

FP Newspapers Inc.



Annual General Meeting 2010
June 8, 2011

TSX: FP-T

*FP NEWSPAPERS INC.
ANNUAL MEETING 2010*

Formal Meeting

Annual General Meeting

- Introduction
- Quorum
- Resolutions

We're there for you



2010 Annual Report
FP Newspapers Income Fund

FP Newspapers Inc.

Annual General Meeting 2010

Ronald N. Stern,
Chairman

June 8, 2011

FP Newspapers Inc.

FORWARD-LOOKING STATEMENTS:

Certain statements in this presentation are “forward-looking statements” which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of FPI or FPLP to be materially different from those expressed in this presentation. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this presentation. These forward-looking statements involve a number of significant risks and uncertainties, more information about which appears under the heading “Risk Factors” in the FPI’s most recent Annual Information Form.



Contents:

- ***Summary***
- ***Approach***
- ***Year in Review***
- ***Q1 Review***
- ***Outlook***

**Winnipeg
Free Press**

WE'RE THERE FOR YOU

The Carillon
News that matters to people in southeastern Manitoba

Winnipeg Free Press
NEWS CAFÉ
food / drink / debate

Summary:

- ***FP-T holds 49% of FPLP***
- ***IPO May 2002***
- ***Converted to Corporation Jan. 1, 2011***
- ***6.9 million shares issued***
- ***Cumulative distributions from inception of \$10.37/share (to March 31, 2011).***

Operations:

- ***2 daily newspapers***
- ***9 community and specialty publications***
- ***Distribution services***
- ***Digital offerings***

the herald. **the Prime Times**
the times.
the lance. **the sou'wester.**
the metro. **the headliner.**
UPTOWN
BRANDON SUN

Approach

FP Canadian Newspapers takes a balanced approach, with a view to enhancing its core printed products while growing into new digital platforms. We believe in maintaining and building our readership with quality content, helping advertisers reach attractive audiences in a variety of ways.

2010 Year in Review

FP Canadian Newspapers

- Revenue lower by 3.4% to \$110 million.
 - Revenue declined in Ad Sales, Circulation and Commercial Print categories.
- EBITDA 2010 excluding the 2009 restructuring charges increased \$0.3 million or 1.2%.
 - Cost reduction initiatives implemented largely in 2009 provided EBITDA growth.

2010 Year in Review

Quality Counts:

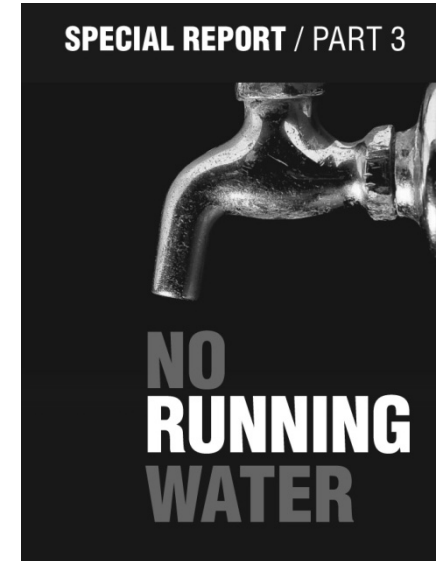
- Winnipeg Free Press named runner up for Canadian Journalism Foundation's Excellence in Journalism Award.
- Brandon Sun's Tim Smith wins National Newspaper Award for feature photography.
- Steinbach Carillon named best all around community newspaper in Manitoba.



2010 Year in Review

Winnipeg Free Press

- No Running Water, highlighting lack of safe water in Native communities, recognized for focusing on Third World conditions in Canada.
- Live Winnipeg civic election coverage set local media agenda.



2010 Year in Review

Winnipeg Free Press Digital

- Digital audience grew by 25%
- Sandra Kukreja named Digital Vice President
- 1st iPad version launched; 2.0 now running



2010 Year in Review

- SwarmJam group buying program started
- Arts Loyalty program offers discounts to members



New Ideas

- Winnipeg Free Press News Café opened in spring 2011
- WFPtv, new online digital advertising venue, was launched



Marketing Push

- Bruce Leslie named VP Marketing
- Launched promotional campaign “It’s a Winnipeg Thing”



Public Service

- Democracy Project forged community partnerships to increase voter participation
- Provided sponsor coverage for hundreds of local events and organizations



United Way
Winnipeg

Partnerships

- Partnered with MTS to provide 2011 flood coverage
- Partnered with 1290 Sports Radio on new, drive-time Hustler and Lawless Show



BRANDON SUN 2010 Year in Review

- Increases in display advertising and flyer distribution
- Produced special sections for each day of Memorial Cup
- Partnered with such organizations as Brandon University, Assiniboine Community College, United Way and YMCA

BRANDON SUN 2010 Year in Review

- Printing and inserting production departments close at conclusion of Globe and Mail contract
- Integrated printing and inserting with Winnipeg production



2010 Year in Review

- Improved profitability after integration with WFP production and delivery
- Changed delivery day to Wednesday to better serve customers



2010 Year in Review



- Improved digital capacity, including new website for Uptown Magazine
- Received multiple recognition for Community coverage at Manitoba Community Newspaper Awards.

2010 Year in Review

FP Canadian Newspapers Limited Partnership

(\$ in millions of dollars)

	2010	2009	2008 ⁽²⁾	2007
Revenue	110.0	113.9	121.1	125.9
EBITDA	24.6	22.4 ⁽¹⁾	23.0	28.5
Distributable cash attributable to the Fund – per unit	1.14	1.30	1.19	1.61
Distributions declared per unit	0.72	1.14	1.25	1.29

(1) Includes restructuring charges for severance costs of \$1.9 million.

