



# FINANCIAL RESULTS

**1Q FY19**

11 January 2019

Singapore Press Holdings Limited

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# 1Q FY19 Financial Highlights

	1Q FY19 S\$'000	1Q FY18 S\$'000	Change %
Operating revenue	254,316	258,758	(1.7)
Operating expenses	(183,914)	(197,747)	(7.0)
Operating profit <sup>#</sup>	74,841	69,556	7.6
Profit after taxation	67,816	72,265	(6.2)
<b>Net profit attributable to shareholders</b>	<b>57,902</b>	<b>61,803</b>	<b>(6.3)</b>

<sup>#</sup> This represents the recurring earnings of the media, property and other businesses.

## Higher operating profit despite stable operating revenue

**Operating profit increased by S\$5.3m (7.6%) year-on-year.**

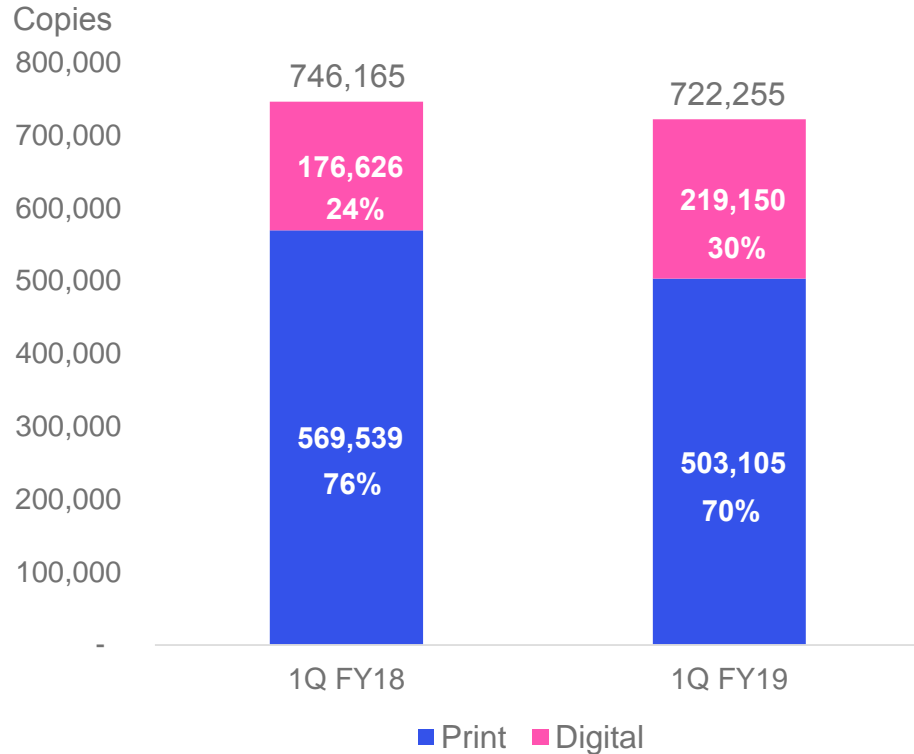
- Boosted by contribution from UK student accommodation portfolio.
- Lower operating expenses mainly due to the absence of retrenchment costs recognised in 1Q FY18.

**PAT declined 6.2% to S\$67.8m in 1Q FY19 from S\$72.3m in 1Q FY18.**

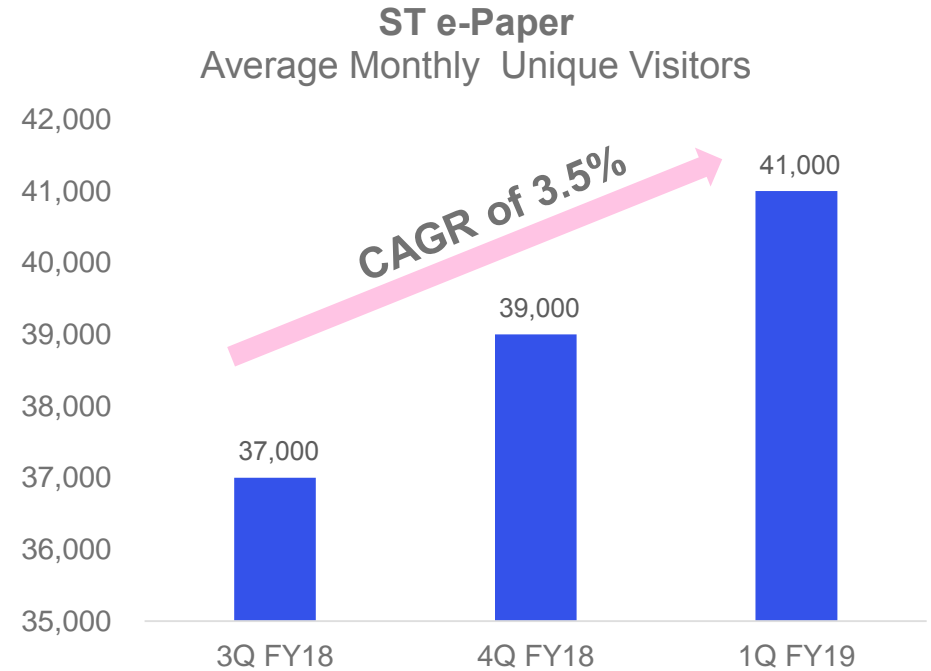
- Mainly due to lower contribution from Treasury and Investment (T&I) after portfolio was partially divested.

