



# Overview



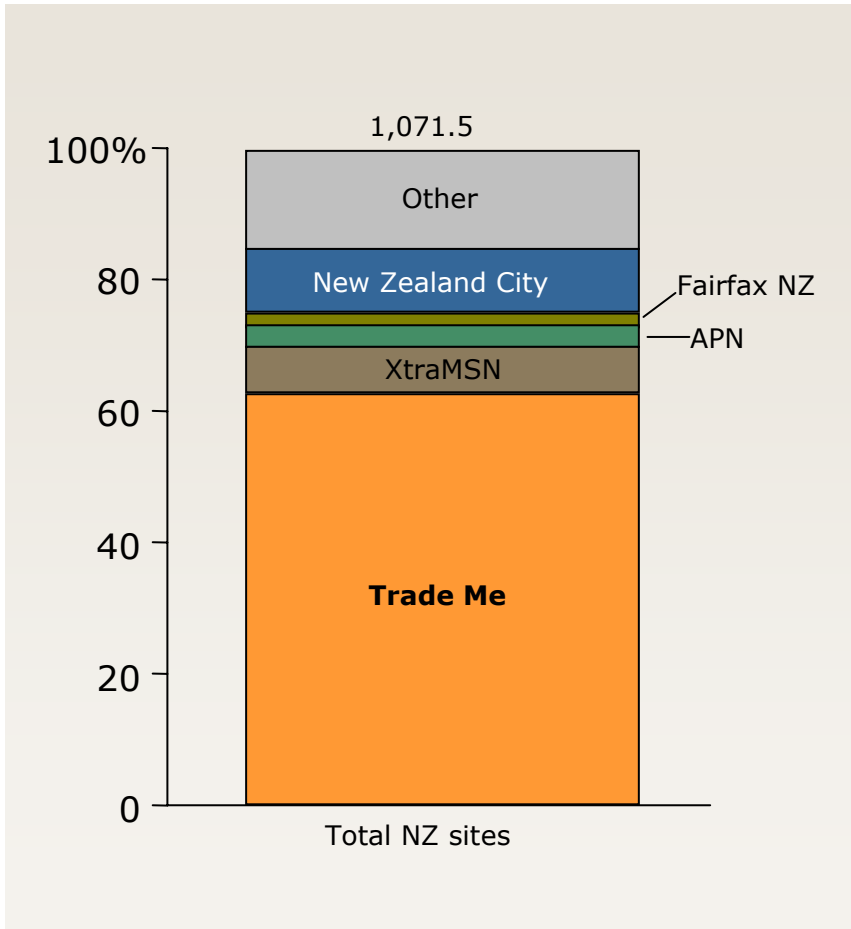
- Excellent fit both strategically and financially
- Trade Me is the leading internet business in New Zealand
  - Largest audience of all New Zealand websites with over 60% of New Zealand internet traffic
  - 1.2 million registered members (30% of New Zealand population) and gaining at 50,000 per month
  - Expected to host 35 million auctions this year and 15 million item sales
  - Incredibly strong consumer brand
- Acquisition price - NZ\$700 million (A\$625 million)
  - Multiple of 15-16x on forecast FY07 EBITDA
  - EPS neutral YR1, accretive YR2
- Earn out based on 10x of excess EBITDA over NZ\$45 million FY07\* or NZ\$60 million EBITDA in FY08. Capped at NZ\$50 million

