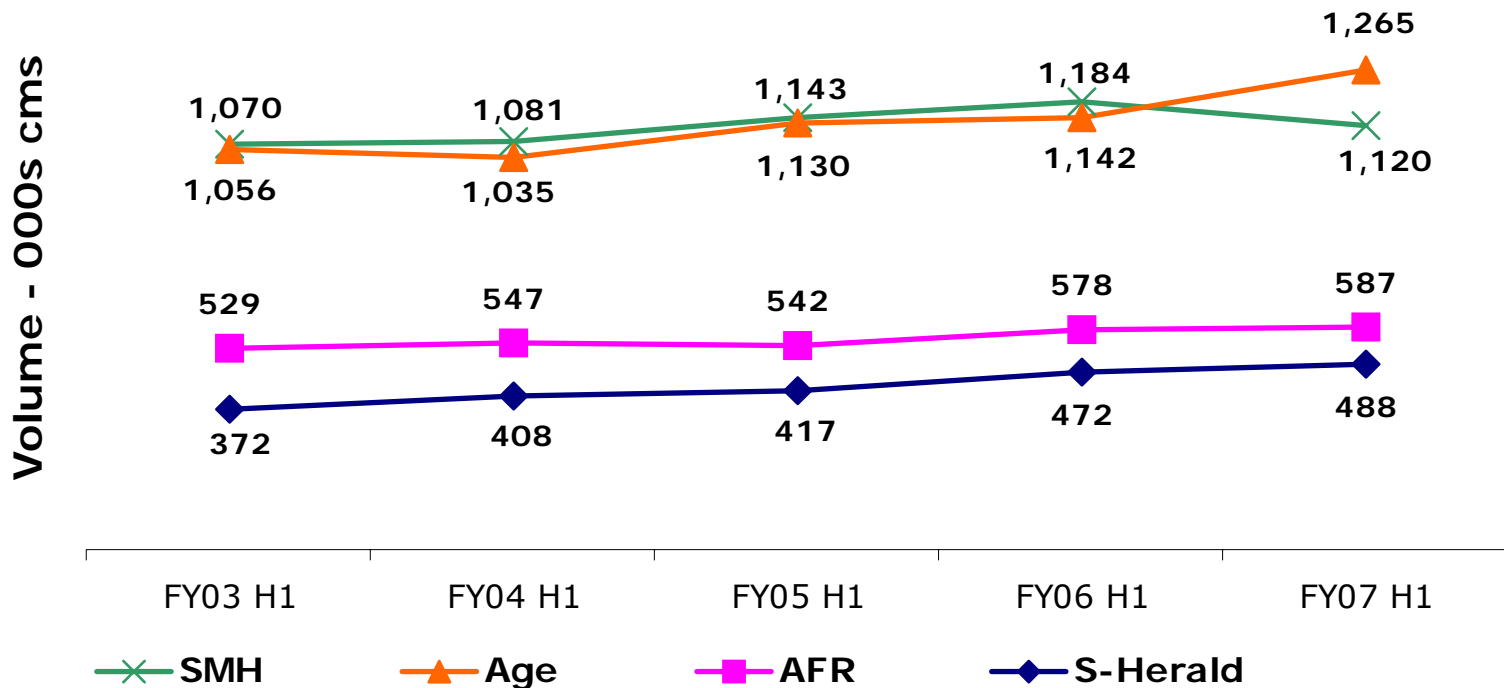
Australian Publishing

- Display volumes
- Classified volumes

Australian Publishing

Display volumes

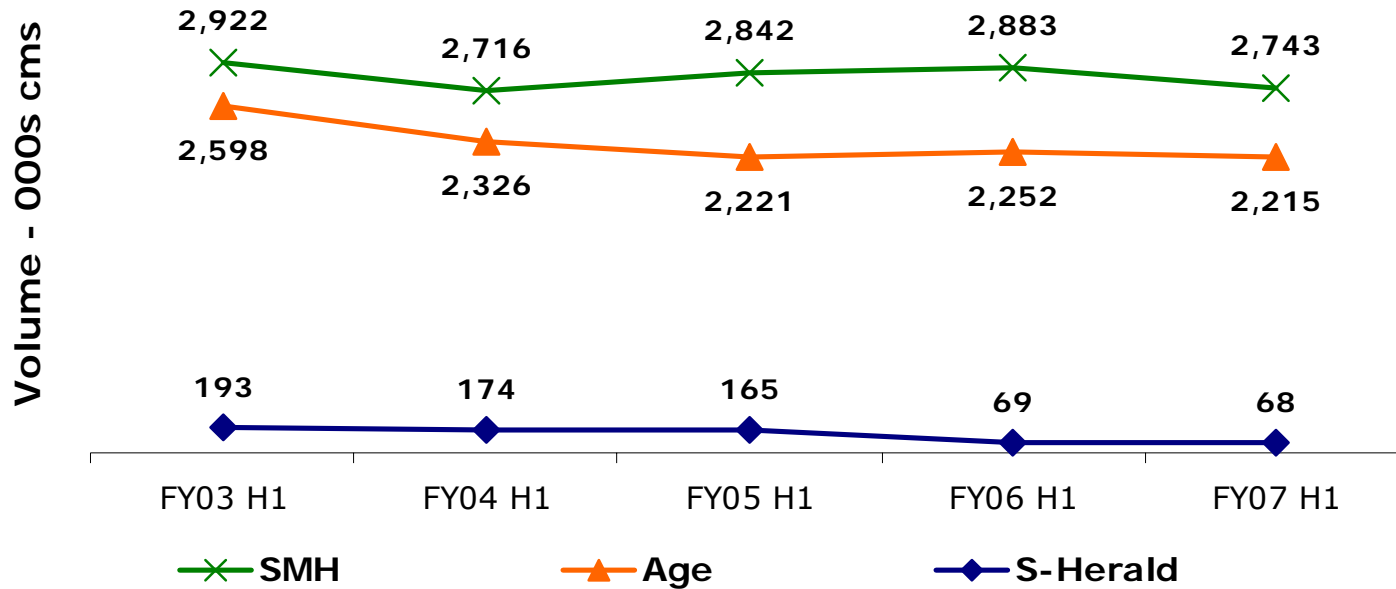
AUS Advertising Volumes - Display
6 months ended 31 December 2006



Australian Publishing

Classified volumes

AUS Advertising Volumes - Classifieds 6 months ended 31 December 2006



Note: Includes average volumes from Domain North, East and Inner West