# Media: Digital circulation grows at 24%

Digital forms larger proportion of average daily sales <sup>1</sup>



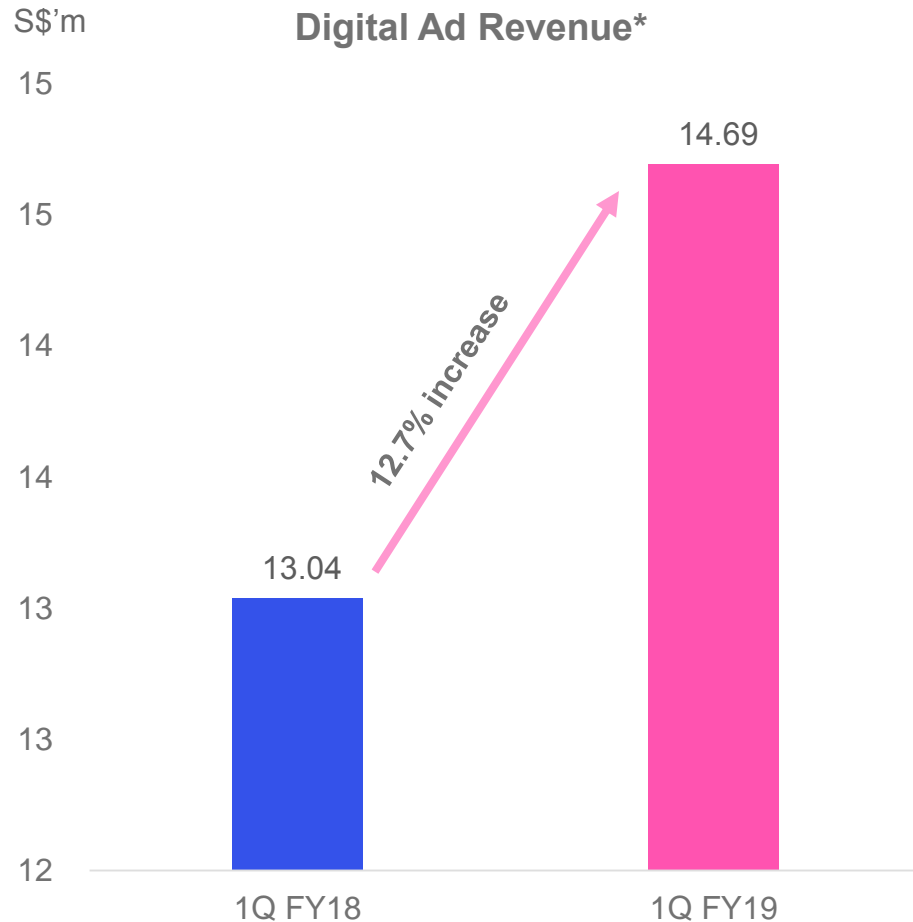
Growing Readership for ST e-Paper



Note:

1. Excluded 55,386 (1Q FY19) and 161,538 (1Q FY18) digital copies provided to Sin Chew as part of a barter agreement which has ended.

# Digital Ad Revenue: Achieved 12.7% y-o-y growth



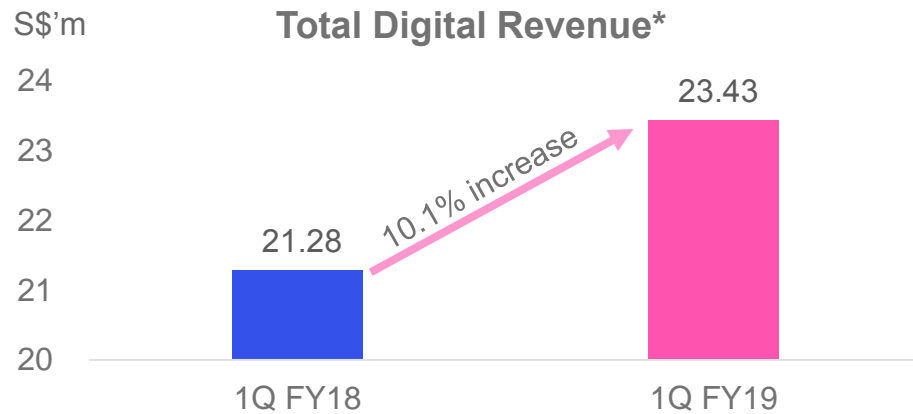
- Digital ad revenue improved 12.7% compared to 1Q FY18 with better performance from ST, BT and Zaobao.
- Focus on improving offerings to advertisers; running more effective campaigns with the use of data analytics.

THE STRAITS TIMES

THE BUSINESS TIMES



# Total Digital Revenue: 10.1% y-o-y growth



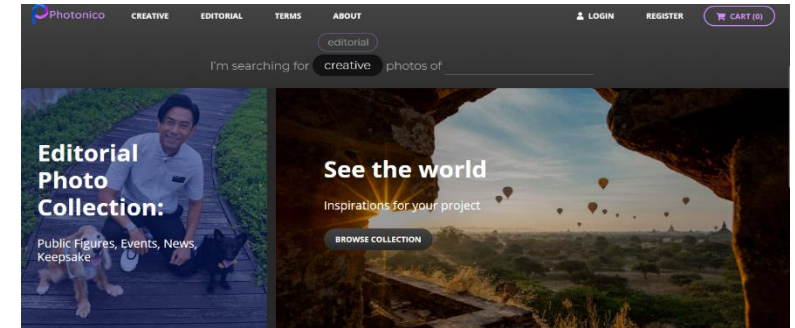
- Digital-first strategy is bearing fruit with a 10.1% increase in revenue year-on-year.
- Focus on making existing products more customer-focused and investing in promising digital products.
- Cultivating an innovation-first mindset among employees.



