

3Q FY2020 Corporate Presentation

13 July 2020



ST wins global award for campaign tailoring news on virus for students

Choo Yun Ting

The Straits Times has won a global media award for a campaign which tailored Covid-19 pandemic news for schoolchildren.

It clinched first place in the best initiative in response to Covid-19 category for an ST Schools campaign which was provided free to all public school teachers in support of Singapore's move to full home-based learning during the circuit breaker period.

Singapore Press Holdings (SPH), which publishes ST, also earned an honourable mention – in the best idea to acquire or retain advertising clients category – at the International News Media Association (Inma) Global Media Awards broadcast online yesterday.

A three-day campaign in The New Paper, in partnership with Gain City, won an honourable mention for the use of innovative solutions which enabled quality engagement with the audience and favourable outcomes for the advertising partner.

The ST Schools Covid-19 campaign placed first out of six finalists in the global/national brands group, and was praised for its "big idea with community outreach" by educating and rallying young readers to act as ambassadors within their families and friends network.

The campaign involved news articles, quizzes and explainers about the pandemic – catered for readers aged between 10 and 16 – as well as social media engagement with older students aged 17 and up, with a focus on peer support and mental health.

Ms Serene Luo, editor of ST Schools, said that while there is a lot of information about the Covid-19 pandemic, not a lot of it is catered towards young readers.

She added: "From the early days of the coronavirus, we felt strongly that they could make a difference by carrying the right information home to their families, friends and communities, which was why we wanted them to be young 'ambassadors' even as the pandemic unfolds."

SPH head of media strategy Eugene Wee said: "In the current climate, where consumer and advertising needs are constantly evolving, we need to continually think out of the box to best engage with our audiences. The mix of solutions is proof of our capabilities to adapt and innovate to create strong value for both our advertisers and consumers."

More than 260 news brands – including newspapers, magazines, television and digital media organisations – submitted over 900 entries for this year's Inma Global Media Awards.

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SENIORS SHOULD STAY HOME

- Avoid visiting markets get others to help
- No dining outside of home
- Don't gather in groups, at home or outside, e.g. at void decks or neighbourhood centres
- Don't go near seniors if you are sick
- Help seniors with their essential needs e.g. buying food and groceries for them

All must wear a mask when outside their homes

If you are sick

- Wear a surgical mask
- See a doctor
- Stay at home
- DON'T doctor-hop

Do not spread rumours.
Get the latest on COVID-19 by signing up for the Gov.sg WhatsApp channel (www.gov.sg/whatsapp)

gov.sg



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Outline

- **Business Review**

- Media, Telecommunications, Technology
- Retail
- PBSA
- Aged Care

- **Capital Management**

- **Others**

- **Summary**

Recap 1HFY20: Preparing for a lengthy Covid-19 outbreak



Group's strengths:

- Healthy balance sheet, with healthy cash balance and ample liquidity
- Effective cost control programme

Covid-19 has adverse impact across all business segments

Lack of clarity over long-term impact on Group's businesses

Priority is to conserve cash

Business segments impacted by Covid-19 pandemic

■ Media

- Print ad revenue down 51.4% y-o-y in 3Q FY20
- Overall circulation up 9.5% y-o-y with rise in digital subscriptions

■ Retail

- Rental reliefs to help retail tenants tide through Covid-19
- Phase 2 re-opening a positive; but footfall yet to recover to pre-Covid-19 levels and tenants operate with new social distancing measures

■ PBSA

- Refunds of £4.6m at lower end of expected range; ~48% via credits
- Universities have confirmed starting AY20/21 on time
- SPH achieved 75% of target revenue as at 10 Jul
- Actively monitoring Covid-19 impact on international students' enrolment

■ Aged Care

- 4 Covid-19 cases at Orange Valley Simei in May were all discharged
- Target to complete the acquisition of the remaining 2 assets in Hokkaido



Disciplined capital and cost management

■ Capital Management

- Healthy cash balances of S\$810m; Group has no loans due till Jun 2021
- Disciplined management and recycling of capital

