NEWS RELEASE

FP Newspapers Inc. reports fourth quarter 2014 results, long-term debt renewal and first quarter 2015 dividend

Winnipeg, March 11, 2015 – FP Newspapers Inc. ("FPI") announces financial results for the quarter ended December 30, 2014. FPI owns securities entitling it to 49% of the distributable cash of FP Canadian Newspapers Limited Partnership ("FPLP").

Fourth quarter operating results of FPI

FPI reported net earnings of $1.6 million for the three months ended December 30, 2014, a 3.7% increase compared to the fourth quarter last year.

Fourth quarter operating results of FPLP

FPLP's revenue for the three months ended December 31, 2014 was $26.2 million, a decrease of $1.9 million or 6.8% from the same three months in the prior year. Print advertising revenues for the three months ended December 31, 2014 were $16.9 million, a 10.0% decrease compared to the same quarter last year. FPLP's largest print advertising revenue category, display advertising including colour, was $10.4 million, a decrease of $1.4 million or 12.0% from the same period in the prior year, primarily due to decreased spending in the automotive, telecommunications and financial categories. Classified advertising revenues for the fourth quarter decreased by $0.2 million or 8.3% compared to the same period last year, primarily due to a decrease in the employment, automobile and real estate categories, partly offset by increased obituary category revenue. Flyer distribution revenues for the fourth quarter were $0.3 million lower than the same period last year, primarily due to a decrease in flyer volumes.

Print circulation revenues for the fourth quarter decreased by $0.1 million or 1.6%, primarily due to lower unit sales, partly offset by higher subscription and single copy prices. Commercial printing revenues for the quarter were higher by $0.1 million or 6.9%, primarily due to increased revenue from one large commercial print contract at the Winnipeg Free Press. Digital revenues for the fourth quarter increased by $0.2 million or 15.7% compared to the same period last year, primarily due to the increases in online and mobile product advertising revenues.

Operating expenses for the three months ended December 31, 2014 were $21.2 million, a $2.0 million or 8.6% decrease from the same quarter last year. Employee compensation costs, excluding restructuring charges, for the fourth quarter decreased by $1.0 million or 9.3%, primarily due to the reduction in the number of employees in 2014. The employee reductions were across all of our business units and were primarily achieved through attrition from voluntary retirements. Restructuring charges of $0.2 million were incurred relating to severance payments for some staff. The defined benefit pension expense was lower in 2014 due primarily to an increase in the discount rate at December 31, 2013, which is used for calculating the 2014 pension expense versus the prior year level. Newsprint expense for FPLP's own publications for the quarter decreased by $0.1 million, primarily due to fewer circulation copies printed and a lower newsprint price.

EBITDA[(1)] for the three months ended December 31, 2014 was $6.1 million, an increase of $0.2 million or 2.5% from the same period last year. EBITDA[(1)], excluding restructuring charges, increased by $0.3

million or 5.5% versus the same quarter last year. EBITDA[1] margin for the three months ending December 31, 2014 was 23.2%, compared to 21.1% in the same period last year.

FPLP's net earnings were $4.6 million for the three months ended December 31, 2014, compared to $4.5 million for the same period last year.

Distributable cash attributable to FPI[2] for the fourth quarter was $1.9 million or $0.270 per share, a decrease from $2.3 million or $0.332 per share for the same quarter last year. The decrease in distributable cash attributable to FPI is primarily the result of maintenance capital expenditures of $0.7 million in the fourth quarter of 2014 compared to a maintenance capital recovery in the fourth quarter of 2013 of $0.6 million representing amounts internally financed during the first three quarters of 2013 and recovered in the fourth quarter as part of a lease financing transaction and an increase of $0.2 million in principal repayments on capital leases, partly offset by a reduction in the excess of pension funding versus accounting expense.

Twelve month operating results of FPI

Revenue for the year ended December 30, 2014 was $5.7 million compared to $7.0 million in 2013. The decrease was primarily the result of lower equity earnings from FPI's investment in FPLP. For the year ended December 30, 2014, FPI recorded a current income tax expense of $1.5 million and a deferred income tax recovery of $0.1 million compared to a current income tax expense of $1.5 million and a deferred income tax expense of $0.3 million in 2013. The change in deferred income tax expense is primarily due to FPI's share of FPLP's timing differences primarily relating to FPLP's additional lease obligation and change in its pension obligation. Other comprehensive loss for 2014 was $1.8 million compared to other comprehensive income of $1.6 million in 2013. The change in other comprehensive (loss)/income results from FPI's equity share of FPLP's recognition of remeasurements gains and losses related to its defined benefit pension plan.

