NEWS RELEASE

FP Newspapers Inc. reports fourth quarter 2015 results

Winnipeg, March 9, 2016 – FP Newspapers Inc. ("FPI") (TSX:FP) announces financial results for the quarter ended December 30, 2015. FPI owns securities entitling it to 49% of the distributable cash of FP Canadian Newspapers Limited Partnership ("FPLP").

Fourth quarter operating results of FPI

During the fourth quarter of 2015 FPI recorded a non-cash write-down of $7.8 million in the carrying value of its investment in FPLP, primarily due to continued declines in revenue and earnings experienced by FPLP. Excluding the non-cash write-down on the equity investment in FPLP, FPI had net earnings of $1.0 million for the three months ended December 30, 2015, a 38.8% decrease compared to the fourth quarter last year.

Fourth quarter operating results of FPLP

FPLP's revenue for the three months ended December 31, 2015 was $23.1 million, a decrease of $3.1 million or 11.7% from the same three months in the prior year. Print advertising revenues for the three months ended December 31, 2015 were $14.5 million, a 14.1% decrease compared to the same quarter last year. FPLP's largest print advertising revenue category, display advertising including colour, was $8.8 million, a decrease of $1.6 million or 15.4% from the same period in the prior year, primarily due to decreased spending in the department store, telecommunications, automotive and national retail categories. Classified advertising revenues for the fourth quarter decreased by $0.3 million or 16.0% compared to the same period last year, primarily due to a decrease in the real estate, employment and obituary categories. Flyer distribution revenues for the fourth quarter were $0.4 million or 10.2% lower than the same period last year, primarily due to a decrease in flyer volumes as a result of Target department stores exiting from the market and consolidation of national retail businesses.

Print circulation revenues for the fourth quarter were virtually unchanged compared to 2014 with subscriber rate increases offsetting lower unit sales. Commercial printing revenues for the quarter were lower by $0.2 million or 12.8%, primarily attributable to the loss of two major commercial print jobs at the Winnipeg Free Press. Digital revenues for the fourth quarter decreased by $0.3 million or 24.4% compared to the same period last year, primarily due to a decrease in on-line web ads together with lower mobile app revenues.

Operating expenses for the three months ended December 31, 2015 were $19.9 million, a $1.3 million or 5.9% decrease from the same quarter last year. Employee compensation costs, excluding restructuring charges, for the fourth quarter decreased by $0.5 million or 5.6%, primarily due to the voluntary and non-voluntary reductions of employees across all our business units. Restructuring charges of $0.3 million were incurred in the fourth quarter of 2015 relating to employee severance payments. Compensation expense was also higher due to an increase in the defined benefit pension expense due primarily to a lower discount rate used in determining the expense for accounting purposes. Newsprint expense for FPLP's own publications for the quarter decreased by $0.3 million, primarily due to fewer circulation copies printed and a lower newsprint price. Delivery costs decreased by $0.3 million or 8.0% primarily due to lower circulation units and flyer volumes.

Due to continued declines in revenue and earnings, FPLP recorded an impairment charge relating to its goodwill of $16.0 million. Excluding the impairment charge, FPLP's net earnings were $2.9 million for the three months ended December 31, 2015, compared to $4.6 million for the same period last year.

EBITDA[1], excluding the goodwill impairment charge, for the three months ended December 31, 2015 was $4.3 million, a decrease of $1.8 million or 30.1% from the same period last year. EBITDA[1], excluding restructuring charges and the goodwill impairment charge, decreased by $1.7 million or 26.9% versus the same quarter last year. EBITDA[1] margin, excluding the goodwill impairment charge, for the three months ending December 31, 2015 was 18.4%, compared to 23.2% in the same period last year.

Finance costs for the three months ended December 31, 2015 decreased $0.1 million primarily due to the lower level of debt outstanding and lower interest rates on our variable rate loan.

Distributable cash attributable to FPI[2] for the fourth quarter of 2015 was $1.6 million or $0.229 per share, a decrease from $1.9 million or $0.270 per share for the same quarter last year. The decrease in distributable cash attributable to FPI is primarily the result of lower EBITDA[1] of FPLP, partially offset by a recovery of current income taxes.