■ Cost Control

- Continue to exercise cost discipline

■ Others

- Unlocked value in AXA Tower; divested 5.29% stake for S\$33.2m against original investment amount of S\$19.3m in 2015
- Entered into JV with Keppel to develop data centre at 82 Genting Lane to grow recurring income



Media

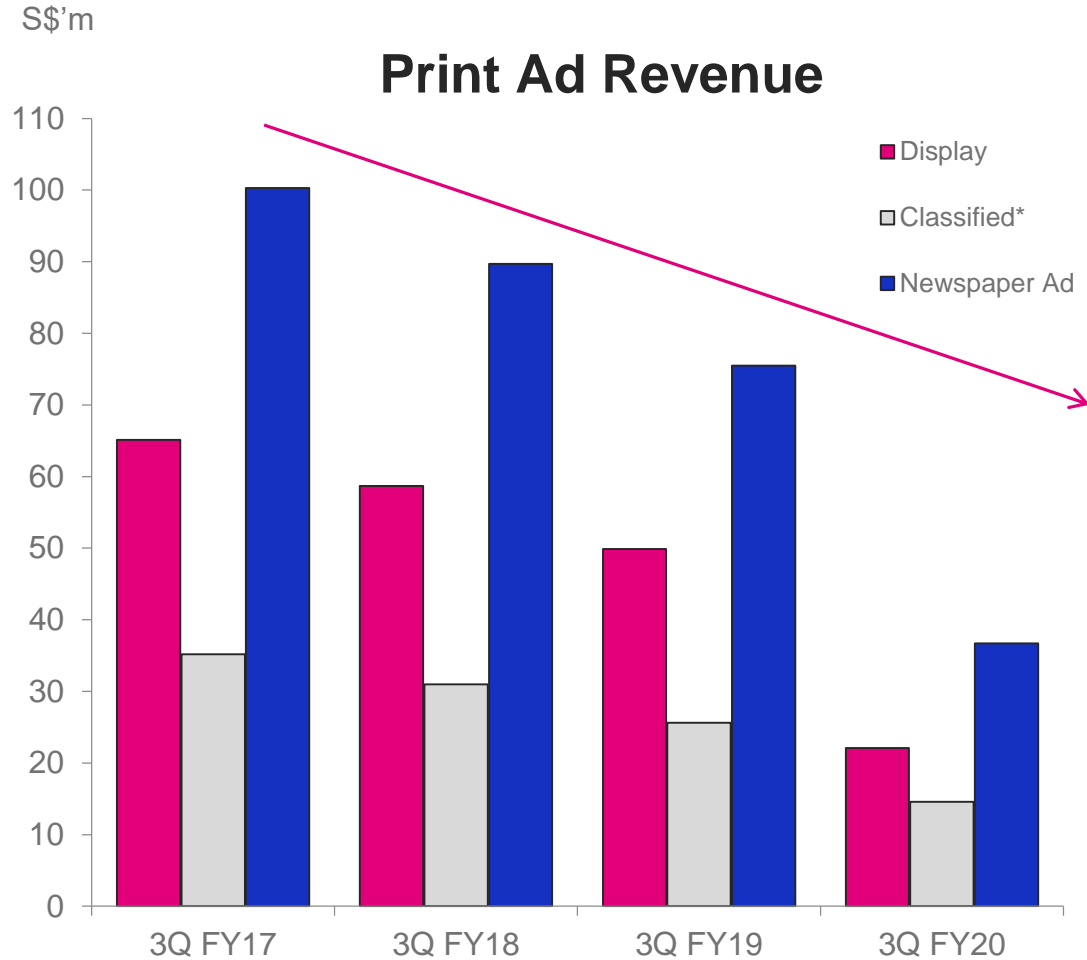
Telecommunications
Technology

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**THE STRAITS TIMES
NEWS TABLET**

