

# Australia's Fairfax commits to newspapers

SYDNEY, AUSTRALIA: Struggling Australian media giant Fairfax Wednesday insisted it would print newspapers for as long as they were profitable, but admitted disappointment at its floundering share price.

Chairman Roger Corbett ruled out breaking up the firm's assets, which include esteemed mastheads *The Sydney Morning Herald* and *The Age*, along with radio and digital interests, but said all options were being considered.

"We are acutely aware of shareholder anxiety over the state of the Fairfax Media share price," Corbett told their annual general meeting in Melbourne.

"However... everyone at Fairfax is working to make sure the cost base of the business better suits the global media environment we now face."

Shares in Fairfax dropped to a record low of 36c last week, but spiked to over 40c after the meeting in which Corbett said restructuring had found annual savings of at least AU\$235m (US\$242m).

Corbett also said the board could not accommodate mining tycoon and major shareholder Gina Rinehart's request for two seats on the firm's board.

The world's richest woman shook up the company earlier this year when she significantly boosted her holdings in a series of share raids, triggering speculation she was trying to increase her public influence.

"We welcome very much her +14% holding in this company," Corbett said, adding the board would like to accommodate her.

"But arriving at this position the board needs to have regard for the rights, benefits and interests of shareholders. The board is absolutely unanimous on this position."

Fairfax said while 2012 had been difficult, it would save costs by closing large printing plants in Sydney and Melbourne, cutting close to 2,000 jobs and moving two broadsheets to tabloid size.

"Let's not kid ourselves. There are challenges ahead," chief executive Greg Hywood said, noting the severe structural changes as the shift from print to digital gathers pace.

"But at Fairfax Media we have a clear strategy to negotiate our way through this perfect storm of cyclical weakness and structural change."

Hywood said the company was preparing for the time when metropolitan newspapers could become unprofitable and move to a digital-only model.

"We will not hide behind a cloak of denial," Hywood said.

But he added that while *The Sydney Morning Herald* and *The Age's* futures were predominantly digital, "while there is cash flow to be generated from a print business, we'll still be there".

"Let me reiterate: we will produce papers for so long as there is a profitable demand for them," he said.

Source: *AFP* via I-Net Bridge

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