\*Trade Me operates on a 31 March close to the financial year

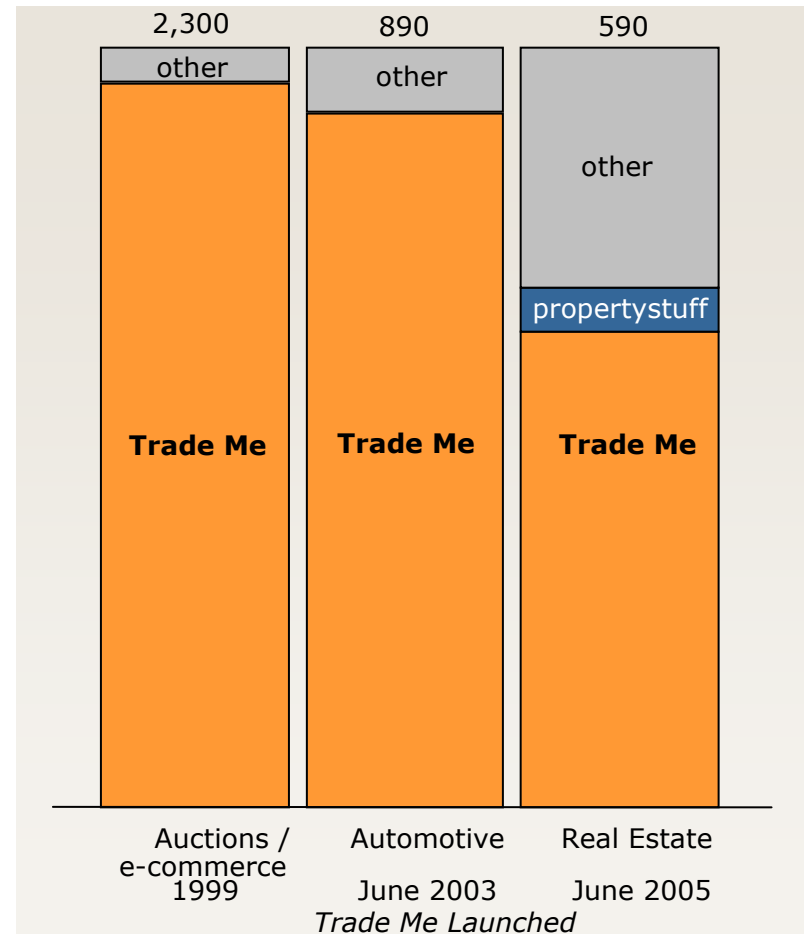
# Trade Me leads the New Zealand internet space



Page impressions



Unique Browsers (000's)



Note: unique browsers includes duplicated users


Source: Nielsen Netratings Market Intelligence (Publisher - Domestic) for the month ended 31 January 2006

Trade Me Launched

# Trade Me started with general merchandise and has added other categories



Trade Me [Find Someone](#) | [Old Friends](#) | [SafeTrader](#)

**trademe**  [Login](#) [Register](#) [? Help](#)

Where Kiwis buy and sell online

[Home](#) [Browse](#) [Sell](#) [My Trade Me](#) [Community](#)

Sort out your credit card debt  
**low Interest MasterCard.**  
**13.95% p.a.**  
Click here to apply online. **Westpac**

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All Listings

NZ  Auckland

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**Login**

email

password

Keep me logged in on this computer

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**19.9% p.a. Why go high?**

**5.0% p.a.**

When you

Trade Me is NZ's No.1 place to buy and sell online.  
Currently **35,635** people online and **527,985** items for sale.

[Antiques & collectables](#)

[Art](#)

[Baby gear](#)

[Books](#)

[Business, farming & industry](#)

[Cars, boats & motorbikes](#)

[Clothing](#)

[Computers](#)

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[Toys & models](#)

**Selling Basics...**

[? How does it work?](#)  
[? Creating a great listing](#)  
[? After the auction closes](#)


**Mobile Phones**

[Nokia](#)  
[Alcatel](#)  
[Sony](#)  
[more...](#)

 **Trade Me Motors**


32,000+ Cars

[\\$1 Reserve](#)

 **Trade Me Property**

11,000+ Properties

[Latest Listings](#)

 **Rentals & Flatmates**

2,000+ Listings

[Closing Soon](#)

[Stores](#)