Print ad revenue severely impacted by Covid-19



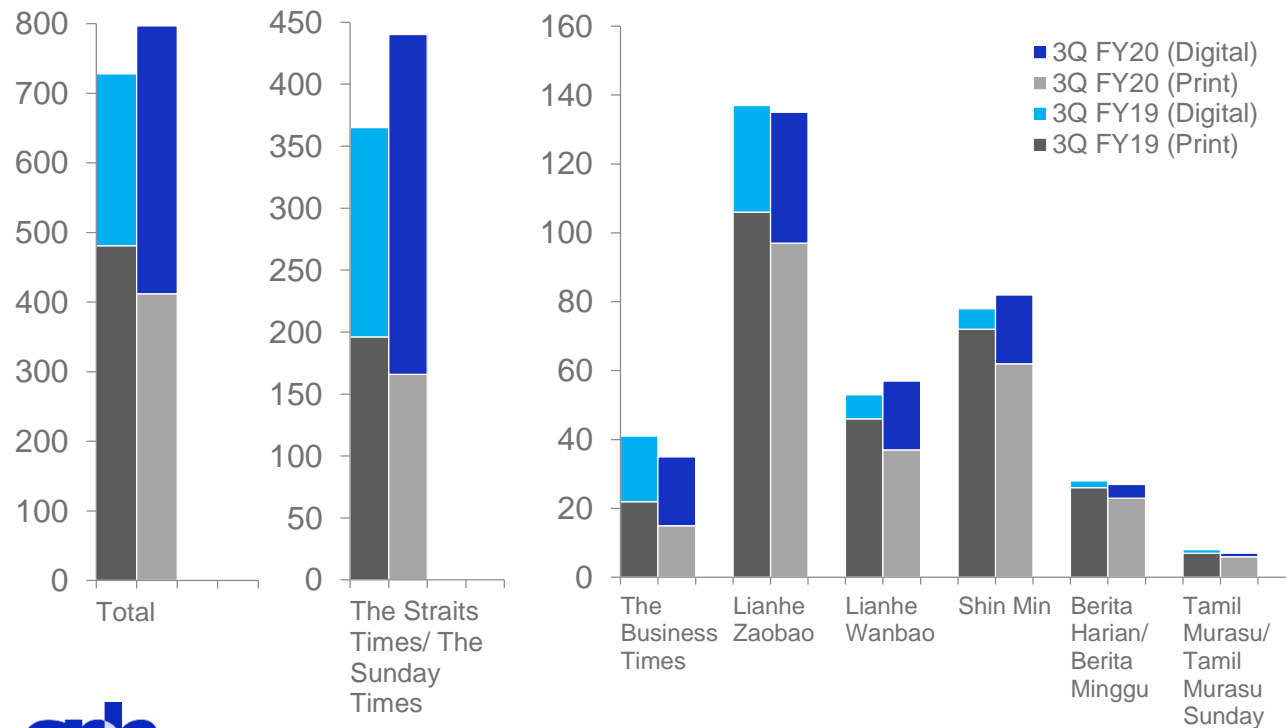
Total print ad revenue declined 51% y-o-y in 3Q FY20

- Display down 55.8% y-o-y
- Classified down 42.7% y-o-y
- Total print ad down 30.4% y-o-y for 9M FY20
- Worldwide advertising, including print ads, declined due to Covid-19

Circulation rises despite loss of sales to airlines and hotels

- Overall total circulation rose 9.5%; digital circulation levels close to print circulation
- Straits Times' digital circulation increased by 62%, aided by tablet campaign, ST school packages and NLB tie-up

Daily Average Newspaper Circulation '000



Tamil Murasu latest to launch News Tablet campaign

- Straits Times: 13,500 subscriptions of which 55% are new*
- Zaobao & Wanbao: 16,180 subscriptions of which 75% are new*
- Berita Harian: 1,930 subscriptions of which 85% are new*