Twelve month operating results of FPI

Revenue for the year ended December 30, 2015 was $3.9 million compared to $5.7 million in 2014. The decrease was primarily the result of lower equity earnings from FPI's investment in FPLP. An aggregate non-cash write-down of $26.4 million was recorded in 2015 based on FPI's determination that its 49% equity investment in FPLP was impaired, primarily due to continued declines in revenue and earnings experienced by FPLP. This write-down resulted in a net loss of $23.8 million for the year ended December 30, 2015. Excluding the non-cash write-down of the equity investment in FPLP, FPI reported net earnings of $2.7 million for the year ended December 30, 2015, compared to net earnings of $4.0 million for 2014. The decrease in net earnings is primarily due to a decrease in the equity share of the net earnings of FPLP, with details of this decline disclosed in the FPLP section of this report. For the year ended December 30, 2015, FPI recorded a current income tax expense of $0.6 million and a deferred income tax expense of $0.5 million compared to a current income tax expense of $1.5 million and a deferred income tax recovery of $0.1 million in 2014. The change in deferred income tax expense is primarily due to FPI's share of FPLP's timing differences primarily relating to FPLP's change in its pension obligation. Other comprehensive loss for 2015 was $0.7 million compared to other comprehensive loss of $1.8 million in 2014. The change in other comprehensive (loss) 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, 2015 was $89.0 million, a decrease of $10.0 million or 10.1% from the prior year. Print advertising revenues for the year ended December 31, 2015 were lower by 14.0% compared to last year. FPLP's largest print advertising revenue category, display advertising including colour, was $32.6 million, a decrease of $6.3 million or 16.2% from the prior year, primarily due to decreased spending in the automotive, telecommunications and national grocery and department store categories. Classified advertising revenues for the 2015 year decreased by $1.1 million or 12.3% compared to last year, primarily due to lower spending in the automotive, employment and real estate categories. Flyer distribution revenues were $13.9 million, a decrease of $1.4 million or 9.5% from 2014, primarily due to a decrease in flyer volumes, resulting from Target department stores exiting the market and consolidations of large national retailers.

Print circulation revenues for the year ended December 31, 2015 decreased by $0.4 million or 1.4%, with lower unit sales offsetting increased revenue from higher subscription and single copy rates. Commercial printing revenues for 2015 decreased by $0.4 million, which is primarily attributable to the loss of a major commercial print contract. Digital revenues for 2015 decreased by $0.2 million or 5.3%, primarily due a reduction in classified advertising revenues and decreased advertising on our mobile apps. Other revenue decreased by $0.1 million, primarily due to non-recurring revenue related to the publication of the City Beautiful book.

Operating expenses for the year ended December 31, 2015 were $79.7 million, a $6.0 million or 7.0% decrease from last year. Employee compensation costs, excluding restructuring charges, for the year decreased by $2.4 million or 6.1%, primarily due to employee reductions in 2015, partially offset by increased pension expense due to lower discount rates from the previous year. Restructuring charges for the year ending December 31, 2015 were $0.5 million, of which $0.4 million were for voluntary and involuntary severance payments for employees and $0.1 million was a charge for the closing of a rented delivery depot Newsprint expense for FPLP's own publications for the year decreased by $1.2 million or 16.5%, primarily due to lower printing volumes mainly from fewer circulation copies and a lower newsprint price. Delivery costs decreased by $1.3 million or 7.9% primarily due to lower carrier costs from a reduced number of circulation subscriptions delivered and lower flyer volumes. Other expenses for the year decreased by $0.9 million or 5.8% compared to the prior year, primarily due to lower outside costs from reduced magazine printing and declining use of production supplies as a result of fewer printed pages.

Due to continued declines in revenue and earnings, FPLP recorded an aggregate impairment charge relating to its goodwill of $39.2 million. Excluding this impairment charge, FPLP's net earnings were $8.0 million for the year ended December 31, 2015, compared to net earnings of $11.7 million in the prior year.

EBITDA(1), excluding the goodwill impairment charge, for the year ended December 31, 2015 was $13.6 million compared to $17.7 million in 2014, a decrease of 23.2%. EBITDA(1) margin, excluding the goodwill impairment charge, for the twelve months ended December 31, 2015 was 15.3% compared to 17.9% in 2014.

For the year ended December 31, 2015, finance costs decreased by $0.4 million or 20.6% primarily due to the lower level of debt outstanding as a result of the $6.3 million principal repayment made on the renewal of the long-term debt agreement.