(2) 2008 results include impact of lost publishing days at Winnipeg operations due to 16 day strike.

Q1 – 2011 Review

FP Canadian Newspapers Limited Partnership

- Display revenue decline of 2.9%
 - Weakness in travel, financial and retail categories partially offset by increases in automotive spending.
- Overall ad revenue declines 2.9%
 - Classified revenue declined 10.9% partially due to employment, auto and real estate categories.
- EBITDA decreases 22.8%.
 - Circulation revenue declined due to fewer copies sold. Rate increases were implemented at the end of the first quarter.

Q1 – 2011 Review

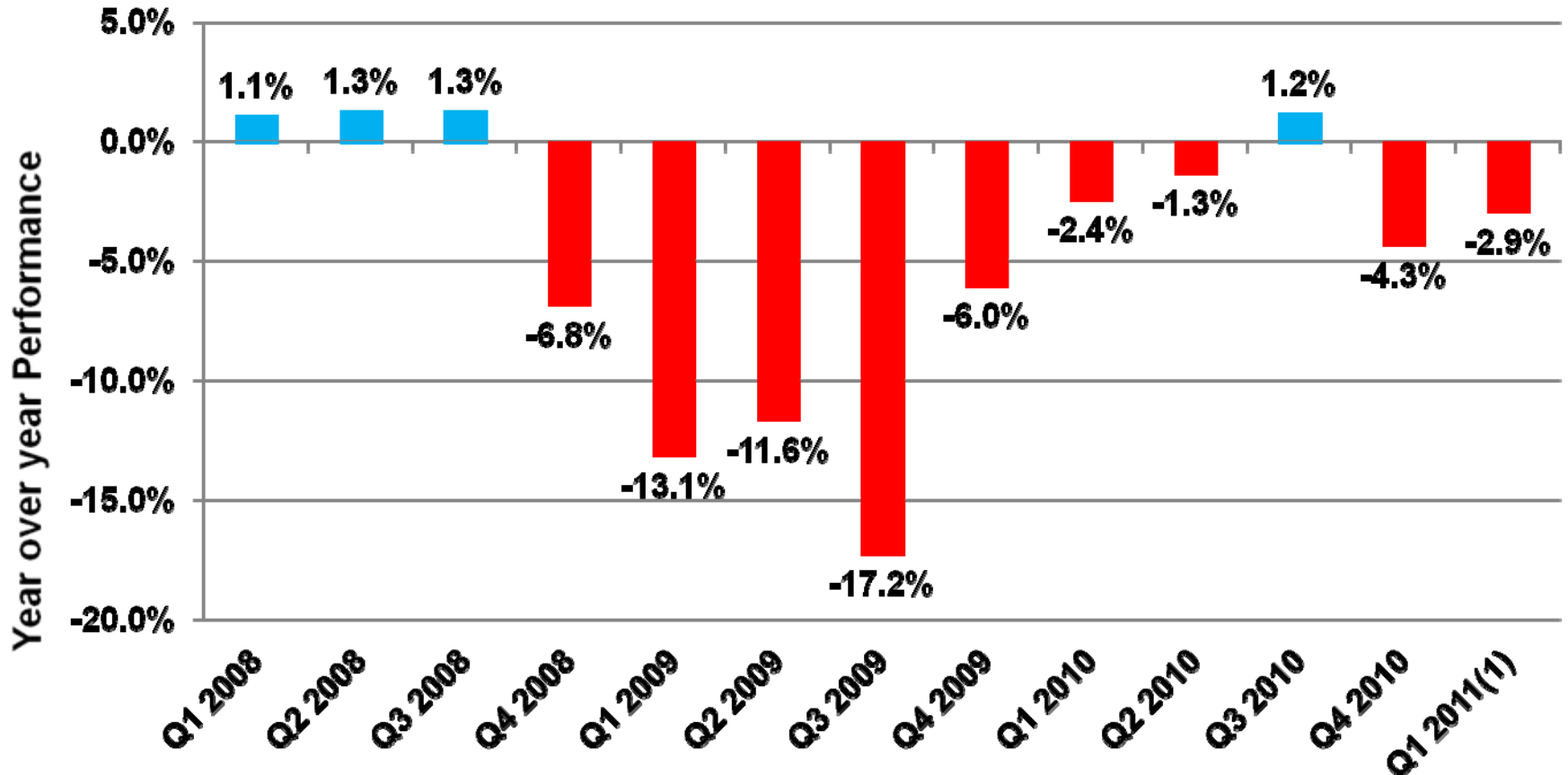
FP Canadian Newspapers Limited Partnership

(\$ in millions of dollars)		<u>2011⁽¹⁾</u>	<u>2010</u>
Revenue	- 7.1%	24.5	26.4
EBITDA	-22.3%	4.3	5.5
EBITDA	Margin	17.5%	21.0%

(1) Same store basis (excluding 1 month of Derksen Printers results)