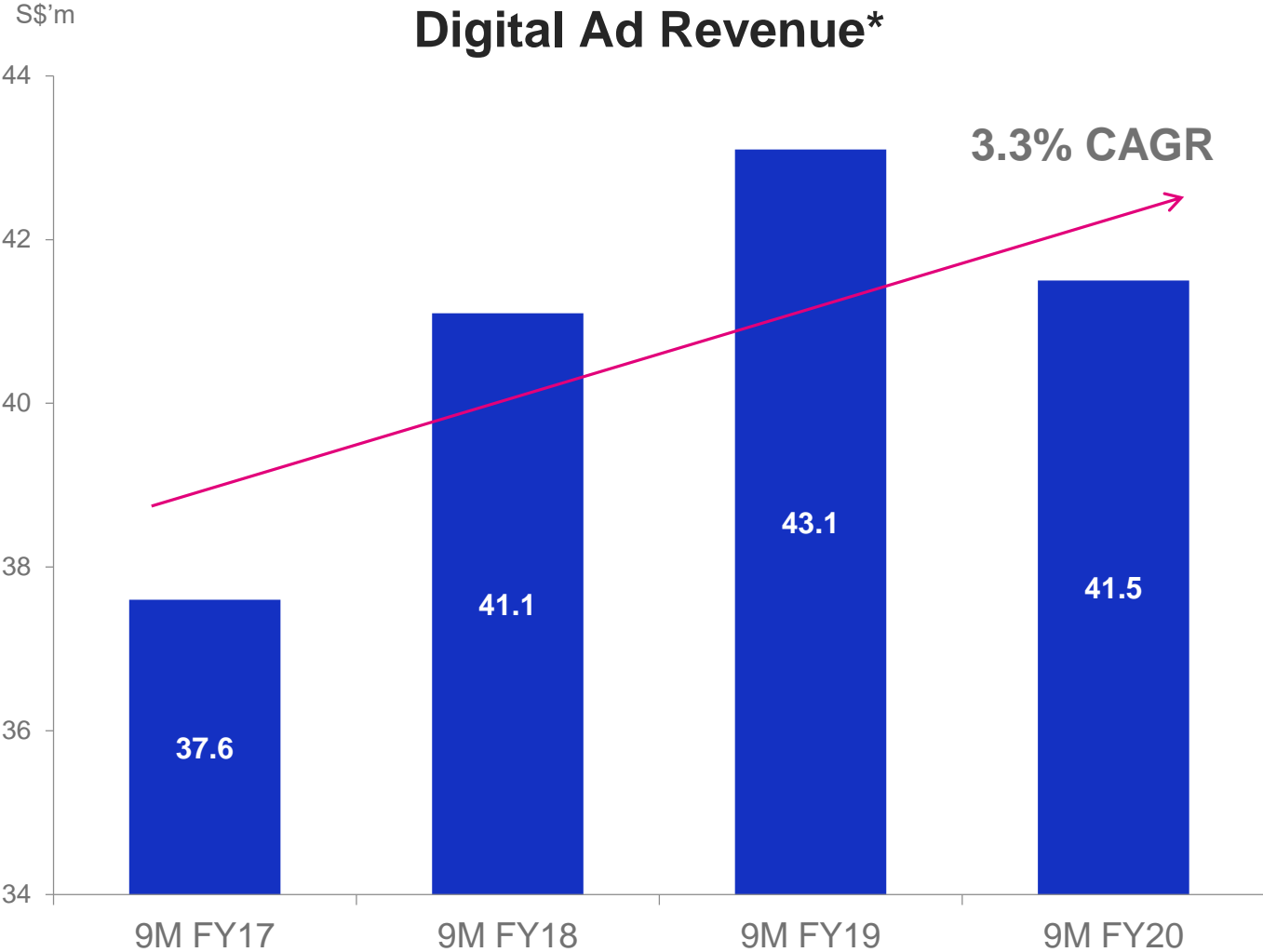
* as at 8 June

Customised features

- One-time login**
The tablet will require a password only upon activation, after which credentials will be saved.
- Offline reading capability**
The latest e-paper will be automatically downloaded when there is Wi-Fi so subscribers can read it anywhere later.
- Digital news clippings**
Favourite articles can be saved and sorted into digital folders.
- Zoom capability**
Readers can zoom in to make words or images bigger for easier reading.
- Social media sharing**
Individual digital articles or advertisements can be shared on social media with friends and family.
- 14-day news archive**
Readers can read an e-paper up to two weeks after its publication date.