Dividends

FPI declared dividends to shareholders of $1.1 million or $0.16 per share for the year ended December 30, 2015 compared to $3.7 million or $0.53 per share in the prior year. Effective August 14, 2015, the Board of Directors of FPI determined not to declare further dividends at this time. The continuing free cash generated by FPLP will be available for increasing FPLP's long-term debt repayments, new strategic investments and / or restructuring initiatives which improve the returns generated by the businesses. The Board will continue to evaluate the dividend policy on a quarterly basis.

Outlook

REVENUE

FPLP's print advertising revenues are expected to continue to face challenges in 2016 as a result of continued shifts in spending by advertisers. Print advertising revenues for the first two months of 2016 were approximately 10.0% lower than the previous year.

Print circulation revenues, which account for approximately 28% of our overall revenues, are expected to be near 2015 levels as subscription rate increases are expected to offset the long term trend of slowly declining print circulation unit sales. We have seen a lower level of decline in our city home delivery subscribers in recent months and while we have no way of knowing for sure, we believe the introduction of our digital paywall last year has helped slow the decline. A full year of readership revenues from both the Winnipeg Free Press monthly digital subscribers and single article purchases is budgeted to generate additional revenues of $0.5 million in 2016. In February 2016 there are approximately 4,000 "all Access" subscribers paying $16.99 per month for digital access to our Winnipeg products and we have planned to grow this to 4,400 by the end of the year. For single article digital sales we are charging $0.27 per article and also have approximately 4,000 registered accounts which we are planning to generate $0.1 million in revenue from in 2016. In addition to these digital only readership groups, at the end of February we have approximately 23,000 print subscribers who have registered to get access to the full digital suite of products.

Newspapers Digital advertising revenues are increasingly being impacted by the dominance of the large multi-national social media and search engine sites. After a number of years of increasing digital advertising revenues 2015 saw a small decline of $0.2 million or 5%. Our 2016 plan is to grow this revenue source back to the 2014 level or beyond by continually improving our digital product offerings and making small investments to promote both our desktop website and our mobile apps.

We are planning for a small 3% growth in commercial printing revenues which are largely generated by our Derksen Printing plant in Steinbach.

OPERATING EXPENSES

Employee compensation is our single biggest expense and in 2015 accounted for just over 50% of our total operating expenses before depreciation and amortization. The Winnipeg collective bargaining agreement includes a 0.5% increase effective July 1, 2016 and the same increase for Brandon employees is effective January 1, 2016. We are planning to reduce these costs by a further $2.7 million or approximately 7% in 2016 through a combination of retirements, voluntary and involuntary layoffs. Total full time equivalent employee counts which were lower by approximately 5% in 2015 from the previous year are planned to be down by a further 7% in 2016.

Delivery costs which account for approximately 20% of our operating expenses before depreciation and amortization are budgeted to decrease by approximately $0.3 million in 2016 primarily due to a continuation of a slow decline in printed circulation copies delivered and stream-lining, consolidation and elimination of delivery routes and depots as opportunities arise across all our businesses.

Newsprint price increases were announced and implemented during the first quarter of 2016. We have tested lighter weight newsprint and will be switching to the lighter grade, which, combined with fewer circulation copies printed, will result in a reduction of newsprint expense in 2016.

We are forecasting a decrease in the other expense category in the 5% range from a variety of cost reductions put in place including the cancellation of some sponsorships, lower levels of contracted third party work and lower national commissions from lower anticipated revenue levels.

CAPITAL INITIATIVES, FINANCE COSTS AND OTHER ITEMS

Maintenance capital spending for 2016 is being budgeted at $0.8 million, but can be reduced if required. Our only committed capital projects are the completion of the Winnipeg advertising and editorial systems software upgrades which were started in the fourth quarter last year. Replacements of computer hardware, fleet vehicles and photo equipment will be done on an “as required” basis. Other minor software investments may be made if they are justified by an appropriate return.

Finance costs are forecasted to be lower by approximately $0.2 million primarily resulting from lower principal balances on our term debt and two expiring finance leases. The 2015 required cash sweep principal repayment on our term loan is due by March 30, 2016 and while the required minimum payment is estimated at $1.2 million, we may decide to use a portion of our available cash on hand to increase this amount. Under the terms of our term loan agreement, the maximum loan balance at January 31, 2018 is $30.0 million and $20.0 million at the end of the facility on January 31, 2020.