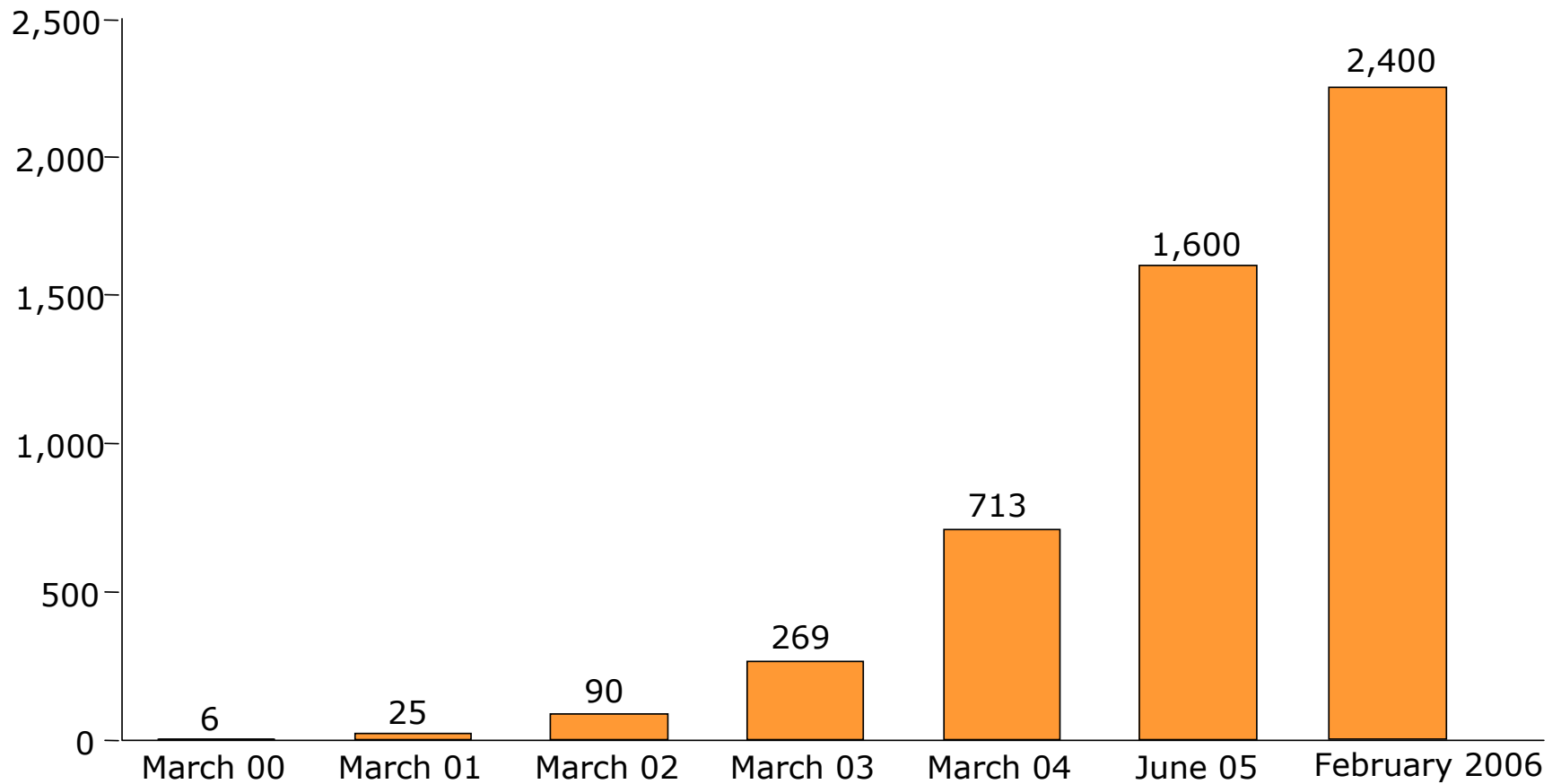
[Make Trade Me your home page](#)

★ **Homepage features** [more...](#)

# Phenomenal growth



Trade me monthly auctions: March 2000 – February 2006



# *Demonstrated ability to leverage auction audience...*



- Incredibly strong auction audience
  - Number 1 auction site
- Leveraged audience into cars and property
  - Trade Me Cars launched June 2003, quickly achieved audience and inventory leadership
  - Trade Me Property launched June 2005 and has achieved largest online audience
- Audience leadership drives the economics

# *Future growth will come from...*



1. New Zealand online share of all categories is still relatively small
2. Leveraging the auction traffic into new categories i.e. Jobs
3. Revenue potential relative to audience reach has not been fully developed

