



MEDIASCAPE
Maintaining Focus in an Evolving Mediascape
Annual Report 2016

Singapore Press Holdings Limited

3Q 2017
Financial Results
July 14, 2017



Group 3Q 2017 financial highlights

	3Q 2017 S\$'000	3Q 2016 S\$'000	Change %
Operating revenue	259,963	291,579	(10.8)
Operating profit [#]	34,265	60,770	(43.6)
Investment income	11,682	18,672	(37.4)
Profit after taxation	36,776	61,980	(40.7)
Net profit attributable to shareholders	28,872	52,656	(45.2)

The results for 3Q 2017 included impairment charges for goodwill and intangibles of S\$37.8m (3Q 2016: S\$28.4m). These primarily related to the magazine business whose performance continued to deteriorate further amid unfavourable market conditions.

Excluding the impairment charges, operating profit would have declined by S\$17.1m (19.2%).

[#] This represents the recurring earnings of the media, property and other businesses.

Group YTD 3Q 2017 financial highlights

	YTD 3Q 2017 S\$'000	YTD 3Q 2016 S\$'000	Change %
Operating revenue	776,238	847,081	(8.4)
Operating profit [#]	158,056	227,877	(30.6)
Investment income	26,597	36,230	(26.6)
Profit after taxation	156,467	216,789	(27.8)
Net profit attributable to shareholders	128,109	188,111	(31.9)

The results for YTD 3Q 2017 included:

- Impairment charges for goodwill and intangibles of S\$37.8m (YTD 3Q 2016: S\$28.4m); and
- Charges of S\$15.9m relating to the media business review and impairment of an associate.

Excluding the above charges, operating profit would have declined by S\$44.5m (17.3%).

This represents the recurring earnings of the media, property and other businesses.

Group YTD 3Q 2017 financial highlights

Operating Revenue	YTD 3Q 2017 S\$'000	YTD 3Q 2016 S\$'000	Change %
Media	552,433	630,236	(12.3)
Property	183,978	181,138	1.6
Others	39,827	35,707	11.5
	776,238	847,081	(8.4)

Media

- Advertisement revenue declined S\$75m (16.2%)
- Circulation revenue decreased S\$4.4m (3.5%)

Property

- Higher rental income from the Group's retail assets

Others

- Included revenue from Orange Valley Healthcare since acquisition on April 25, 2017 (S\$3m)

Group YTD 3Q 2017 financial highlights

Profit/(Loss) before taxation	YTD 3Q 2017 S\$'000	YTD 3Q 2016 S\$'000	Change %
Media	98,092	156,049	(37.1)
Property	122,641	111,268	10.2
Treasury and Investment	19,955	33,944	(41.2)
Others	(1,504)	(12,843)	(88.3)
	239,184	288,418	(17.1)
Media business review and impairment charges	(53,723)	(28,358)	89.4
	185,461	260,060	(28.7)

Media

- Revenue declines partially mitigated by lower newsprint and depreciation costs

Property

- Higher rental income
- Contribution from Chinatown Point

Treasury and Investment

- Decrease mainly due to fair value losses on hedges for portfolio investments

Others

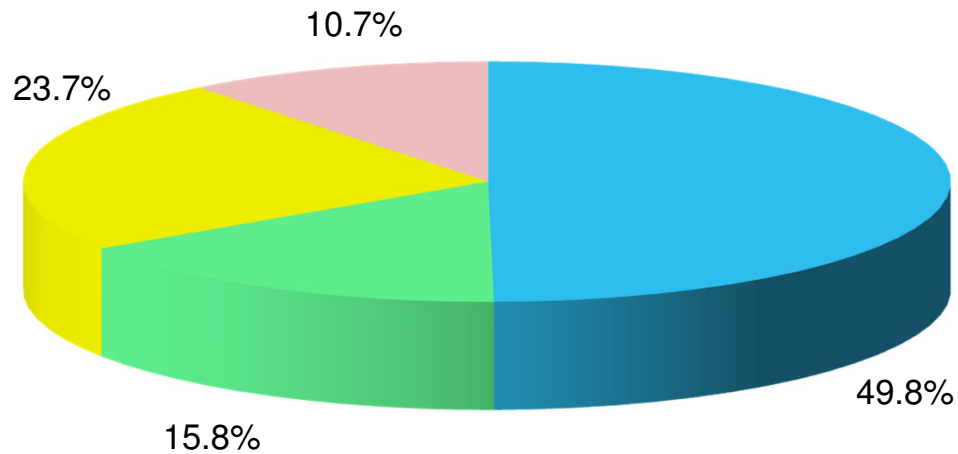
- Improvement from the online classifieds business