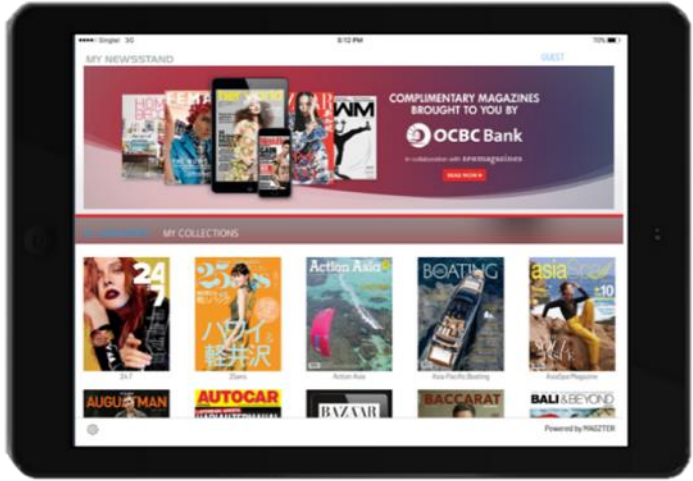
ST PHOTO: KEVIN LIM STRAITS TIMES GRAPHICS

Digital ad revenue registered decline



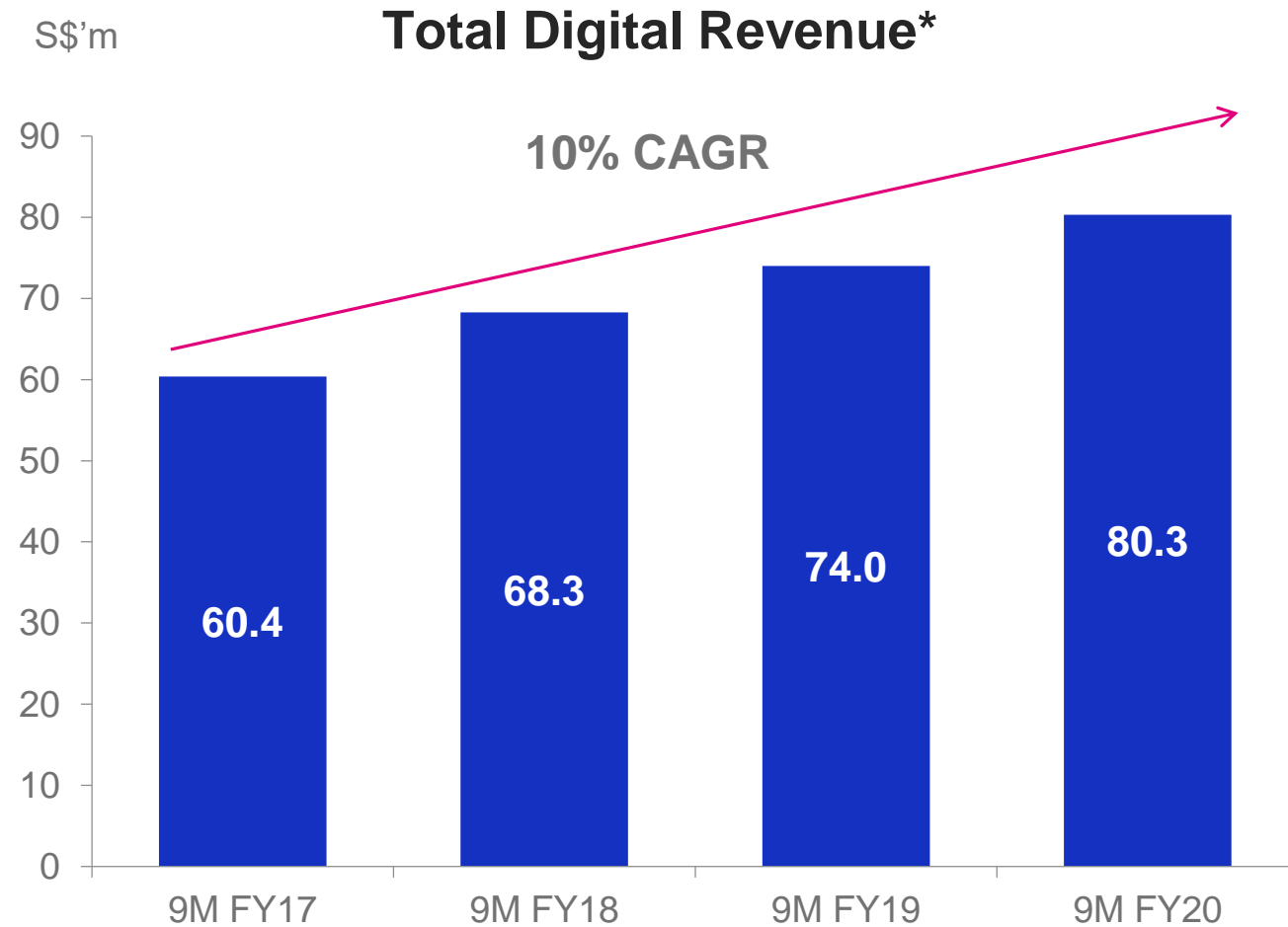
9M FY20 digital ad revenue declined by 3.7% y-o-y