**All underpinned by the strongest internet audience in New Zealand**

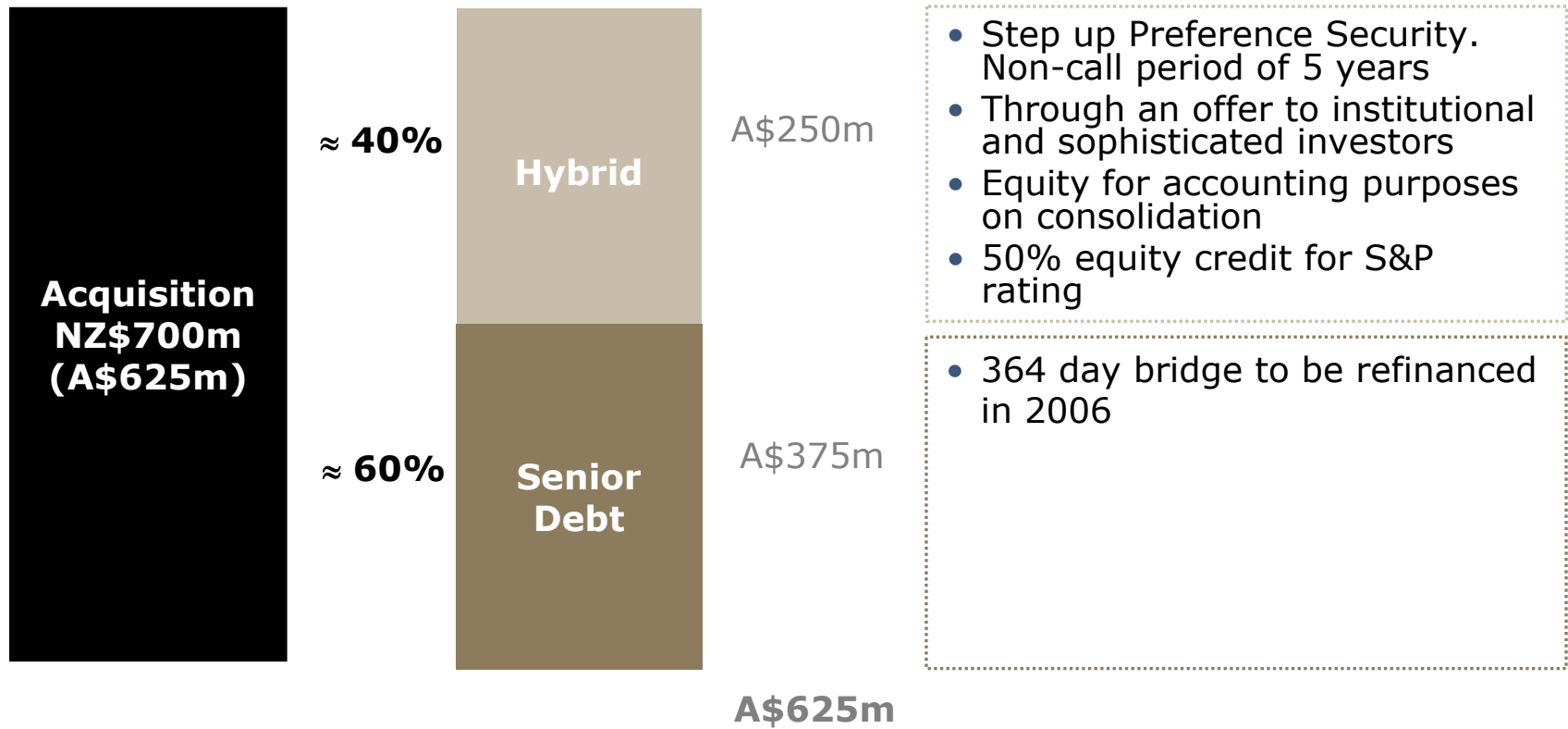
# Transaction funding and financial impacts



- Purchase price NZ\$700 million
- Funded by a mix of A\$250 million Hybrid Equity and balance in senior bank debt
- Price represents
  - FY06 EBITDA multiple of 26.9x
  - FY07 estimated EBITDA multiple of 15/16x
- Valuation based upon
  - Comparable EBITDA multiples for assets with similar growth rates
  - EPS sensitivities based on proposed funding structure and FXJ current capital structure
  - Discounted cash flows