Media business review and impairment charges

- Charges of S\$15.9m relating to the media business review and impairment of an associate.
- Impairment charges for goodwill and intangibles of S\$37.8m (YTD 3Q 2016: S\$28.4m)

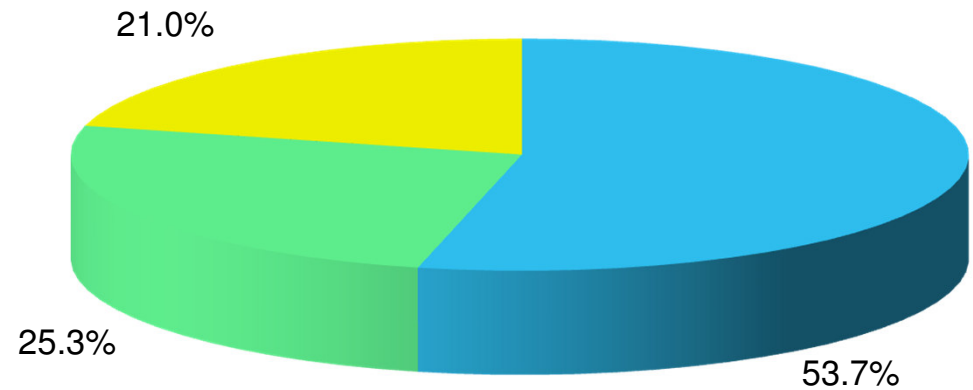
Group YTD 3Q 2017 highlights

Operating Revenue Composition
(S\$776.2m)



- Advertisements (Media)
- Circulation
- Rental & Services
- Other revenue

Media
Advertisement Revenue Composition
(S\$386.8m)