FPLP

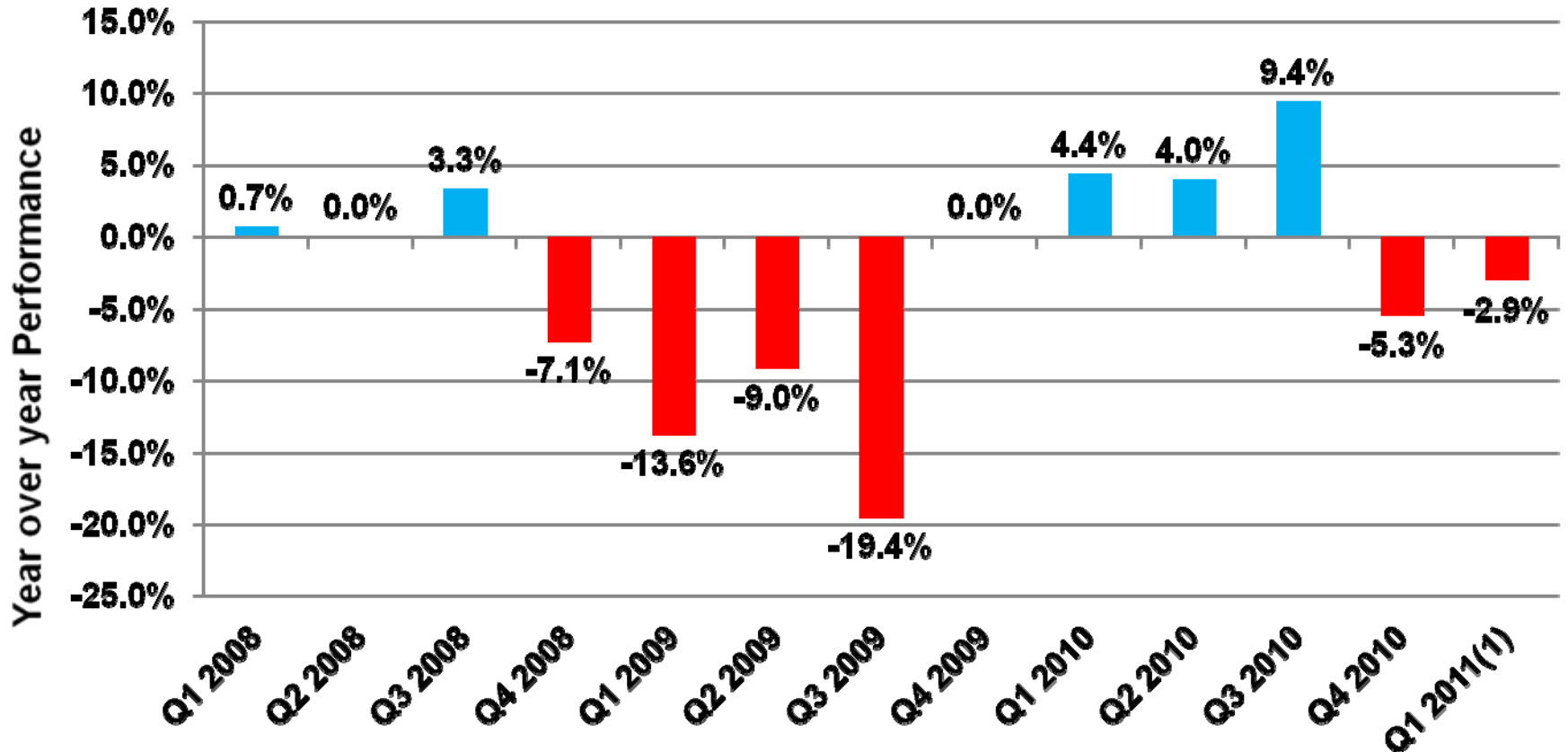
Quarterly Ad Revenue Changes



(1) Same store revenue (excluding 1 month of Derksen Printers March revenue)