\*Total revenue from circulation, ads, online classifieds, magazines, and other digital portals. This excludes Shareinvestor as it has been divested.

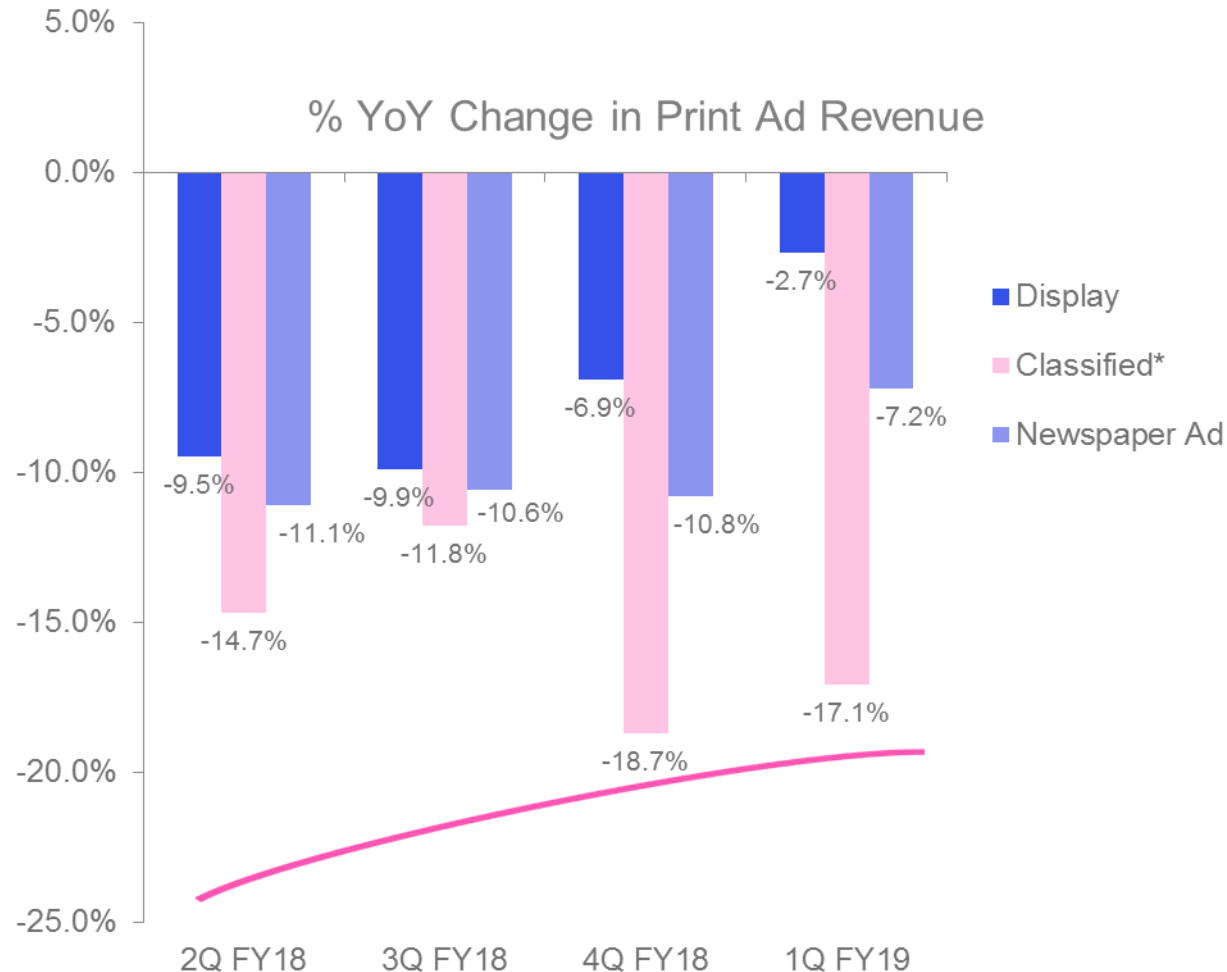


- New product, Photonico was launched in October 2018. The photographic marketplace seeks to leverage SPH's huge archive of photographic images.



- Achieved double-digit gross profit margin in 1Q FY19.
- Revenue increased 59% from August 2018 to October 2018.

# Newspaper Print ad revenue – Decline continues to slow



- The fall in overall newspaper ad revenue of 7.2% for 1QFY19 is the lowest seen in the past 4 quarters.
- Display ads which make up the bulk of the revenue exhibited a marginal decline of 2.7%.

# Digital : Innovating and Leading the Market



sgCarMart's revenue improved by 9% on a year-on-year basis in 1Q FY19.

- **sgCarMart's Quotz online auction platform is a key differentiator.**
  - Auctioneers are paid immediately.
  - Default rate is low compared to other market players.



- Acquired 70% stake in OctoRocket; partnering logistics technology software company, Y3 Technologies.
- OctoRocket complements SPH's existing business of trade exhibitions; taps on SPH's extensive network of contacts in Southeast Asia.
- Initial strategy is to connect buyers and sellers in the packaged-food industry.