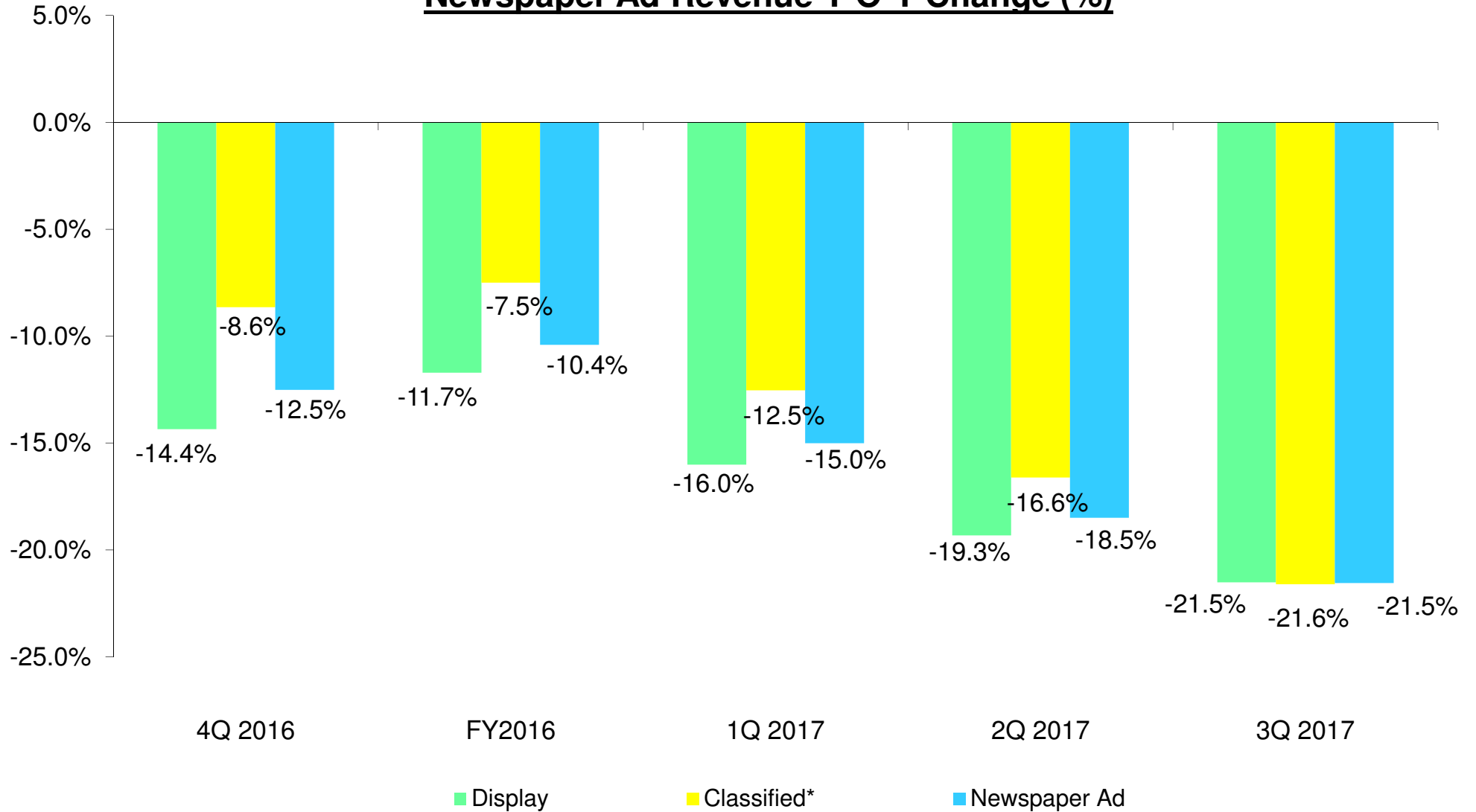


- Display
- Classified*
- Magazines & Others

* Classified includes Recruitment and Notices

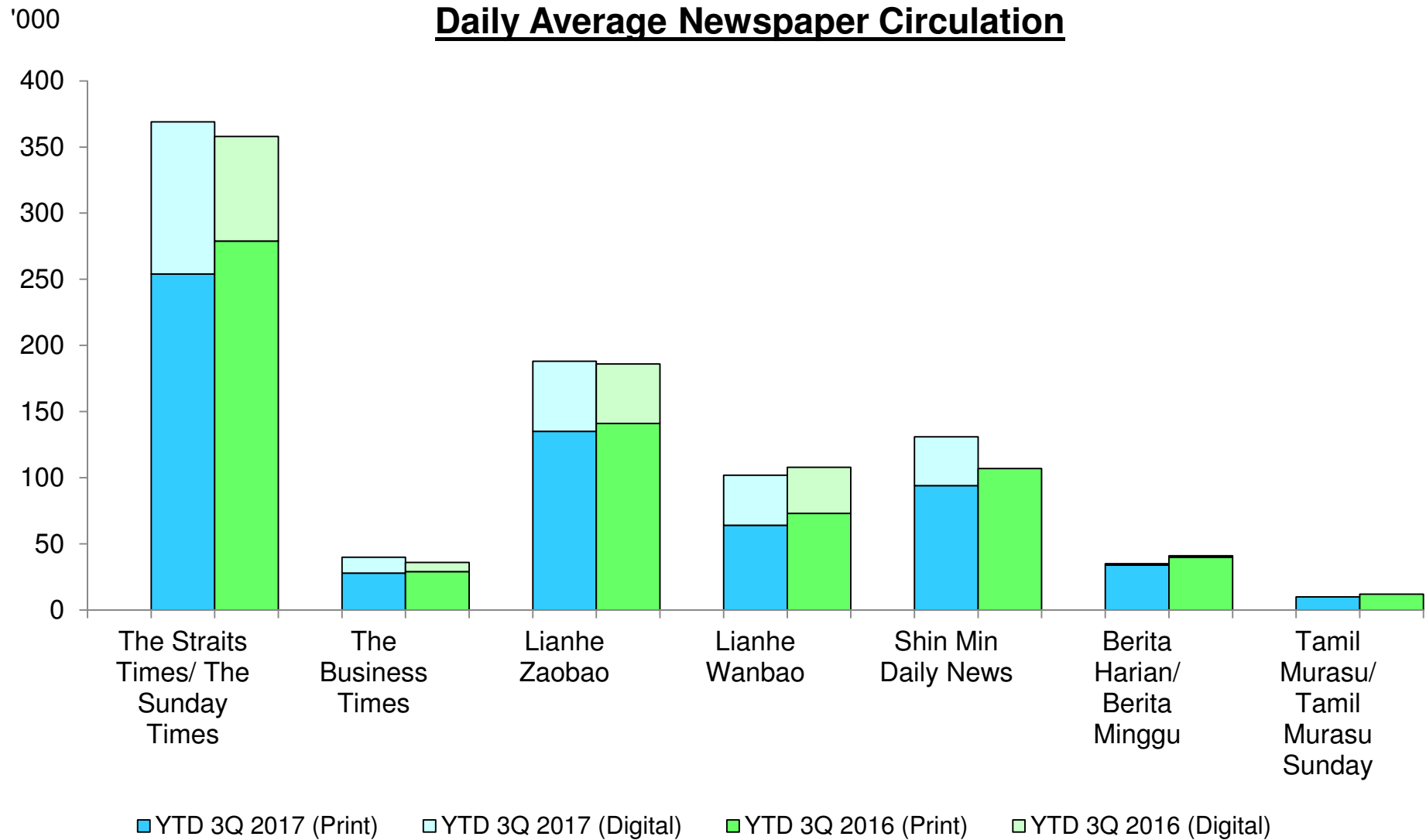
Advertising market remained weak

Newspaper Ad Revenue Y-O-Y Change (%)



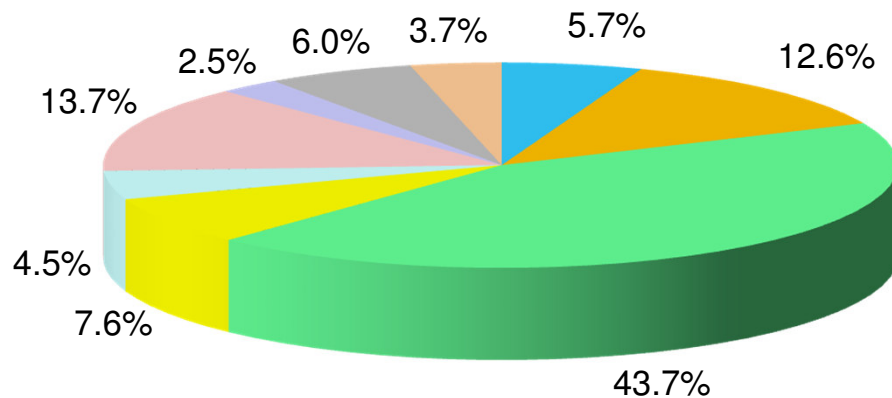
* Classified includes Recruitment and Notices

Circulation maintained by digital



Total operating costs lower despite one-off charges

YTD 3Q 2017 Operating Expenditure Cost Composition
(S\$631.2m)



- Newsprint
- Other Materials, Production & Distribution Costs
- Staff Costs
- Premises Costs
- Depreciation
- Other Operating Expenses
- Charges from media business review
- Impairment of goodwill and intangibles
- Finance Costs