- Due to Circuit Breaker measures and weaker economic sentiment
- WARC^ reported global digital advertising budgets in Apr had **fallen for first time** since WARC started tracking spend in 2012



*Total digital ad revenue from ads, online classifieds, magazines and other digital portals
 ^ World Advertising Research Centre

Total digital revenue continues to improve



*Total digital revenue from circulation, ads, online classifieds, magazines and other digital portals



Led by digital circulation growth

- 9M FY20's digital revenue grew 8.5% vs 9M FY19

Unable to offset decline in print ad revenue



Digital engagement led to higher digital subscriptions



Higher digital subscriptions q-o-q

- Added 13.8K digital subscriptions (exclude AIO*) in 3Q FY20 compared to 12.9K in 2Q FY20

Launched Zaobao Rewards programme

- > 30,000 sign-ups; providing data on subscribers and non-subscribers' reading habits and interests
- Saw 20% more page views per session for subscribers who clicked on ZB Rewards icon

Extended NLB arrangement for SPH papers to be made available free online

- Receiving revenue from NLB while extending reach to more readers



NLB National Library Board
Singapore



* All-in-one

Maintaining quality journalism during Covid-19



The Straits Times clinched first place in the best initiative in response to Covid-19 category. ST GRAPHICS: JASTER NGUI

SPH bagged top spot for its Covid-19 initiative at INMA Global Media Awards

- SPH came in first out of 6 finalists in a new category of “Best Initiative in Response to Covid-19” at the 84th INMA Global Media Awards 2020

Continued impact of Covid-19 on Media business

- Severe Covid-19 impact on advertising revenue, which accounts for most of Media’s revenue, is expected to persist

Retail



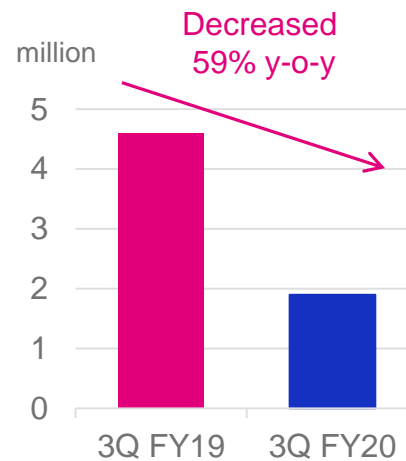
Lower rental income after rental reliefs



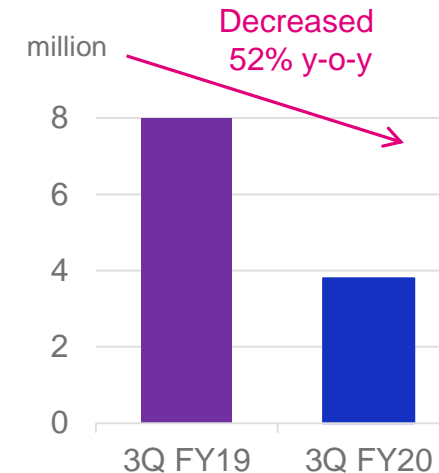
Landlord actions to help tenants tide through Covid-19