# Property: Growing a bigger portfolio

## SPH REIT



**Paragon**  
S\$2.72b



**Clementi Mall**  
S\$586m



**The Rail Mall**  
S\$63.3m



**New acquisition:  
Figtree Grove**  
(85%)  
S\$175m



**The Seletar Mall**  
(70%)  
S\$342m



**Chinatown Point**  
(30.68%)  
S\$136m



**Woodleigh Mall**  
(50%)  
S\$400m



**UK Student Accommodation**  
(100%)  
S\$321m

## Growing SPH's property portfolio through SPH REIT and other vehicles.

- Remains the largest profit segment.
- Acquired Figtree Grove, an established sub-regional shopping centre in Australia in December 2018.
- Tendered for a mixed development site at Pasir Ris in December 2018.
- Focus on more acquisitions ahead, using debt headroom and others, to expand AUM.

# Property: UK Student Accommodation financial update

## Revenue

9.3%

(S\$6.3 million)

contribution to the total property segment's revenue.

## Profit before taxation

7.7%

(S\$3.2 million)<sup>1</sup>

contribution to the total property segment's profit before taxation.

## Growth Strategy

- Team in UK expanded to manage the operation of the investment and assets.
- **Building portfolio to a more sizeable platform**
- Actively reviewing extensive deal pipeline with some deals at the advanced stage of negotiation.

# Property: UK Student Accommodation operation update



## Marketing Initiatives

- Unveiling a new logo for better branding.



- Launch of new booking website cum community portal with booking and rebooking system for students in 2Q FY19.
- Launched rebooking exercise for the new academic year with satisfactory results.

# Property: Woodleigh Residences update



- **55% of first 50 units released sold during soft launch.**
  - Overage price psf achieved was over S\$2,000, one of the highest in the area; and
  - 2<sup>nd</sup> phase is estimated to be launched in 3Q FY19.
- **The development is slated for completion by the end of August 2022.**



# Aged care: Continual focus on quality care

## Bed Occupancy Rate (“BOR”)

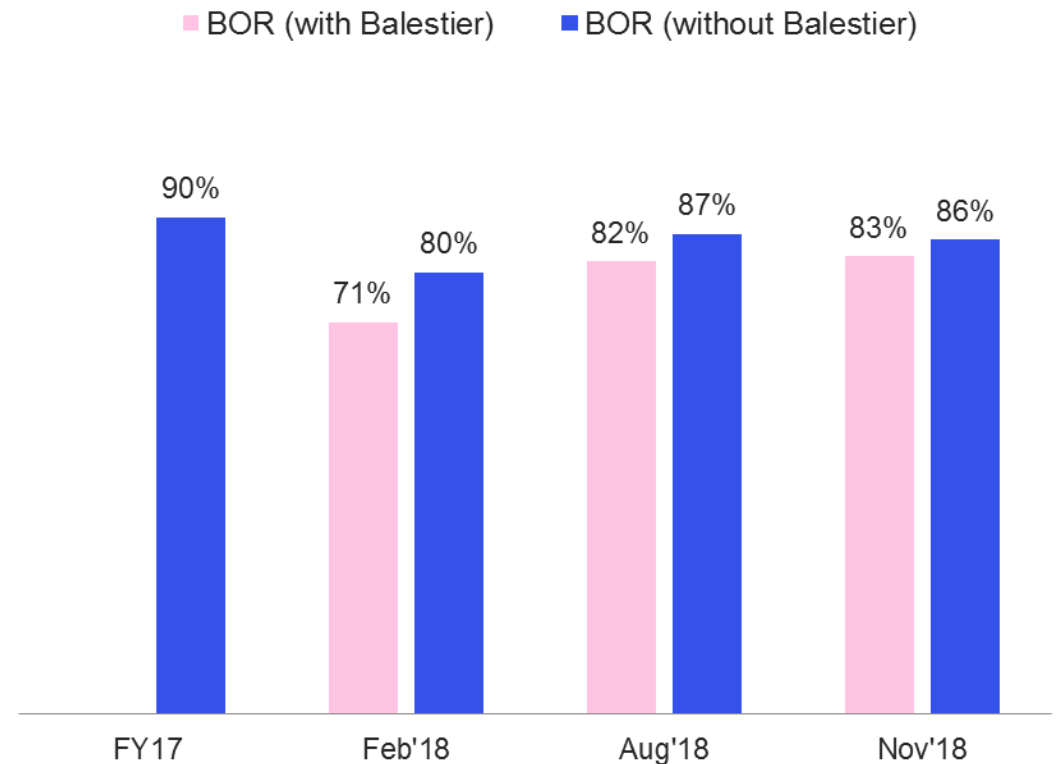
- As at November 2018, occupancy rate continues to trend above 80%.

## Enhancing quality care

- As part of OV's focus on quality of care, OV actively employs Animal-Assisted therapy to improve residents' social, emotional and cognitive functioning; Reminiscence therapy for dementia residents to build up their confidence.



## Healthy BOR Despite Challenging Environment



# Others: Disciplined capital recycling



- On 13 November 2018, completed divestment of ShareInvestor as part of SPH's capital recycling strategy to focus on core businesses.