FPLP

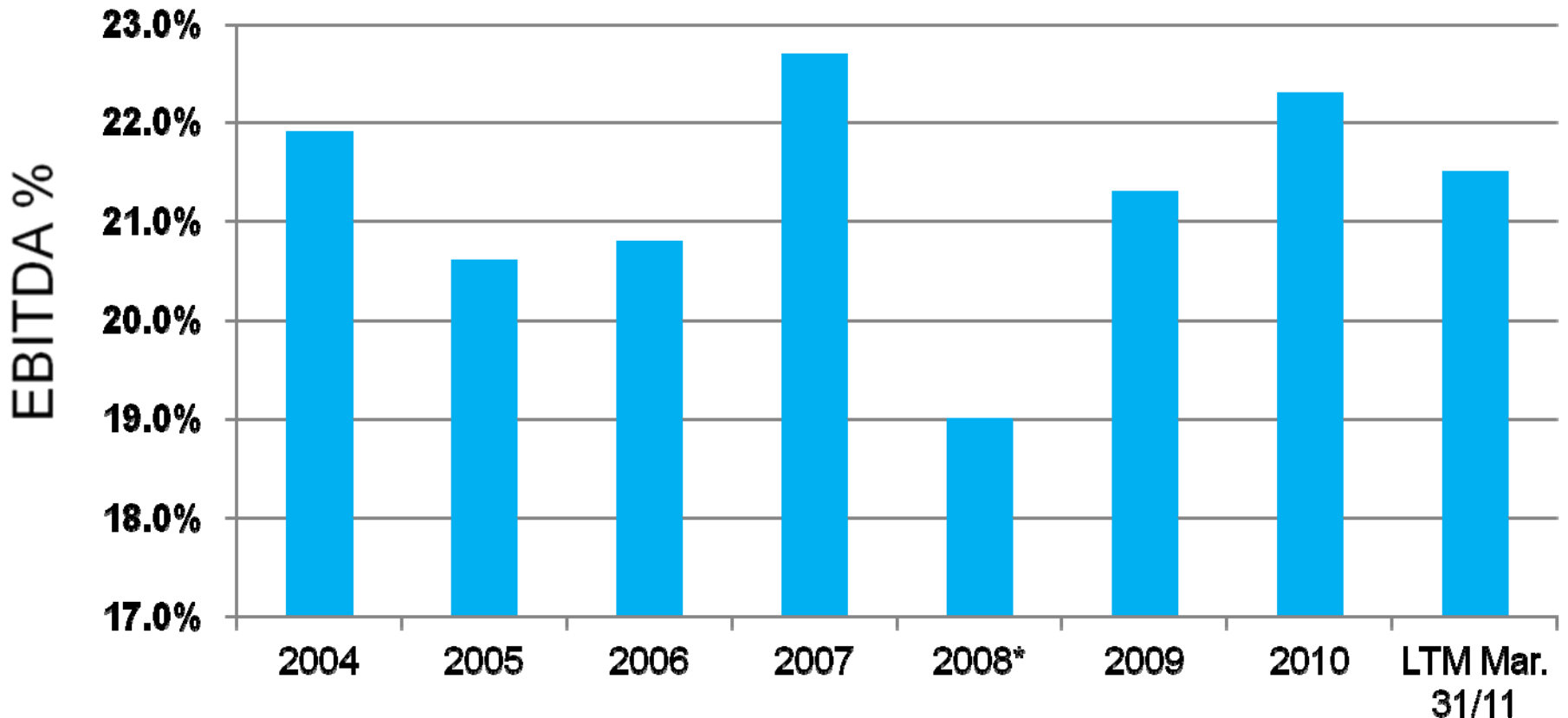
Quarterly Display Revenue Changes



(1) Same store revenue (excluding 1 month of Derksen Printers March revenue)

FPLP

EBITDA % (Excluding Restructuring Charges)



* 2008 results include impact of lost publishing days at Winnipeg operations due to 16 day strike.

Q1 – 2011 Review

(in thousands of dollars)	Last Twelve Months	Period from May 28, 2002 to Mar. 31, 2011
49% of distributable cash of FPLP	7,621	81,603
Administrative expenses	(587)	(2,637)
Interest Income	<u>2</u>	<u>54</u>
	7,036	79,020
Distributable cash attributable to FPI – per share (previously units)	\$1.02	\$11.45