All three valuation methodologies support the acquisition

# Funded by Hybrid Equity and Senior Debt



Exchange rate A\$1 = NZ\$1.12

# The purchase price compares favourably with comparable valuations



## Trade Me EBITDA multiples vs. benchmarks: FY06-07

	FY06	FY07
Trade Me acquisition <sup>1</sup> .	26.9x	15.6x
Seek <sup>2</sup> .	19.5x	16.9x
Realestate.com.au <sup>2</sup> .	31.1x	19.6x
eBay <sup>3</sup> .	27.5x	21.5x

1. March 06 year end

2. June 06 year end

3. December 06 year end

Source: IRESS and Bloomberg 3 March 2006

# *Trade Me will be neutral to EPS accretive...*



- Based on proposed funding structure
  - EPS neutral FY07
  - Minor EPS accretion FY08
- Based on current Fairfax capital structure (75% equity and 25% debt)
  - Minor EPS dilution FY07
  - EPS neutral FY08

Note: Accretion/Dilution based on Fairfax consensus numbers and forecasts for Trade Me

# Fairfax balance sheet – pro forma following transaction



	Fairfax Actual Dec '05 A\$m	Estimated * Trade Me Transaction A\$m	Estimated Pro Forma Dec '05 A\$m
Total Assets	3,555	629	4,184
Total liabilities	1,623	379	2,002
NET ASSETS	1,932	250	2,182
Total Equity	1,932	250	2,182

\*Estimated transaction comprises purchase price plus acquired assets and liabilities

# Summary



- Excellent fit both strategically and financially
- Enhances our New Zealand position
- Transforms us into the leading digital business in Australasia
- Continues to reshape our earnings mix towards higher growth digital businesses

# Fairfax

METROPOLITAN, REGIONAL AND COMMUNITY NEWSPAPERS METROPOLITAN NEWSPAPERS The Sydney Morning Herald, The Sun-Herald, The Age, The Sunday Age, Fairfax Regional Newspapers, Regional New South Wales, The Herald - Newcastle, Illawarra Mercury, Hunter Post, Newcastle/Lake Macquarie Post, Central Coast Sun Weekly, Port Stephens Examiner, Wollongong Advertiser, Regional Victoria, The Warrnambool Standard, Fairfax COMMUNITY NEWSPAPERS - NSW The St George & Sutherland Shire Leader, Central Coast Daily, Valley Times, Campbelltown Mercury, Murrumbidgee Advertiser, Camden Advertiser, Wollondilly Advertiser, Fairfield City Council, Penrith City Star, St. George's Weekly, South Western Daily, NEWSPAPERS - VICTORIA Melbourne Weekly Magazine, Melbourne Times, Melbourne Times Northern Edition, Heidelberg Weekly, Knox Journal, Macedon Journal, Tarrago Ranges Journal, The Journal, Berwick & District Journal/Pakenham Journal, Monash Journal, Whitehorse Weekly, Macedon Ranges/Sunbury Telegraph, Werribee Banner, Moreland Community News, Moonee Valley Community News, The Altona Laverton Mail, The Mail, Williamstown Advertiser, North-West Advocate, The Advocate, Melton Express Telegraph, Bacchus Marsh Express Telegraph, Whittlesea Weekly, Valley Weekly, Manningham Weekly, Peninsular Journal Weekender, Hume Weekly (Inc. Broadmeadows/Tullamarine edition), Colac & Corangamite Extra FAIRFAX GENERAL MAGAZINES Good Weekend, Television, Sunday Life, the(sydney)magazine, theage(melbourne)magazine, Uncorked, Drive, Fashion, Travel + Leisure, Fairfax Digital, smh.com.au, theage.com.au, rugbyheaven.com, realfooty.com.au, monyemanager.com.au, tradingroom.com.au, mycareer.com.au, domain.com.au, drive.com.au, tradingroom.com.au

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Where Kiwis buy and sell online

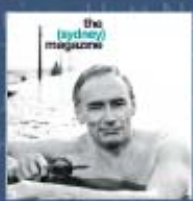


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**domain.com.au** **GRSVP**



Papakura Courier, Northern News, North Harbour News, North Shore Times, Norwest Newsbrief, Western Leader, Whangarei