- Tenants' assistance scheme rolled out since Feb
- Significant decline in footfall during Circuit Breaker from Apr, May & part of Jun; waiver of rents for eligible non-trading tenants. Current footfall not yet at pre-Covid-19 levels
- Most tenants reopen in Phase 2 under new social distancing rules

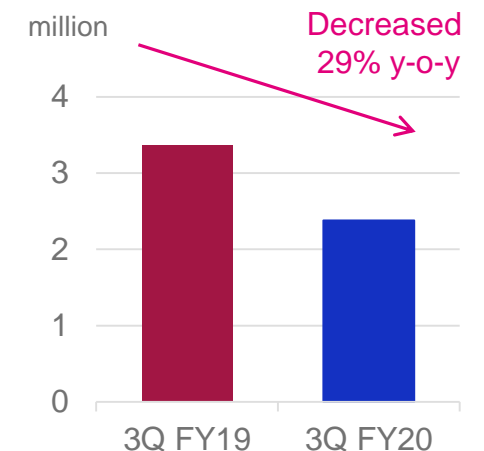
Paragon footfall y-o-y



Clementi Mall footfall y-o-y



The Seletar Mall footfall y-o-y



Monitoring Covid-19 impact on Australia's retail assets



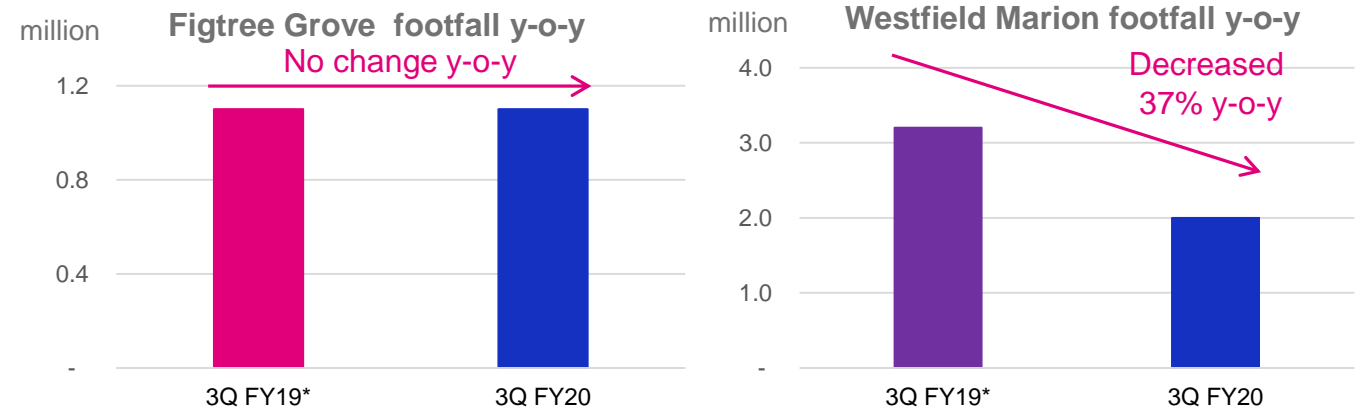
Australia easing Covid-19 restrictions

- Lockdown lasted from end Mar to early May; impacting the operations of Figtree (near Sydney) and Marion (Adelaide)
- Cafes and restaurants started reopening from 1 Jun 2020

Tenant Support

- Committed to follow the Code of Conduct to support tenants, which includes mandatory rental relief
- Working with JV partners to roll out targeted assistance

Covid-19 has higher impact at Westfield Marion



Uncertainty over recovery if resurgence of Covid-19



* Figtree acquired in Dec 2018 and Westfield Marion in Dec 2019

PBSA

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PBSA refunds at lower range than anticipated



Total reduction in revenue from rental refunds of £4.6m (24 Jun)

- **No change** since last update on 19 May
- Came in at **lower range** of £4m - £8m
- Smaller proportion to be refunded in cash than earlier reported; £2.4m or 52% of total refunds
- Remainder to be refunded as credits for new AY20/21 term or waived from outstanding payments