Twelve month operating results of FPLP

FPLP's revenue for the twelve months ended December 31, 2014 was $99.0 million, a decrease of $7.2 million or 6.8% from the prior year. Print advertising revenues for the year ended December 31, 2014 were lower by 9.7% compared to last year. FPLP's largest print advertising revenue category, display advertising including colour, was $38.9 million, a decrease of $5.9 million or 13.3% from the prior year, primarily due to decreased spending in the automotive, telecommunications, government and national retail categories. Classified advertising revenues for the 2014 year decreased by $0.5 million or 5.1% compared to last year, primarily due to lower spending in the automotive, employment and real estate categories, partly offset by higher obituary category revenues. Flyer distribution revenues were $15.3 million, a decrease of $0.4 million from 2013, primarily due to a decrease in flyer volumes.

Print circulation revenues for the year ended December 31, 2014 decreased by $0.6 million or 2.5%, with lower unit sales offsetting increased revenue from higher subscription and single copy rates. Commercial printing revenues for 2014 increased by $0.3 million, which is primarily attributable to increased revenue from one large commercial print contract at the Winnipeg Free Press and increased work resulting from our investment in ultra-violet ink printing equipment at our Steinbach print shop. Digital revenues for 2014 increased by $0.4 million or 11.7%, primarily due to the increase in online and mobile product advertising revenues. Other revenue decreased by $0.5 million, primarily due to a reduction in revenue from a non-recurring revenue related to a third party magazine.

Operating expenses for the year ended December 31, 2014 were $85.7 million, a $4.8 million or 5.3% decrease from last year. Employee compensation costs, excluding restructuring charges, for the year decreased by $2.4 million or 5.6%, primarily due to employee reductions in 2014. The employee reductions were across all of our business units and were primarily achieved through attrition from voluntary retirements. Restructuring charges of $0.4 million were incurred relating to severance payments for some staff. The defined benefit pension expense was lower in 2014 due primarily to an increase in the discount rate at December 31, 2013, which is used for calculating the 2014 pension expense. Newsprint expense for FPLP's own publications for the year decreased by $0.6 million or 7.3%, primarily due to lower printing volumes mainly from fewer circulation copies and a lower newsprint price. Delivery costs decreased by $0.5 million or 3.2% primarily due to lower carrier costs from a reduced number of circulation subscriptions delivered. Other expenses for the year decreased by $1.9 million or 10.7% compared to the prior year, primarily due to the elimination of third party inserting costs with the start-up of the new high-speed inserting equipment added to the Winnipeg Free Press production facility early in 2014.

EBITDA(1) for the year ended December 31, 2014 was $17.7 million compared to $20.0 million in 2013, a decrease of 11.5%. EBITDA(1) margin for the twelve months ended December 31, 2014 was 17.9% compared to 18.8% in 2013.

For the year ended December 31, 2014, finance costs increased by $0.1 million or 7.9% as a result of slightly higher interest on the term loan due to a small increase in the leverage ratio and the increase in interest on finance leases from the addition of the finance lease for the high-speed inserting and used conveyor equipment installed in our Winnipeg production plant.

FPLP's net earnings were $11.7 million for the year ended December 31, 2014, compared to $14.2 million in the prior year.

Cash available for distribution attributable to FPI(2) was $4.0 million or $0.576 per share for the twelve months ended December 31, 2014, compared to $5.0 million or $0.718 per share in 2013. The decrease in cash available for distribution attributable to FPI in 2014 is primarily due to lower EBITDA(1) of FPLP of $2.3 million, an increase of $0.6 million in principal repayments on capital leases and an increase of $0.7 million in FPLP's maintenance capital spending, partially offset by a reduction in pension funding in excess of accounting expense of $1.3 million.

Dividends

FPI declared dividends to shareholders of $3.7 million or $0.53 per share for the year ended December 30, 2014 compared to $4.1 million or $0.60 per share in the prior year. The payout ratio for the year ended December 31, 2014 was 92.0% versus 86.6% in the previous year.

First quarter 2015 Dividend

FPI today announced a cash dividend for the first quarter of 2015 of $0.08 per share, payable on April 30, 2015 to shareholders of record at the close of business on March 31, 2015.