Charges relating to media business review and impairment of an associate

↑ 15.9

Impairment of goodwill and intangibles

↑ 9.4

Newsprint

↓ 6.9

Premises costs[#]

↓ 5.2

Depreciation

↓ 5.0

Other operating expenses

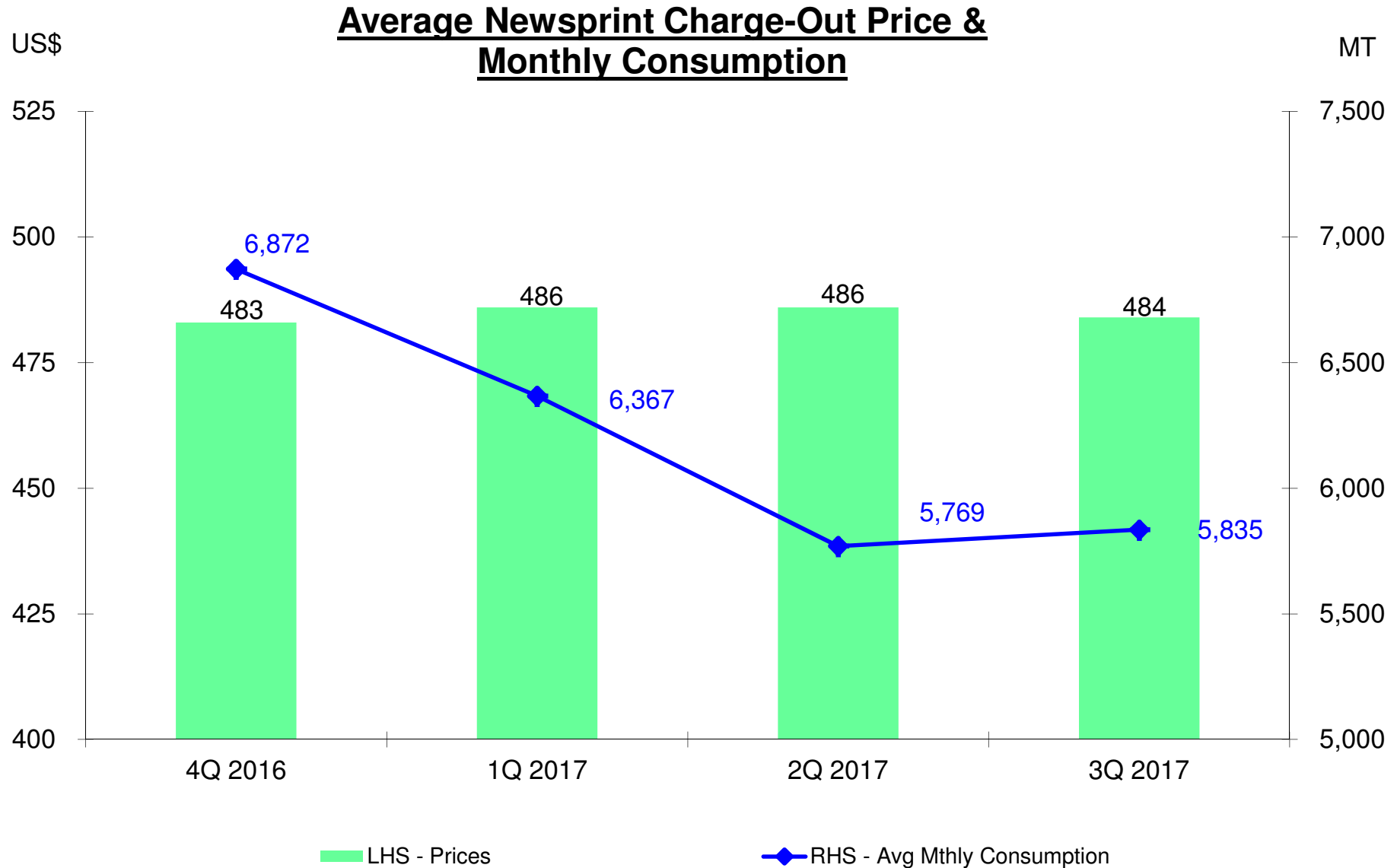
↓ 14.7

[#] Last year included additional property tax on the Group's investment property.