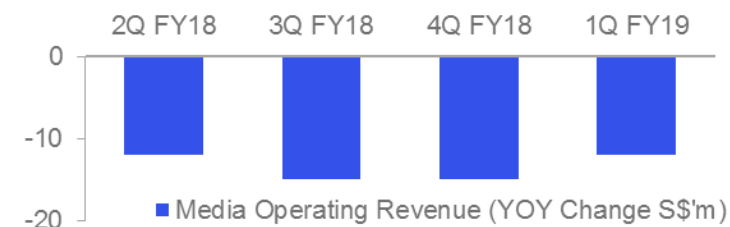
- On 27 September 2018, SPH announced that it will join Keppel Corporation in making a pre-conditional voluntary general offer for M1 Limited.
- On 28 December 2018, received approval from IMDA; and announced intention to make a voluntary conditional general offer of S\$2.06 per share for the remaining M1 shares.
- **Transaction aims to extract value from legacy investments; is earnings accretive.**
- Note: Reference to earnings accretion for SPH shareholders is based on proforma historical financial effects. Details of the bases, assumptions and calculations are in the related Chapter 10 SGX announcement for SPH dated 27 September 2018.

# Group 1Q FY19 Segmental Highlights

Operating Revenue	1Q FY19 S\$'000	1Q FY18 S\$'000	Change %
Media	162,094	173,938	(6.8)
Property	67,979	61,197	11.1
Treasury and Investment	-	-	-
Others (including Aged Care)	24,243	23,623	2.6
	<b>254,316</b>	<b>258,758</b>	<b>(1.7)</b>

## Media

- Revenue for the Media business for 1Q FY19 was weaker by 6.8%. However, the rate of decline in print ad revenue was the slowest seen in four quarters while digital ad revenue enjoyed double-digit growth of 12.9%.



## Property

- Revenue for the Property business of S\$68 million was 11.1% or S\$6.8 million higher mainly due to contribution from the UK student accommodation portfolio of S\$6.3million.

## Others

- Revenue increased S\$0.6 million (2.6%), from 1Q FY18 to 1Q FY19, with improved contribution from the online classifieds and education businesses.

# Group 1Q FY19 Segmental Highlights

Profit before taxation	1Q FY19 S\$'000	1Q FY18 S\$'000	Change %
Media	32,293	28,163	14.7
Property	41,723	39,653	5.2
Treasury and Investment	2,797	10,704	(73.9)
Others (including Aged Care)	748	3,650	(79.5)
	<b>77,561</b>	<b>82,170</b>	<b>(5.6)</b>

## Media

- Media business improved 14.7% or S\$4.1 million mainly due to the absence of S\$11.6 million retrenchment costs recognised in the same period last year.

## Property

- PBT grew S\$2.1 million (5.2%), mainly contributed by net operating income of S\$3.2 million from the UK student accommodation portfolio.

## Treasury and Investment

- Lower profit is recorded due to divestment of treasury investment funds in the previous FY.

## Others

- Lower profit mainly due to the absence of a one-off gain (S\$5.9 million) arising from MindChamps' IPO in 1Q FY18.



# Thank You

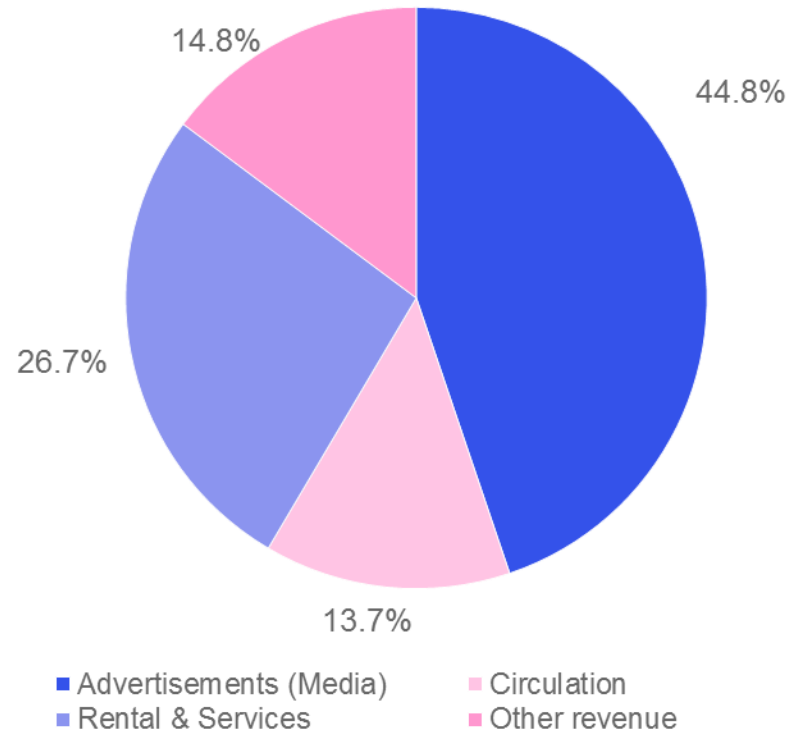
Visit [www.sph.com.sg](http://www.sph.com.sg) for more information