Long-term debt renewal agreement

On January 8, 2015, FPLP entered into a long-term debt renewal agreement with HSBC Bank Canada for the facility which originally was to mature on January 31, 2016. The terms of the renewal agreement included a $6.3 million principal repayment due on the signing of the agreement, and annual principal repayments of $1.0 million due on June 1 along with a cash sweep to be paid no later than 90 days after the end of each fiscal year with the first cash sweep due on March 31, 2016 for the 2015 financial year. The cash sweep is equal to the lesser of $3.5 million or 25% of FPLP's annual distributable cash as defined in the agreement. The new loan facility agreement ends on January 31, 2020 and includes maximum principal balances of $30.0 million on January 31, 2018 and $20.0 million on January 31, 2020. Similar to the original facility, the renewal facility includes negative covenants which must be observed in order to avoid an accelerated termination of the agreement. FPLP is restricted from making distributions which exceed distributable cash by more than $1.0 million annually. The maximum leverage ratio prior to January 31, 2018 is 3.5 to 1 and subsequently decreases to 3.00 to 1 and FPLP is required to maintain a current ratio of no less than 1.2 to 1.0 all defined in the agreement and measured quarterly on a trailing 12-month basis.

Outlook

REVENUE

Print advertising revenues, which make up approximately 64% of our total revenues, are extremely difficult to forecast. While it is early into the new year, our results so far in 2015 are showing a lower level of decline than we experienced last year.

Print circulation revenues, which account for approximately 26% of our overall revenues, are expected to be near 2014 levels as subscription rate increases are expected to offset the trend of slowly declining print circulation unit sales. The Winnipeg Free Press is planning to limit access to free content on its digital product line during the second quarter of 2015. As part of this change, a new revenue stream from digital subscriptions and single article purchases will be introduced. Subscribers to the print newspaper will continue to have access to all the digital products at no extra charge.

Traditional digital revenues, which come primarily in the form of website advertising, are expected to continue the multi-year growth trend and in 2015 we are anticipating an overall increase in this category of between 10% and 15%. We are forecasting slightly higher commercial printing revenues as we continue to make efforts to increase printing revenues with the ultra-violet ink printing equipment at our Derksen printers business in Steinbach.

OPERATING EXPENSES

Employee compensation is our single biggest expense and in 2014 accounted for 47% of our total operating expenses. The Winnipeg collective bargaining agreement includes a 0.5% increase effective July 1, 2015 and the same increase for Brandon employees is effective January 1, 2015. In 2014 as we previously reported, we saw an increased level of retirements partly a function of the elimination of the option of a commuted value transfer of earned pension benefits that took effect at the end of May. In 2015 we will continue to see year-over-year expense reductions from these reduced employee levels and we are budgeting for overall employee wages and benefits to decrease by between 3.0% and 5.0% in 2015.

Delivery costs, which account for approximately 19% of our overall operating expenses, are budgeted to decrease by approximately 4.0% in 2015 primarily due to a continuation of a slow decline in printed circulation copies delivered and stream-lining, consolidation and elimination of delivery routes as opportunities arise across all our businesses.

Newsprint prices are expected to be lower for 2015 resulting from both a market price reduction which took effect during the first quarter together with better pricing from consolidating our newsprint purchases with one supplier. After factoring in the expected full year price decline and decreased usage from declining circulation copies we are forecasting newsprint expense to decrease in the 6% to 8% range from the 2014 full year level.

We are forecasting a decrease in the other expense category of approximately 3.0% to 5.0% through smaller reductions in various categories.

CAPITAL INITIATIVES, FINANCE COSTS AND OTHER ITEMS

Maintenance capital spending for 2015 is forecast to be between $1.1 and $1.4 million. The single largest use of our capital budget will be for the completion of the project started in 2014 to replace the Winnipeg plant's cooling water system machinery as required under provincial environmental legislation. Other smaller capital investments are planned to upgrade computer software and hardware.

Finance costs are forecast to be lower by approximately $0.2 million primarily resulting from a lower principal balance after making a $6.3 million repayment in January when we completed the renewal of our long-term debt facility. A further $1.0 million will be repaid on June 1 as per the terms of the renewal agreement (see long-term debt section of FPLP's notes to financial statements for details of the facility renewal).