Staff costs well-contained

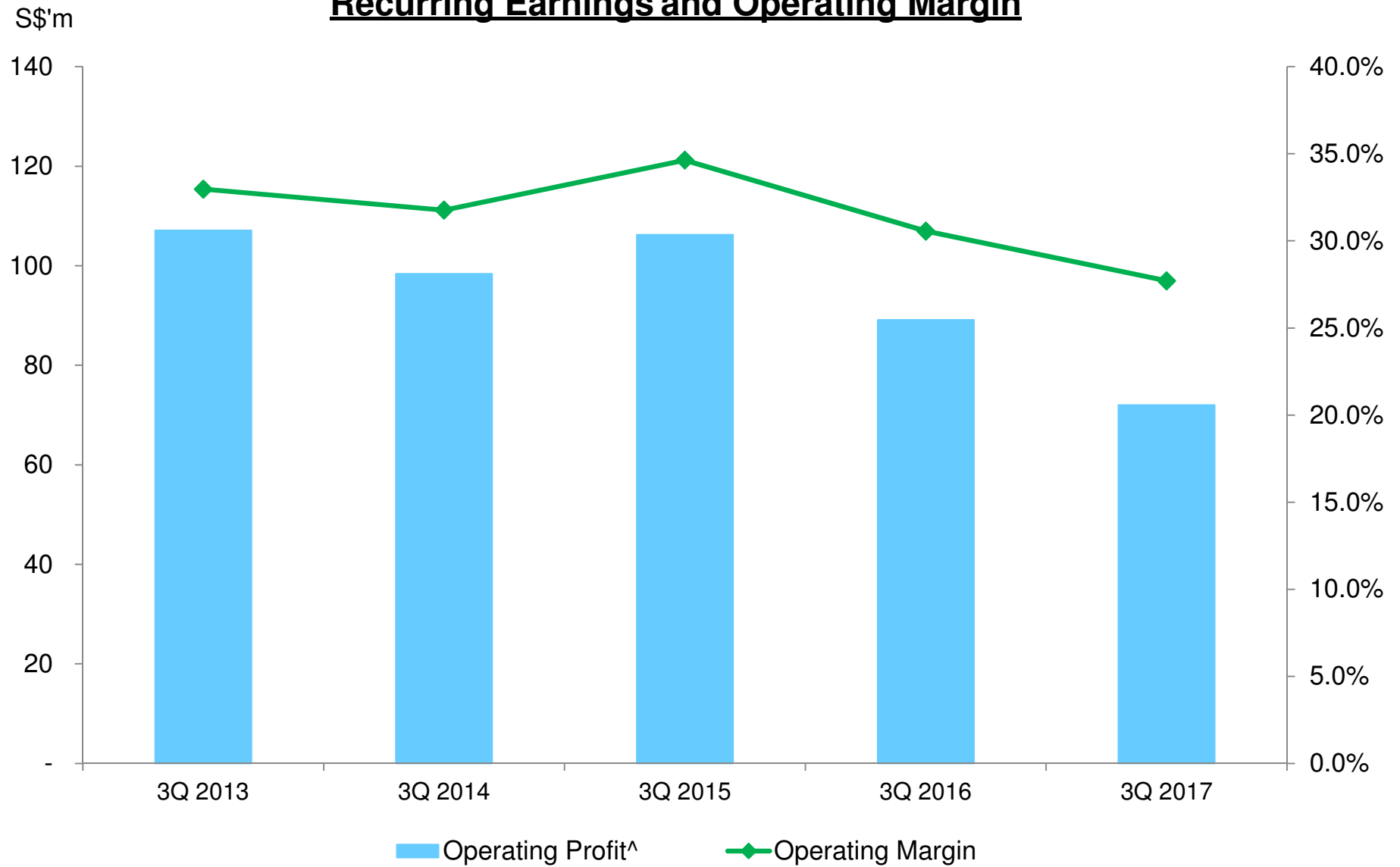
	YTD 3Q 2017	YTD 3Q 2016	Change %
Headcount as at end-May	4,473	4,229	5.8
Staff Costs (\$\$'000)	275,631	277,384	(0.6)