Distributable cash declared by FPI (previously the Fund) – per unit	\$0.69	\$10.373
Payout ratio	67.7%	90.6%

Q1 – 2011 Review

- Derksen Printers acquired March 1, 2011.
- Glenn Buffie named publisher
- Print Metro newspaper Monday-Friday



Q1 – 2011 Review

- Completed conversion to corporation
- Launched new mobile app “fp news”
- All time high internet traffic with NHL return to Winnipeg



Advertising Outlook

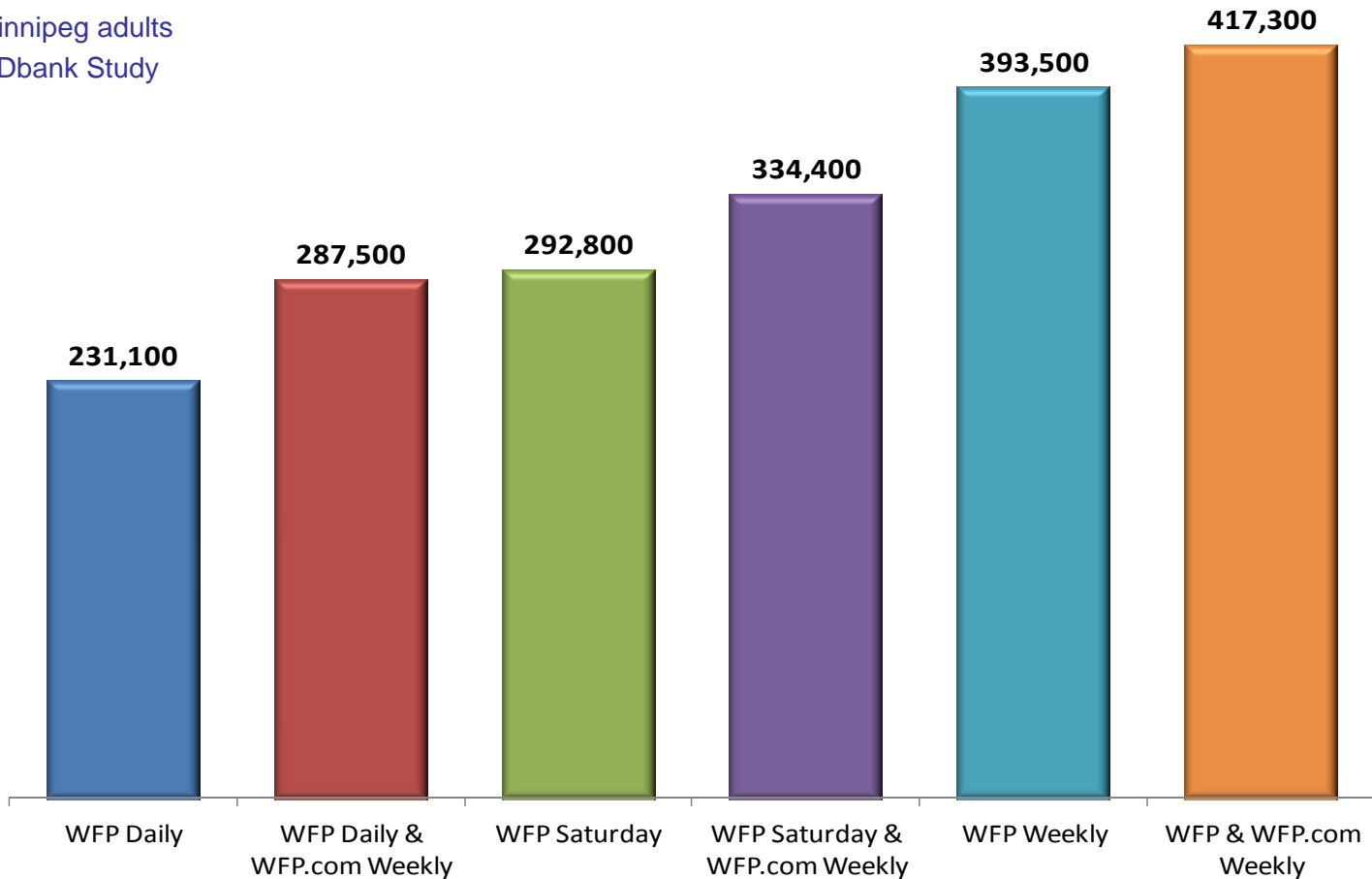
- Trending ahead of other Canadian newspaper markets.
- Digital enjoying strong growth
- Automotive to be key driver
- Housing starts strong
- National retail, financial, travel weaker