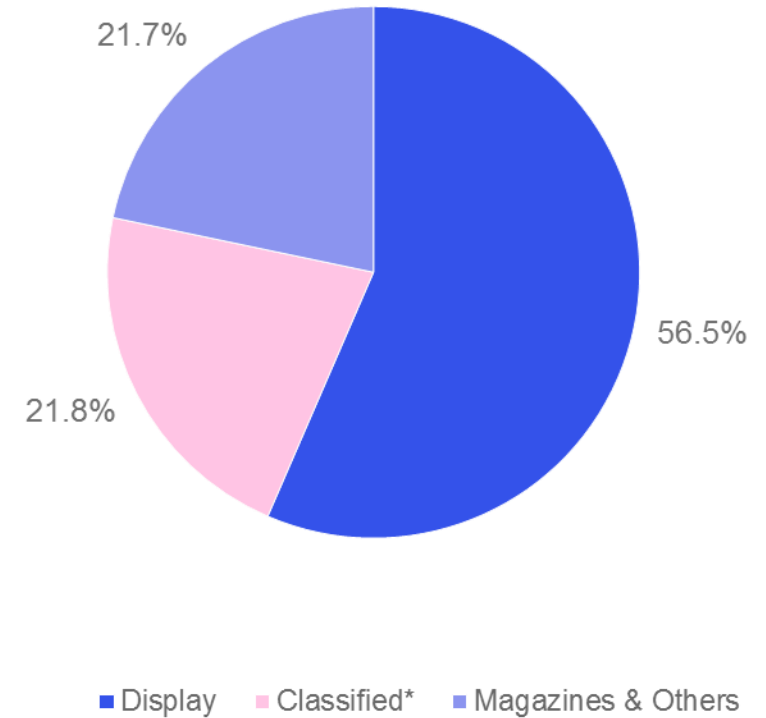
# Annexe

# Revenue Composition 1Q FY19

Operating Revenue Composition (S\$254.3m)



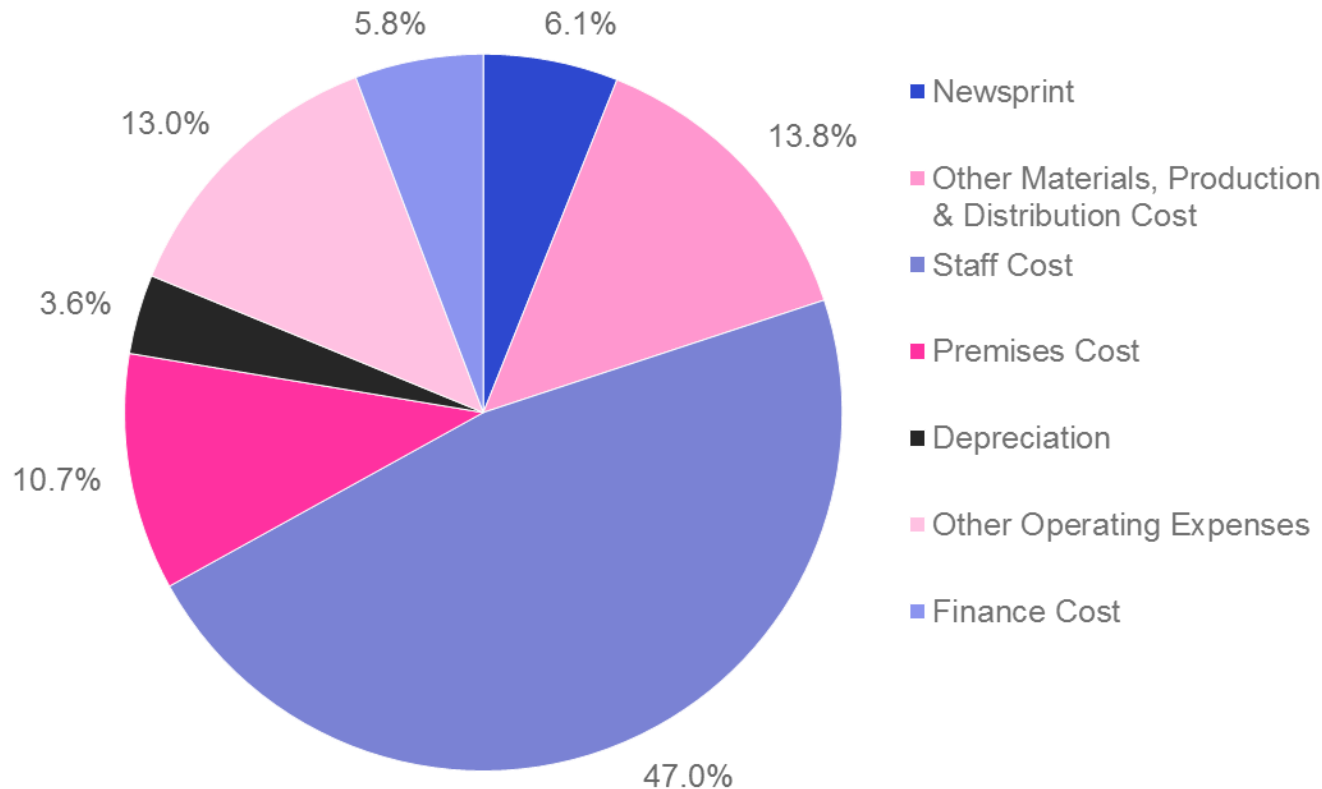
Media Advertisement Revenue Composition (S\$113.9m)



\* Classified includes Recruitment and Notices

# Operating costs fell 7% compared to 1Q FY18

1Q FY19 Operating Expenditure  
Cost Composition (S\$184m)



