

FAIRFAX MEDIA LTD TO CUT 1,900 JOBS



Fairfax Media Ltd. is a company that **describes itself** in the following terms, "Fairfax Media Limited [ASX:FXJ] is Australasia's largest multi-platform media group. The group comprises metropolitan, rural, regional and community mastheads and serves its audiences through high-quality, independent journalism and offers dynamic venues for commerce and information. Fairfax Media has a portfolio of leading websites, tablet and smartphone apps, including the online news sites smh.com.au and theage.com.au in Australia and stuff.co.nz in New Zealand. The group also has leading classified and transaction websites in Australia and Trade Me in New Zealand. Trade Me Group Limited is listed in Australia & New Zealand and Fairfax holds a 66 per cent controlling interest." Apparently the company is hoping to do that without a large portion of its workforce. The company is getting ready to cut back on about 22 percent of its workers in order to make ends meet after a fairly dire financial circumstance has sent the company scrambling to make changes to their organization. For those of you do not follow the world of Australian journalism the company is talking about a real loss of about 1,900 jobs when all of the cuts are said and done. These cuts will not be made in a single wave. The jobs will be cut in smaller stages between now and March of 2013. By that time the company is hoping to move farther away from the print editions it has used in the past and move more towards digital editions and other methods of delivering news. The company is so committed to the change that they are getting ready to shutter some of the printing facilities. The company said, in a press release put out as a PDF, "Closure of Chullora and Tullamarine: It is proposed that the Chullora and Tullamarine printing facilities be closed by June 2014. Both sites were commissioned when almost all of Metro Media's content was delivered through the printed newspaper. They have legacy presses with significant surplus capacity, which is no longer required. It is proposed that printing of Metro papers will be reallocated to the Fairfax printing network." The company is hoping that when all is said and done the company will save about \$235 million from the closure of these two facilities. The company has shown severe signs of fiscal distress. The stock is currently trading under \$1 in local currency per share. The company is also selling off some of its assets for an infusion of quick cash. In the same PDF release the company said the following about the sale," Fairfax has executed a fully underwritten share placement for the sale of 59.4 million Trade Me shares to reduce its interest from 66% to 51%. The shares are being sold at a price of A\$2.70 per share and will provide Fairfax with approximately A\$160 million of proceeds. This selldown is on an EV/EBITDA (2012F) multiple of 14.6x based on Prospects forecasts, and compares with a price per share equivalent to A\$2.05 at the time of the IPO of Trade Me in December 2011.... As a result of the sale, Fairfax will have net debt, excluding the consolidation of Trade Me's net debt, of approximately \$800 million."

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