Expense and Capital Outlook

- April restructuring charge of \$260K relating to severance for 11 employees. Annual labour savings \$734K
- Newsprint prices expected to stay at (or around) current levels for remainder of year
- \$1.2 million investment in Derksen print plant to increase web printing capacity
- Exploring Mortgage and Capital Lease financing arrangements for Derksen Printers real estate and equipment

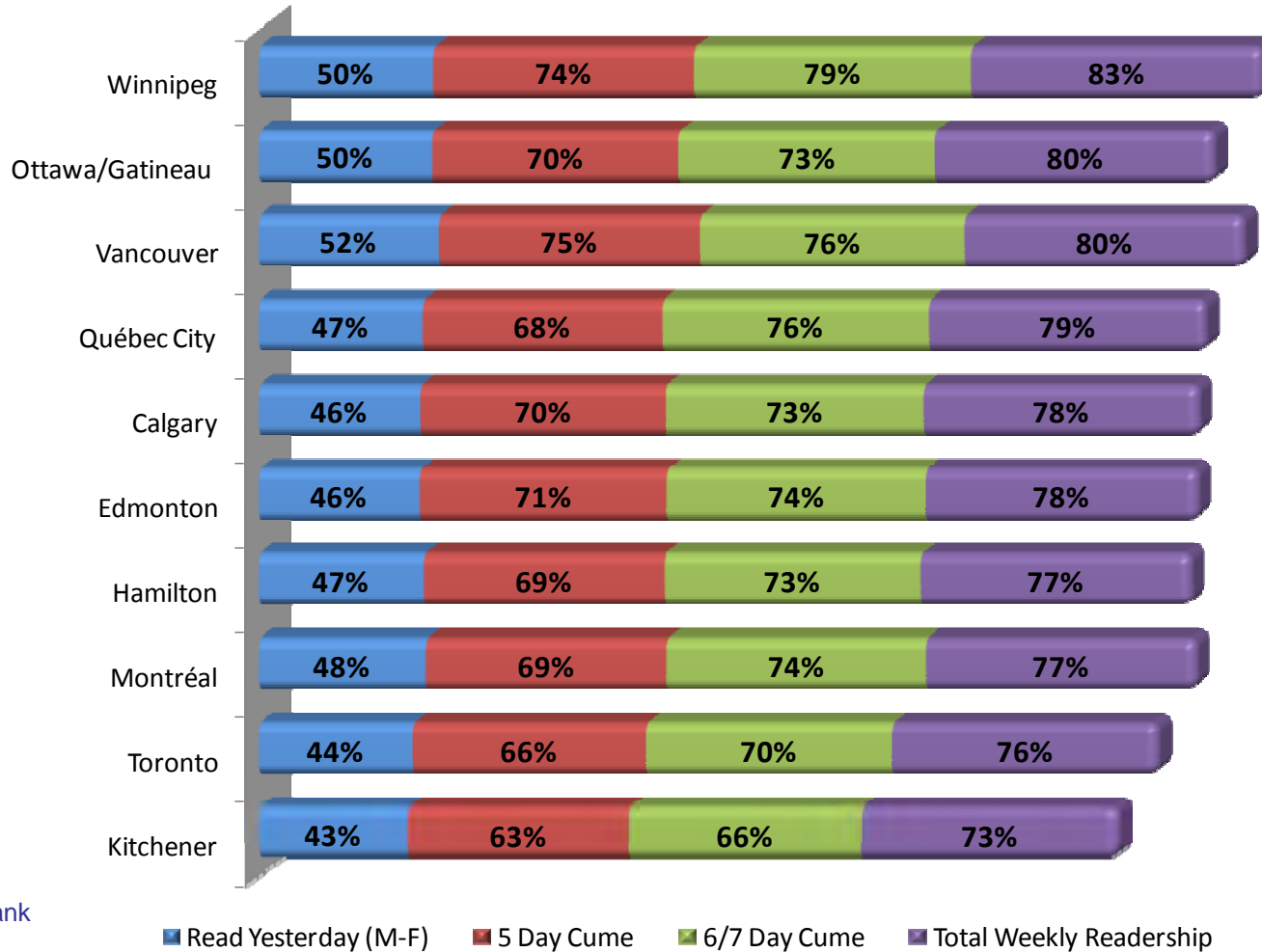
Winnipeg Free Press Readership

Base: 593,400 Winnipeg adults
Source: 2010 NADbank Study



Newspaper Readership in the Top 10 Canadian Markets

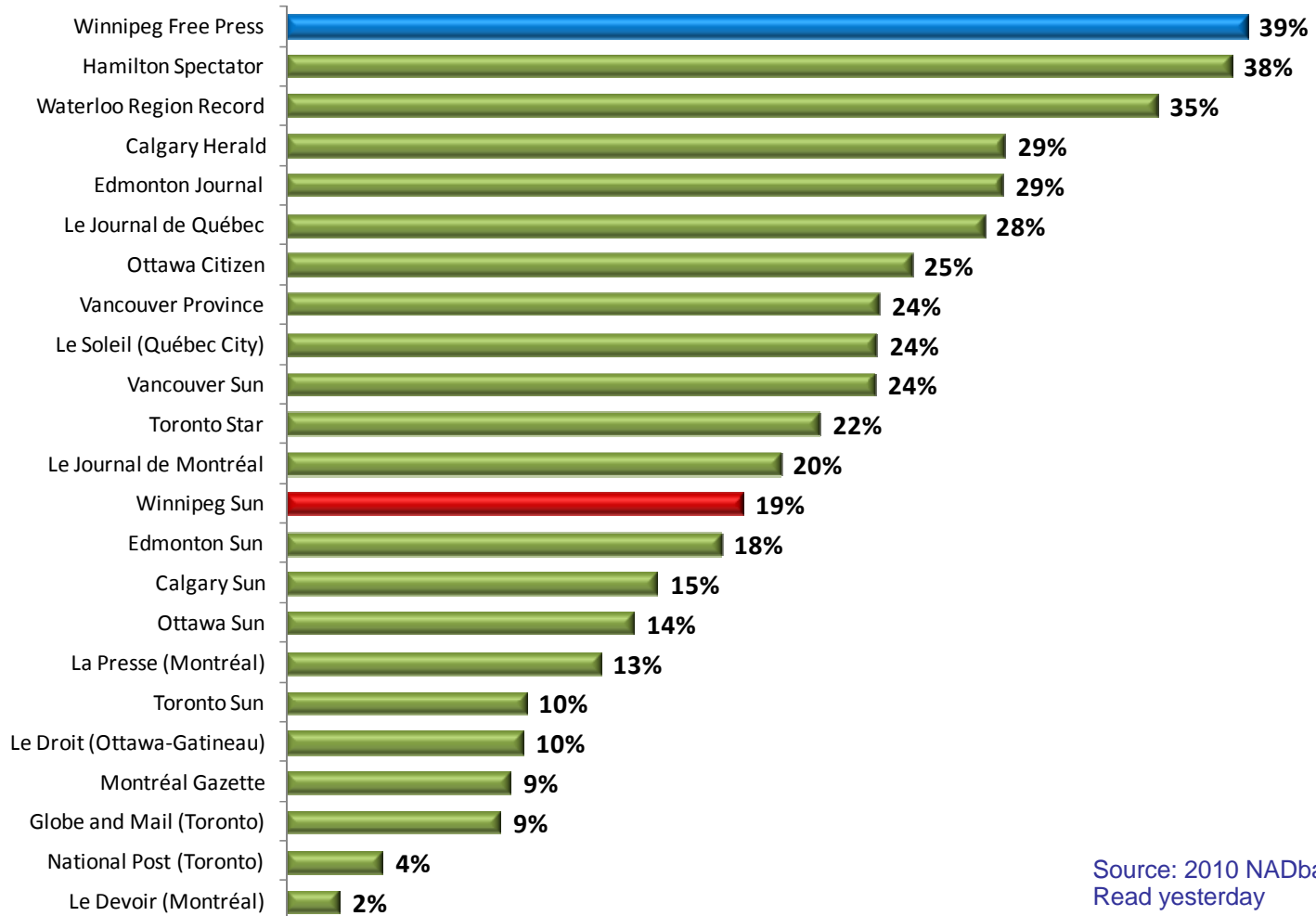
In just one week, 83% of Winnipeg adults read a newspaper in print or online.