An actuarial valuation which is required on our defined benefit pension plan as of December 31, 2014 will ultimately determine the required level of employer funding for 2015, but discount rates did decline at the end of 2014 and this will likely increase the required pension funding once the detailed actuarial valuation work is completed during the second and third quarters of 2015. Combined principal and interest payments on financing leases will increase by approximately $0.2 million in 2015 as we have a full year of payments on one of the leases which started in April last year.

Additional Information

Additional information including financial statements and management's discussion and analysis can be found on the Company's website at www.fpnewspapers.com and in the disclosure documents filed by FP Newspapers Inc. with the securities regulatory authorities available at www.sedar.com.

Caution Regarding Forward-looking Statements

Certain statements in this news release may constitute forward-looking statements within the meaning of applicable securities laws. All statements other than statements of historical fact are forward-looking statements. These statements include but are not limited to statements regarding management's intent, belief or current expectations with respect to market and general economic conditions, future costs and operating performance. Generally, but not always, forward-looking statements will be indicated by words such as “may”, “will”, “intend”, “anticipate”, “expect”, “believe”, “plan”, “forecast”, “is budgeting for” or similar terminology.

Forward-looking statements are subject to known and unknown risks and uncertainties that may cause the actual results, performance or achievements of FPI or FPLP, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the current general economic uncertainty, FPLP's ability to effectively manage growth and maintain its profitability, FPLP's ability to operate in a highly competitive industry, FPLP's ability to compete with other forms of media, FPLP's ability to attract advertisers, FPLP's reliance upon key personnel, FPLP's relatively high fixed costs, FPLP's dependence upon particular advertising customer segments, indebtedness incurred in making acquisitions, the availability of financing for capital improvements, costs related to capital expenditures, cyclical and seasonal variations in FPLP's revenues, the risk of acts of terrorism, the cost of newsprint, the potential for labour disruptions, the risk of equipment failure, and the effect of Canadian tax laws. Additional information about these and other factors is discussed under “Risk Factors” in FPI's Annual Information Form dated March 13, 2014, which is available at www.sedar.com.

In addition, although the forward-looking statements contained in this news release are based upon assumptions that management of FPI and FPLP believe to be reasonable, such assumptions may prove to be incorrect.

Forward-looking statements speak only as of the date hereof and, except as required by law, FPI and FPLP assume no obligation to update or revise them to reflect new events or circumstances. Because forward-looking statements are inherently uncertain, readers should not place undue reliance on them.

About FPI

FPI owns securities entitling it to 49% of the distributable cash of FP Canadian Newspapers Limited Partnership (“FPLP”). FPLP owns the Winnipeg Free Press, the Brandon Sun, and their related businesses, as well as the Canstar Community News division, the publisher of six community newspapers in the Winnipeg region, The Carillon in Steinbach with its related commercial printing operations and the Carberry News Express weekly publication. The Winnipeg Free Press publishes six days a week for delivery to subscribers and single copy sales, serving Winnipeg and Manitoba with an average Monday through Saturday circulation of approximately 105,000 copies. On Sundays the Winnipeg Free Press publishes a newspaper sold through single-copy retail outlets and vending boxes. The Brandon Sun publishes six days a week, serving the region with an average circulation of approximately 11,050 copies. Canstar Community News publishes weekly with an average circulation of approximately 200,000 copies. The businesses employ approximately 510 full-time equivalent people in Winnipeg, Brandon, Steinbach and Carberry, Manitoba.

Conference Call

The Corporation invites you to participate in a conference call on Thursday, March 12, 2015 at 12:00 p.m. Eastern (11:00 a.m. Central) to discuss the fourth quarter results.

The dial-in number is 416-340-2218, or dial toll free at 866-225-0198. To ensure your participation, please dial in five minutes before the start of the conference call. Management's presentation will be followed by a question and answer period.

For those unable to participate, the call will be available to listeners upon completion of the call until April 1, 2015. To hear the replay dial 905-694-9451 or dial toll free at 800-408-3053. The replay code is 7078000.

Non-IFRS financial measures

(1) EBITDA

FPLP believes that in addition to net earnings as reported on FPLP's interim condensed consolidated statements of earnings, EBITDA is a useful supplemental measure as it is a measure used by many of FPLP's unitholders, creditors and analysts as a proxy for the amount of cash generated by FPLP's operating activities. EBITDA is not a recognized measure of financial performance under IFRS. Investors are cautioned that EBITDA should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of FPLP`s performance. FPLP's method of calculating EBITDA may differ from other issuers and, accordingly, EBITDA may not be comparable to measures used by other issuers. FPLP's method of calculating EBITDA is detailed in the Management's Discussion and Analysis for the year ended December 31, 2014 on FPI's website www.fpnewspapers.com or on SEDAR at www.sedar.com.

