FP Newspapers Inc.

Annual General Meeting 2011

May 15, 2012
Formal Meeting

Annual General Meeting

- Introduction
- Quorum
- Resolutions
FP Newspapers Inc.

Annual General Meeting
2011

Ronald N. Stern, Chairman
May 15, 2012

TSX: FP
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
Summary:
- FP holds 49% of FPLP
- IPO May 2002
- Converted to Corporation Jan. 1, 2011
- 6.9 million shares issued
- Cumulative distributions from inception of $10.97/share (to March 31, 2012).

Operations:
- 2 daily newspapers
- 9 community and specialty publications
- Distribution services
- Digital offerings and services
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.
2011 Year in Review

FP Canadian Newspapers

• Revenue higher by 1.1% to $111 million.
  – Total revenue excluding Derksens was lower by 3.3% primarily relating to loss of Globe & Mail printing contract in September 2010.

• EBITDA 2011 decreased by $1.5 million or 5.9%.
## 2011 Year in Review

**FP Canadian Newspapers Limited Partnership**

<table>
<thead>
<tr>
<th>($ in millions of dollars)</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008&lt;sup&gt;(2)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>111.3</td>
<td>110.0</td>
<td>113.9</td>
<td>121.1</td>
</tr>
<tr>
<td>EBITDA</td>
<td>23.1</td>
<td>24.6</td>
<td>22.4&lt;sup&gt;(1)&lt;/sup&gt;</td>
<td>23.0</td>
</tr>
<tr>
<td>Distributable cash</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>attributable to FPI – per share</td>
<td>0.658&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>1.14</td>
<td>1.30</td>
<td>1.19</td>
</tr>
<tr>
<td>Distributions declared per share</td>
<td>0.60</td>
<td>0.72</td>
<td>1.14</td>
<td>1.25</td>
</tr>
</tbody>
</table>

(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.
(3) 2011 includes reserve for future income taxes of $0.28 per share and pension funding in excess of accounting expense of $0.09 per share.
2011 Year in Review

Building on success:

- Acquired Derksen Printers in Steinbach.
- Secured multi-year contract to print Metro, Monday to Friday.
- Added new press capacity at Derksen’s.
- Hired new publishers in Brandon, Steinbach and at Canstar.

The Carillon

News that matters to people in southeastern Manitoba
2011 Year in Review

Winnipeg Free Press

- Named one of “10 Newspapers That Do It Right” by Editor & Publisher.
- Runner up for Canadian Journalism Foundation’s Excellence in Journalism award.
- Official newspaper sponsor of the Winnipeg Jets.
2011 Year in Review

Winnipeg Free Press Digital

• Began offering digital services to clients through the Digital Bureau.
• Launched mobile applications – FP News, WFP News, WFP Hockey.
• Now record close to 1 million page views daily across all platforms.
New Ideas

- Started Winnipeg Free Press News Café in Exchange District.
- Entered into broadcast partnership with TSN Radio to present “Hustler & Lawless”.

![Image of Winnipeg Free Press News Café in Exchange District.]
Marketing Push

- Used Jets partnership to promote Winnipeg Free Press through initiatives such as player medallions tied to newspaper purchases.
Winnipeg Free Press Readership

The Winnipeg Free Press and winnipegfreepress.com reach 415,900 Winnipeg adults every week.

Base: 605,600 Winnipeg adults
Source: 2011 NADbank Study

FP NEWSPAPERS INC.
ANNUAL MEETING 2011
Newspaper Readership in Canada

83% of Winnipeg adults read a newspaper in print or online every week.

Base: Canadian markets with population of 500,000+
Source: 2011 NADbank Study – read yesterday
Improve Print Quality

- Reconfigured existing press units to expand full-colour capacity by 33 per cent.
- Can now run 32 pages of full colour on live production runs.
- Will allow us to sell additional colour advertising and manage newsprint use better.
- Change required no new capital investment and were completed by WFP press and technical maintenance staff.
2011 Year in Review

• New publisher Eric Lawson.
• Returned to six-day publication.
• Renewed focus on locally produced content, community base.
2011 Year in Review

• New publisher Michelle Pereira
• Strengthened neighbourhood content; added community correspondents.
• Launched Winnipeg Boomer for older readers.
2011 Year in Review

- Hired Glenn Buffie as publisher.
- Expanded press capacity.
- Added a number of new publications for printing, including Metro.
- Started home delivery of Carillon and expanded flyer distribution.
Q1 – 2012 Review

FP Canadian Newspapers

• Display revenue increase of 4.5% excluding Derksen business. Growth came from 2 new magazines published.

• Overall revenue flat vs Q1 2011 after excluding Derksen’s and two magazines published and Jets medallion project revenue.

• EBITDA decreases 13.5%. Additional expenses for magazine publications, Jets medallion project and non-recurring accrual reversal in 2011.
# Q1 – 2012 Review

## FP Canadian Newspapers Limited Partnership

<table>
<thead>
<tr>
<th>($ in millions of dollars)</th>
<th>2012</th>
<th>2011(^{(1)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>4.2%</td>
<td>25.5</td>
</tr>
<tr>
<td>EBITDA</td>
<td>-13.5%</td>
<td>3.7</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td></td>
<td>14.6%</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Same store basis (excluding Derksen Printers results)
FPLP
Quarterly Ad Revenue Changes

Year over year Performance

-20.0% -15.0% -10.0% -5.0% 0.0% 5.0%

Q4 2008 Q1 2009 Q2 2009 Q3 2009 Q4 2009 Q1 2010 Q2 2010 Q3 2010 Q4 2010 Q1 2011(1) Q2 2011(1) Q3 2011(1) Q4 2011(1) Q1 2012(1)

(1) Same store revenue (excluding Derksen Printers)
FPLP
Quarterly Display Revenue Changes

Year over year Performance

(1) Same store revenue (excluding Derksen Printers)
FPLP
EBITDA % (Excluding Restructuring Charges)

* 2008 results include impact of lost publishing days at Winnipeg operations due to 16 day strike.
Q1 – 2012 Review

(in thousands of dollars)

<table>
<thead>
<tr>
<th></th>
<th>Last Twelve Months</th>
<th>Period from May 28, 2002 to Mar. 31, 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>49% of distributable cash of FPLP</td>
<td>4,646</td>
<td>87,814</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>(322)</td>
<td>(3,059)</td>
</tr>
<tr>
<td>Interest Income</td>
<td>6</td>
<td>59</td>
</tr>
<tr>
<td></td>
<td>4,330</td>
<td>84,814</td>
</tr>
<tr>
<td>Distributable cash attributable to FPI – per share</td>
<td>$0.627</td>
<td>$12.287</td>
</tr>
<tr>
<td>Distributable cash declared by FPI – per share</td>
<td>$0.600</td>
<td>$10.97</td>
</tr>
<tr>
<td>Payout ratio</td>
<td>95.7%</td>
<td>89.3%</td>
</tr>
</tbody>
</table>
Advertising Outlook

• Q1 core newspaper advertising revenues were down .6 per cent over Q1 2011.
• Q2 has seen decline continue, with decreased spending from large national customers.
• New initiatives include non-core products such as custom magazines, expanded flyer distribution, third-party publication delivery.
Outlook

• FP management is continuing cost-cutting initiatives.
• Working on refinancing long-term debt with HSBC.
• Expect newsprint prices to remain the same this year.
• Pension shortfall has grown; FP will request further solvency relief, but will still need to put $1.3 million in additional funding into plan over 2011 amounts.