Source: 2010 NADbank Study

Weekday Newspaper Readership in the Top 10 Canadian Markets

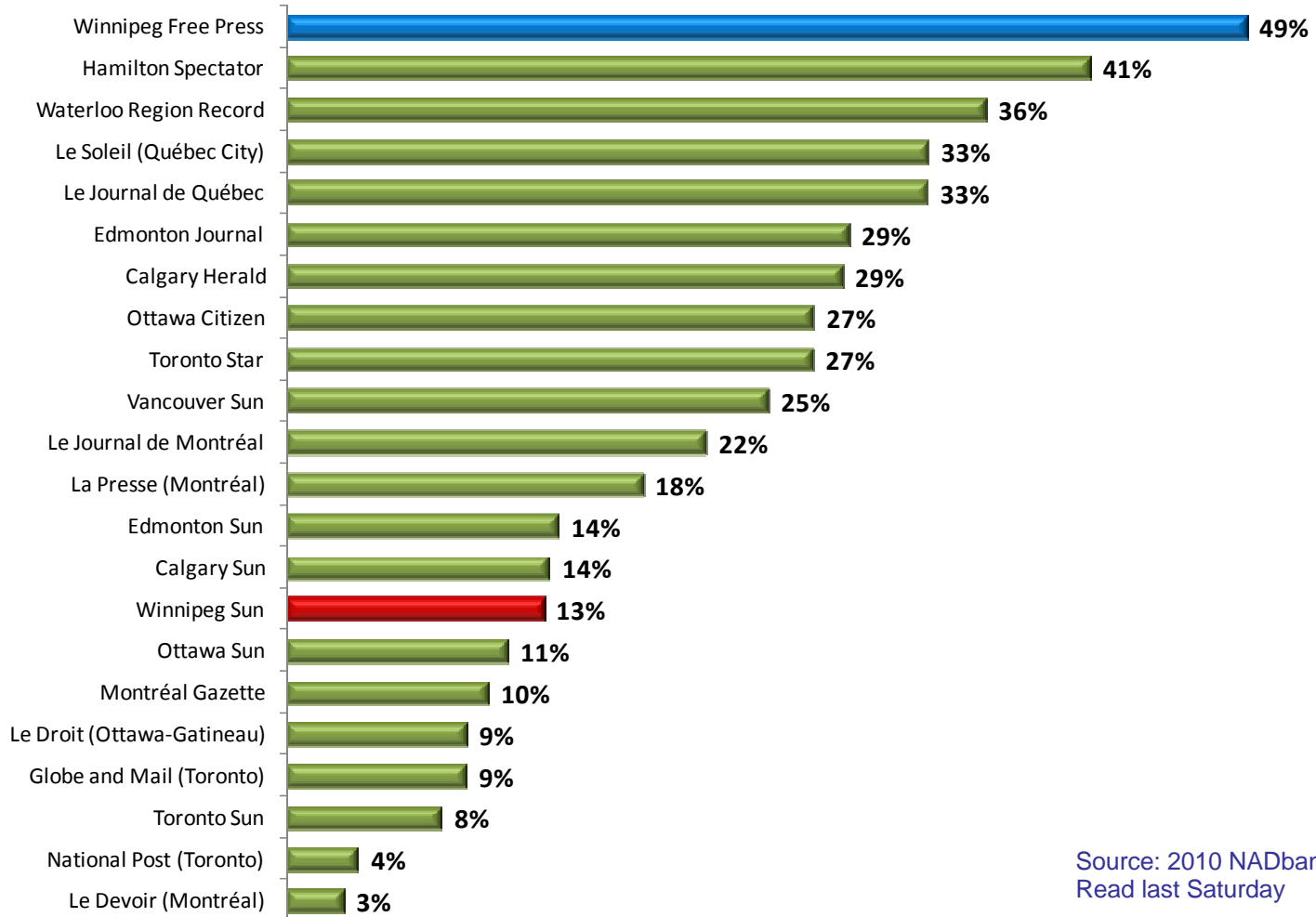
The Winnipeg Free Press print edition reaches 39% of Winnipeg adults every weekday.



Source: 2010 NADbank Study – Read yesterday

Saturday Newspaper Readership in the Top 10 Canadian Markets

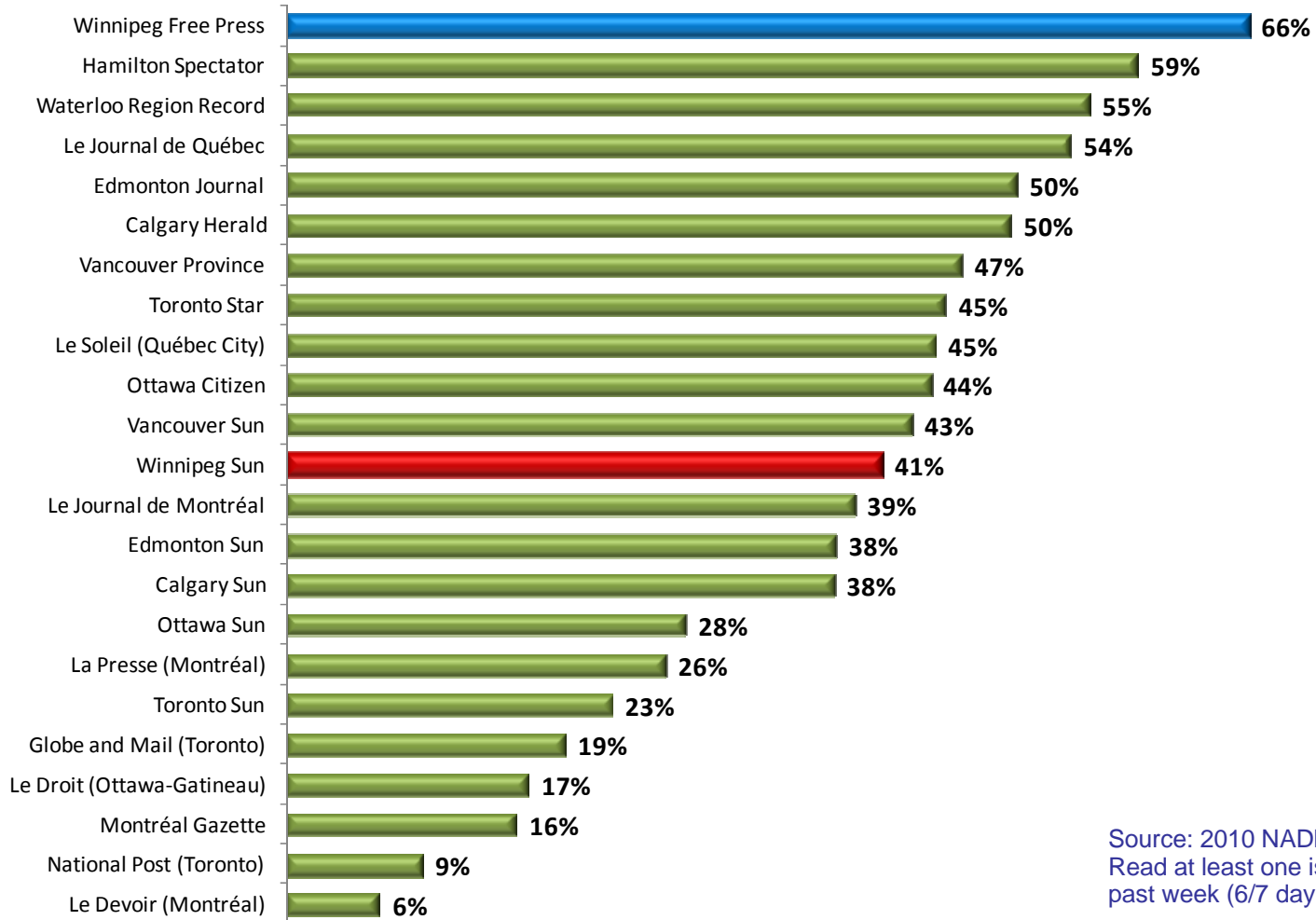
The Winnipeg Free Press print edition reaches 49% of Winnipeg adults every Saturday.