An actuarial valuation which is required on our defined benefit pension plan as of December 31, 2015 will ultimately determine the required level of employer funding for 2016, but discount rates which declined at the end of 2015 will increase the required 2016 company pension funding. The actual increase will not be known until after completing the actuarial study during the second and third quarters of this year, but we are budgeting for increased funding in the $0.6 million range.

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 11, 2015, 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, and publishes a single copy edition on Sundays. Vividata, a third party research firm, which measures newspaper readership across Canadian markets, estimates that weekly 78% of all Winnipeg adults read the print or digital edition of the Winnipeg Free Press. 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. Further information can be found at www.fpnewspapers.com and in disclosure documents filed by FP Newspapers Inc. with the securities regulatory authorities, available at www.sedar.com.

Conference Call

FPI invites you to participate in a conference call on Thursday, March 10, 2015 at 12:00 p.m. Eastern (11:00 a.m. Central) to discuss the fourth quarter results.

The dial-in number is 416-340-8530, or dial toll free at 800-396-7098. 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 March 31, 2016. To hear the replay, dial 905-694-9451 or dial toll free at 800-408-3053. The replay code is 8506322.

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.

For further information please contact:

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FP Newspapers Inc.

Statements of Earnings (Loss) and Comprehensive Income (Loss)

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

	Three Months Ended December 30,		Twelve Months Ended December 30,	
	2015	2014	2015	2014
Equity interest from FP Canadian Newspapers Limited Partnership Class A limited partner units	$ 1,406	$ 2,235	$ 3,905	$ 5,733
Write-down of investment in FP Canadian Newspapers Limited Partnership Class A limited partner units	(7,840)	-	(26,440)	-
Administration expenses	(63)	(55)	(217)	(212)
Other income	-	-	1	1
Net earnings (loss) before income taxes	(6,497)	2,180	(22,751)	5,522
Current income tax recovery (expense)	333	(373)	(570)	(1,523)
Deferred income tax recovery (expense)	(687)	(191)	(455)	48
Net earnings (loss) for the period	**$ (6,851)**	**$ 1,616**	**$ (23,776)**	**$ 4,047**
Items that will not be reclassified to net earnings:				
Equity interest of other comprehensive (loss) from FP Canadian Newspapers Limited Partnership	(531)	(1,498)	(910)	(2,515)
Deferred income tax recovery	144	405	246	679
Comprehensive income (loss) for the period	**$ (7,238)**	**$ 523**	**$ (24,440)**	**$ 2,211**
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	$ (0.993)	$ 0.234	$ (3.445)	$ 0.586

FP Canadian Newspapers Limited Partnership

Consolidated Income (Loss) Statements and Statements of Comprehensive Income (Loss)

(unaudited, in thousands of Canadian dollars)

	Three Months Ended December 31,		Twelve months Ended December 31,	
	2015	2014	2015	2014
Revenue				
Print advertising	$ 14,476	$ 16,858	$ 54,627	$ 63,524
Print circulation	6,288	6,325	24,972	25,334
Commercial Printing	1,264	1,449	4,853	5,268
Digital	856	1,132	3,647	3,850
Promotion and services	242	420	927	1,063
TOTAL REVENUE	$ 23,126	$ 26,184	$ 89,026	$ 99,039
Employee compensation	9,071	9,604	37,742	40,186
Newsprint and other paper	1,844	2,195	7,222	8,623
Delivery	3,783	4,110	14,736	15,998
Other	3,850	4,013	15,221	16,151
Depreciation and amortization	1,067	1,102	4,293	4,363
Restructuring charge	325	177	495	369
OPERATING INCOME BEFORE IMPAIRMENT	3,186	4,983	9,317	13,349
Impairment of goodwill	(16,000)	-	(39,200)	-
OPERATING INCOME (LOSS)	(12,814)	4,983	(29,883)	13,349
Other income	17	43	86	157
Finance costs	(331)	(466)	(1,435)	(1,807)
NET EARNINGS (LOSS) FOR THE PERIOD	$ (13,128)	$ 4,560	$ (31,232)	$ 11,699
Items that may be reclassified subsequently to net earnings:				
Unrealized gain on investment	-	-	-	2
Items that will not be reclassified to net earnings:				
Remeasurements for defined benefit pension plan	(1,082)	(3,058)	(1,856)	(5,133)
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ (14,210)	$ 1,502	$ (33,088)	$ 6,568