(2) Distributable Cash Attributable to FPI

FPI believes that in addition to the disclosure of cash flow from operations, distributable cash attributable to FPI is an important supplemental measure of cash flow because it provides investors with an indication of the amount of cash available for distribution to Shareholders and because such calculations are required by the terms of the partnership agreement governing FPLP. Distributable cash attributable to FPI is not a defined term under IFRS, and it should not be construed as an alternative to using net earnings or the statements of cash flows as measures of profitability and cash flow. Readers are cautioned that distributable cash as calculated by FPI may not be comparable to similar measures presented by other issuers. FPI uses this measure as a factor to determine whether to adjust its monthly dividends to Shareholders. FPLP's method of calculating distributable cash attributable to FPI is detailed in the Management's Discussion and Analysis for the year ended December 31, 2014 on FPI's website www.fpnewspapers.com or on SEDAR at www.sedar.com.

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FP Newspapers Inc.

Statements of Earnings and Comprehensive Income

(unaudited, in thousands of Canadian dollars except per share amounts)

	Three Months Ended December 30,		Twelve Months Ended December 30,	
	2014	2013	2014	2013
Equity interest from FP Canadian Newspapers Limited Partnership Class A limited partner units	$ 2,235	$ 2,212	$ 5,733	$ 6,979
Administration expenses	(55)	(57)	(212)	(248)
Other income	-	-	1	1
Net earnings before income taxes	2,180	2,155	5,522	6,732
Current income tax (expense)	(373)	(392)	(1,523)	(1,513)
Deferred income tax (expense) recovery	(191)	(204)	48	(323)
Net earnings for the period	**$ 1,616**	**$ 1,559**	**$ 4,047**	**$ 4,896**
Items that will not be reclassified to net earnings:				
Equity interest of other comprehensive income (loss) from FP Canadian Newspapers Limited Partnership	(1,498)	1,421	(2,515)	2,226
Deferred income tax recovery (expense)	405	(383)	679	(601)
Comprehensive income for the period	**$ 523**	**$ 2,597**	**$ 2,211**	**$ 6,521**
Weighted average number of Common Shares outstanding	6,902,592	6,902,592	6,902,592	6,902,592
Net earnings per share – basic and diluted	$ 0.234	$ 0.226	$ 0.586	$ 0.709

FP Canadian Newspapers Limited Partnership

Consolidated Income Statements and Statements of Comprehensive Income

(unaudited, in thousands of Canadian dollars)

	Three Months Ended December 31, 2014	Three Months Ended December 31, 2013	Twelve months Ended December 31, 2014	Twelve months Ended December 31, 2013
Revenue				
Print advertising	$ 16,858	$ 18,735	$ 63,524	$ 70,341
Print circulation	6,325	6,430	25,334	25,980
Commercial Printing	1,449	1,355	5,268	4,951
Digital	1,132	978	3,850	3,447
Promotion and services	420	592	1,063	1,553
TOTAL REVENUE	$ 26,184	$ 28,090	$ 99,039	$ 106,272
Employee compensation	9,604	10,591	40,186	42,589
Newsprint and other paper	2,195	2,335	8,623	9,065
Delivery	4,110	4,364	15,998	16,531
Other	4,013	4,865	16,151	18,085
Depreciation and amortization	1,102	1,047	4,363	4,232
Restructuring charge	177	-	369	-
OPERATING INCOME	4,983	4,888	13,349	15,770
Other income	43	32	157	147
Finance costs	(466)	(406)	(1,807)	(1,675)
NET EARNINGS FOR THE PERIOD	$ 4,560	$ 4,514	$ 11,699	$ 14,242
Items that may be reclassified subsequently to net earnings:				
Unrealized (loss) gain on investment	-	(7)	2	33
Items that will not be reclassified to net earnings:				
Remeasurements for defined benefit pension plan	(3,058)	2,900	(5,133)	4,543
COMPREHENSIVE INCOME FOR THE PERIOD	$ 1,502	$ 7,407	$ 6,568	$ 18,818