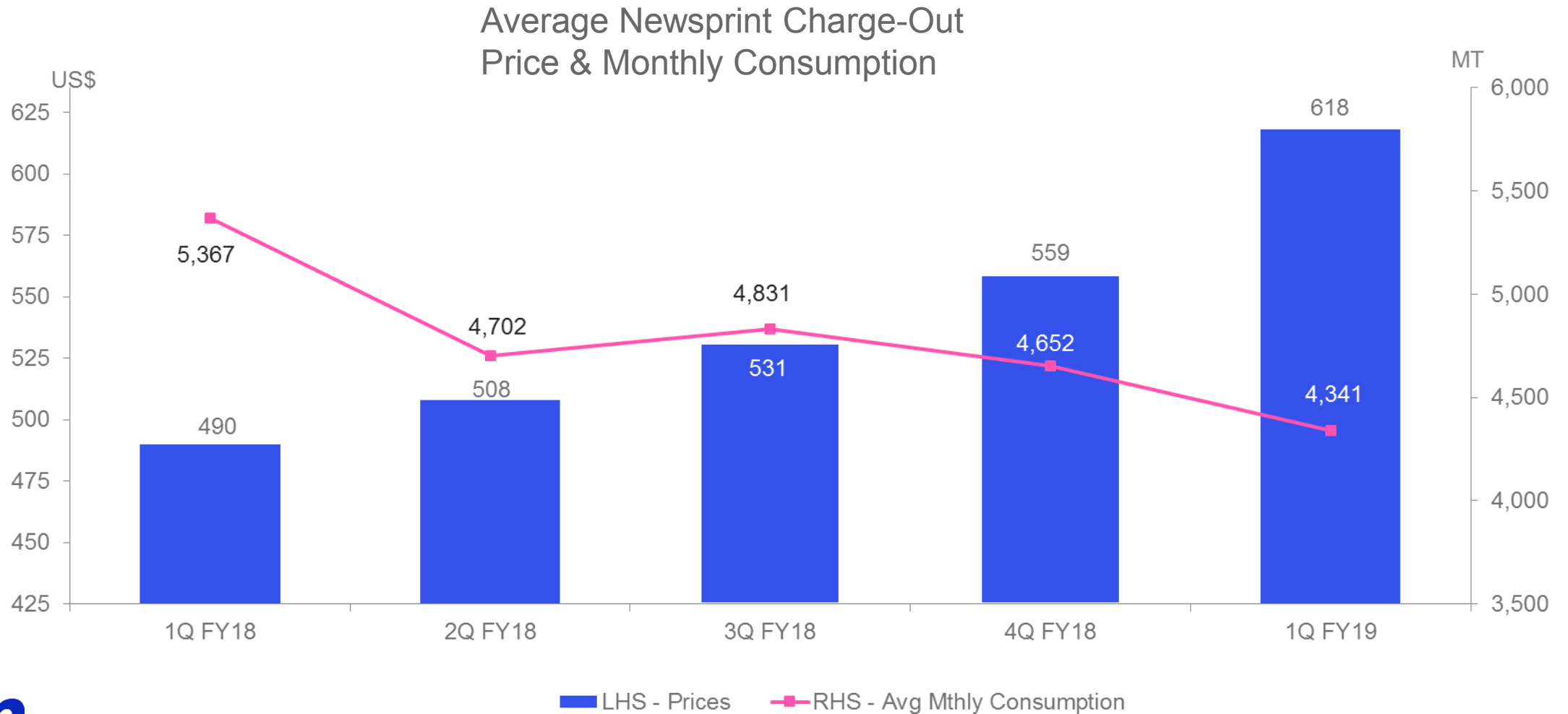
S\$m

Newsprint	▲	0.4
Other Production costs	▼	1.7
Staff Costs	▲	0.7
Premises Costs	▲	1.9
Depreciation	▲	0.1
Other Operating Expenses*	▼	17.1
Finance costs	▲	1.8