Source: 2010 NADbank Study –
Read last Saturday

Weekly Newspaper Readership in the Top 10 Canadian Markets

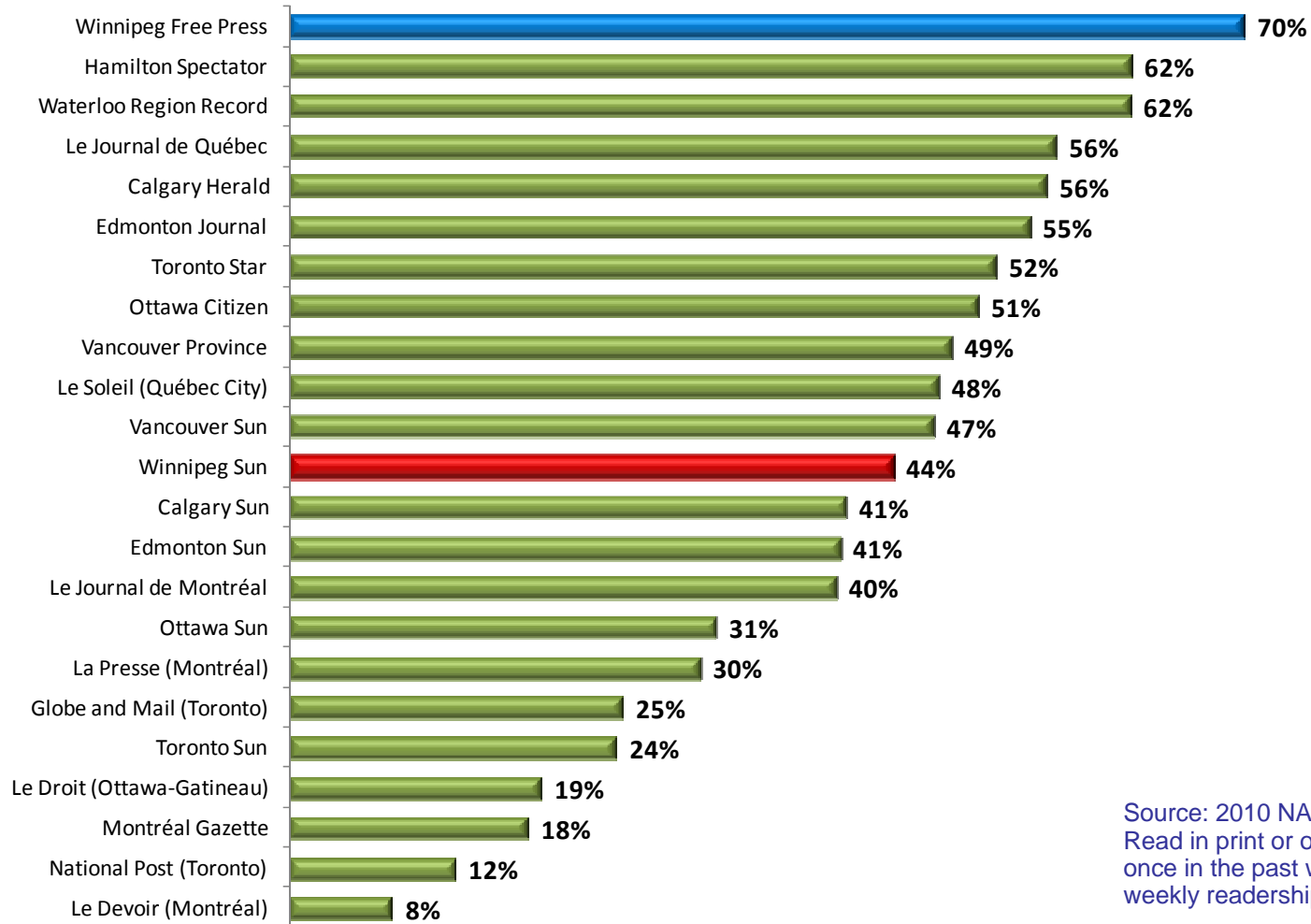
The Winnipeg Free Press print edition reaches 66% of Winnipeg adults every week.



Source: 2010 NADbank Study –
Read at least one issue in the
past week (6/7 day cume)

Total Weekly Newspaper Readership in the Top 10 Canadian Markets

The Winnipeg Free Press print and online editions reach 70% of Winnipeg adults every week.



Source: 2010 NADbank Study – Read in print or online at least once in the past week (total weekly readership)



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