Newsprint prices expected to strengthen



Good operating margins

Recurring Earnings and Operating Margin



[^] Excluding impairment charges on goodwill and intangibles

Sustained Property performance



Paragon



The Clementi Mall

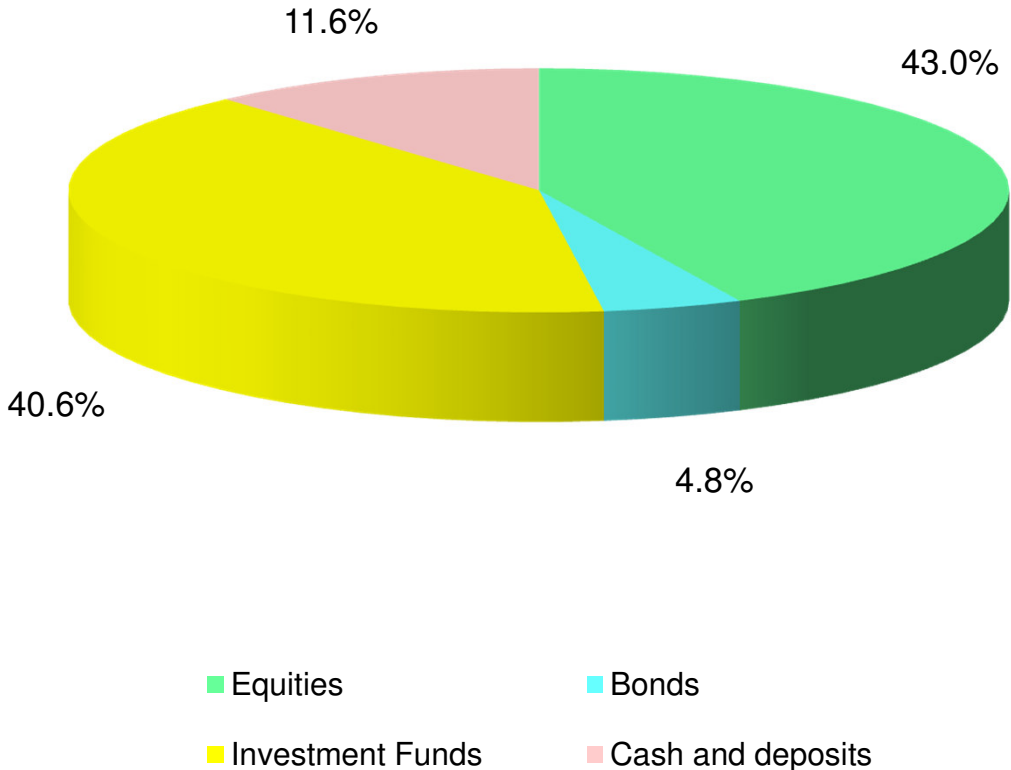


The Seletar Mall

- Net Property Income (NPI) grew 5.7% to S\$141.4m.
- All 85% of Clementi Mall expiring leases renewed with 3.7% positive rental reversion
- 83% of Seletar Mall leases due for renewal

Group investible fund

Group Investible Fund
(S\$1.1b)



- Conservative stance maintained on investment allocation, focused on capital preservation
- Returns are expected to be commensurate with low risk-return profile to mitigate against volatility

(As at May 31, 2017)

Regional Online Classifieds

- The Group completed the sale of 701Search on June 30, 2017 for a consideration of US\$109m. The Group expects to recognise a profit of approximately S\$150m from the divestment in the next reporting period.
- 701Search operates an online classifieds business in Malaysia, Vietnam and Myanmar.
- The Group still maintains its investments in 702Search and 703Search for the online classifieds business in Thailand and Indonesia.