\* mainly due to absence of retrenchment costs of S\$11.6m incurred in 1Q FY18

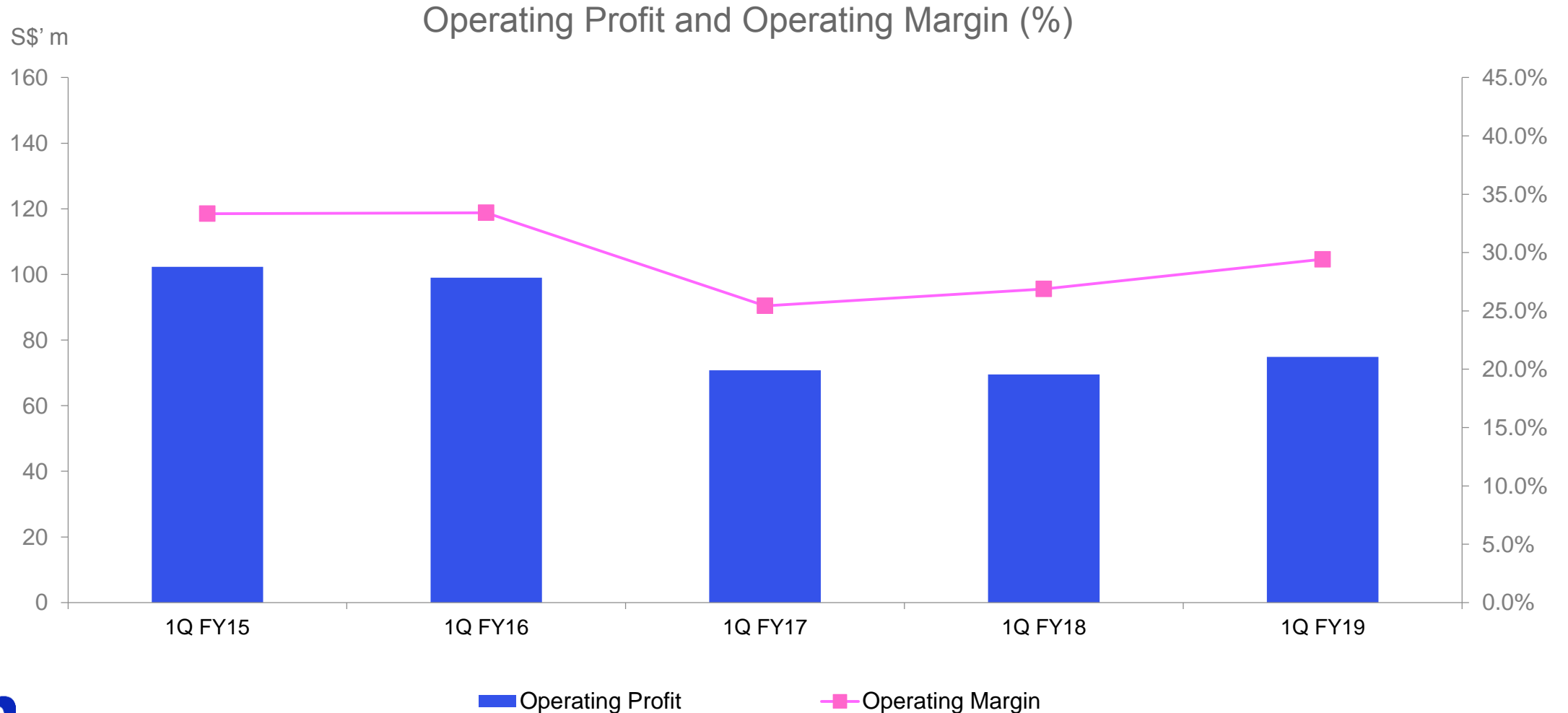
# Rising newsprint prices mitigated by lower consumption



# Investing in building digital capabilities

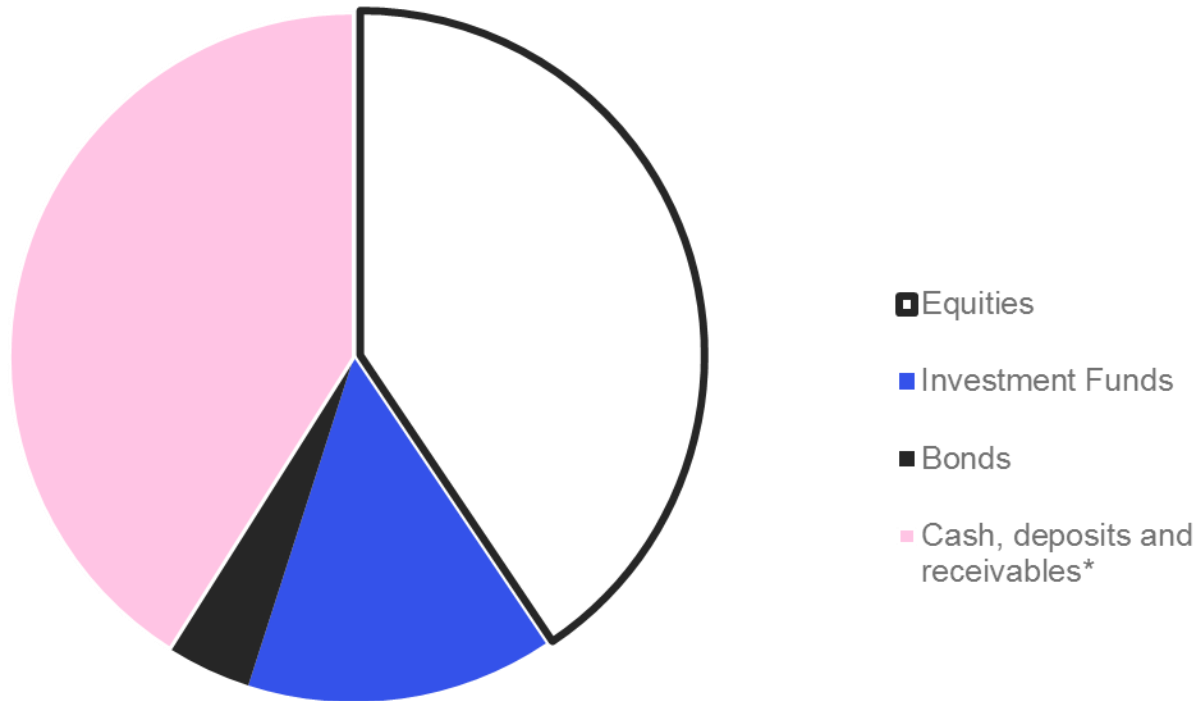
	1Q FY19	1Q FY18	Change %
Headcount as at end of each period	4,084	4,302	(5.1)
Staff Costs (S\$'000)	86,489	85,794	0.8

# Higher operating margins as operating profit remains stable



# Balance Sheet

Group Investible Fund (S\$1.04b)  
As at 30 November 2018



\* Include proceeds of S\$164m from the disposal of investments.

Balance sheet composition will change as proceeds from divesting Treasury & Investment portfolio will be allocated to property and asset management and digital business.