SPH, Kajima make top bid for Bidadari site

Consortium offers \$1.132b for mixed commercial and residential plot, which attracts a total of 12 bids

Seow Bei Yi

A consortium linked to Singapore Press Holdings (SPH) and Kajima Development has placed the highest bid in a state tender for a 99-year-leasehold mixed commercial and residential site in Bidadari estate.

It offered \$1.132 billion, which works out to \$1,181 per sq ft per plot ratio, for the site in Upper Serangoon Road.

The next highest bidder, a tie-up between Far East Civil Engineering and Sekisui House, put in a \$1.117 billion offer for the 25,440 sq m site, which can yield about 825 private homes.

There were another 10 bids in the tender, which closed at noon yesterday.

The other bidders included Guocoland, Kingsford, Sim Lian, Nanshan Group Singapore, Blossom Commercial Development and Chip Eng Seng.

An SPH spokesman said: "If the consortium is awarded the tender, it plans to develop a mixed-use development comprising residential condominium units and a retail mall in the upcoming Bidadari housing estate."

"We will also build a 65,000 sq ft community club, a 20,000 sq ft Neighbourhood Police Centre, a commercial bridge towards Bidadari Park and an underpass to connect to the bus interchange as part of the development."

The head of research and consultancy at JLL Singapore, Ms Tay Huey Ying, described the top bid

as bullish. She highlighted how it is some 50 per cent higher than the \$775 per sq ft per plot ratio paid for the nearby The Poiz Centre and The Poiz Residences mixed-use residential and commercial Government Land Sales (GLS) site in August 2014.

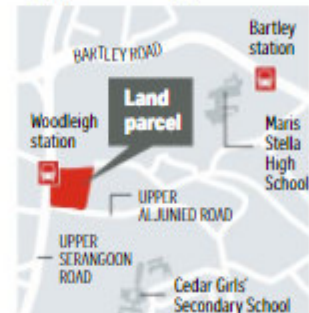
The number of bids, she added, showed that developers are confident in the Government's masterplan for the Bidadari estate.

That the highest bid was submitted by a local firm "should arrest some concerns that foreign players are increasingly edging out local developers in vying for development land".

Pointing out that local developers had submitted the highest bids in two-thirds of residential, and residential and commercial GLS land tenders since January last year, Ms Tay said: "In fact, we observed that local developers have been thriving well in the competition."

Ms Christine Li, research direc-

Location of the site in Upper Serangoon Road



Source: HDB STRAITS TIMES GRAPHICS

tor at Cushman & Wakefield, added that "this integrated development site is also going to be the first landmark project for

the popular Bidadari estate".

She said: "Despite the potential competition from the adjacent residential site in Woodleigh Lane, which will close its tender next month, developers are particularly optimistic about the prospect of this integrated development, as four out of 12 parties went above the \$1 billion mark."

According to Cushman & Wakefield Research, over the past 10 years, there have been an average of 6.7 bidders per land tender for large GLS sites above \$1 billion.

The head of research and consultancy at ZACD Group, Mr Nicholas Mak, said: "The aggressive bids submitted in the latest tender will greatly influence the tender for another GLS site in Bidadari that is located across Upper Serangoon Road."

The tender for that site will close on July 11.

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THE STRAITS TIMES

SPH enters healthcare sector with Orange Valley acquisition



SPH has acquired Orange Valley Healthcare, which runs nursing homes in Changi, Clementi (pictured), Marsiling, Simei and Sims Avenue. PHOTO: ORANGE VALLEY

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SINGAPORE - Singapore Press Holdings has entered the healthcare sector with the acquisition of nursing home operator Orange Valley Healthcare.

Thank you

Please visit www.sph.com.sg for more information.