Universities announced starting on time



UK universities confirmed opening with minimal/no delay

- University cities with SPH PBSA assets including Edinburgh, York, Southampton and Huddersfield announced start dates in Sep; Oxford and Cambridge announced start dates in Oct
- **Major lectures will be done online, in-person teaching will be used for practical work and small group tutorials***

UK Government support to mitigate disruptions to the higher education sector

- UK visa centers overseas have reopened in Jun, providing international students more certainty on admissions
- Direct student loan payments of £2.6b to universities by UK Govt accelerated to 1st semester of AY20/21 to help with cashflow

Minimal disruption to Bremen PBSA

- Universities in Bremen are continuing with online classes, but **no plans to close its campuses or student halls**

AY20/21 bookings delayed due to Covid-19



Covid-19 delayed student admission exercise but bookings picking up

- More students holding firm offers to start AY20/21 compared to those opting to defer one year*
- Bookings improved in Jun, due to more certainty on AY20/21 start dates, admission process as well as government support
- **Achieved 75% of target revenue for AY20/21** as at 10 Jul, up from 69% on 19 May
- Covid-19 situation may affect enrolment of international students

Operations and development affected by Covid-19



Integration of Student Castle platform progressing despite Covid-19

- Completed enhancement works to Property Management System to support Capitol Student & Student Castle Brand, new Capitol Student website to launch in Jul 2020
- Rebranded St. Marks Apartments as Student Castle Lincoln

Disruption to construction being contained

- Construction of Brighton and Oxford assets estimated to be completed by Sep, in time for new Academic Year
- Slight delay in AEI works of St. Teresa (104 studios with 5 Twodios), to miss first term of Academic Year

Measures in place to protect residents from Covid-19



Strict adherence to NHS guidelines

- Higher hygiene and cleaning observed:
 - Supply of antibacterial gel, handwash, masks and gloves to staff
 - Increased frequency of cleaning of lifts, communal toilets, door handles etc.
- Restricted access to communal areas
- Zero Covid-19 cases recorded as at 25 Jun
- EDMs sent to potential students communicating stringent safety measures in place and additional services provided

Remaining vigilant for potential 2nd wave of Covid-19 infections

Observing closely the evolving UK situation

Aged Care

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Operating performance stable for Orange Valley

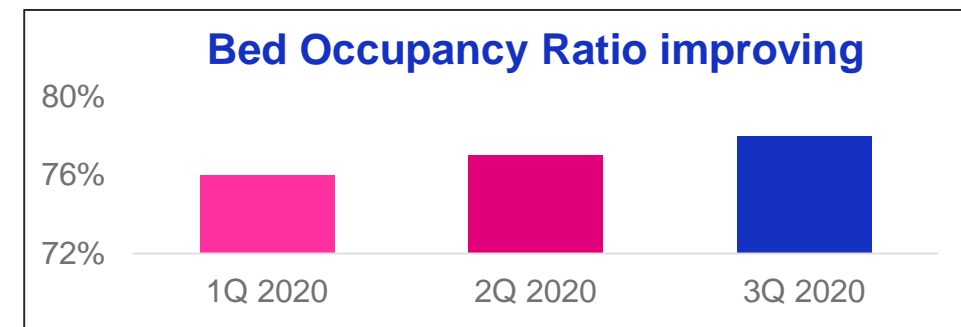


Covid-19 cluster at Orange Valley

- 4 cases reported on 22 May, all have since been discharged; all other residents and OV staff were swabbed negative
- Implemented strict measures in line with MOH/ AIC guidelines to allow visitation during Phase 2

Operational performance holding up

- BOR improved q-o-q, average bill size higher y-o-y
- Revenue boost from sale of PPE



Operations of Japan Aged Care stable



Operating performance not affected

- Lessees of the 3 assets continue to pay rent on time
- No Covid-19 case as strict measurements were implemented quickly
- Continue to monitor Covid-19 situation closely

Targets to complete acquisition of 2 assets

- On track to complete the acquisition of the remaining 2 assets (total 161 beds) in Hokkaido, Japan
- Strategy of investing in cash-yielding, defensive asset classes to generate recurring income

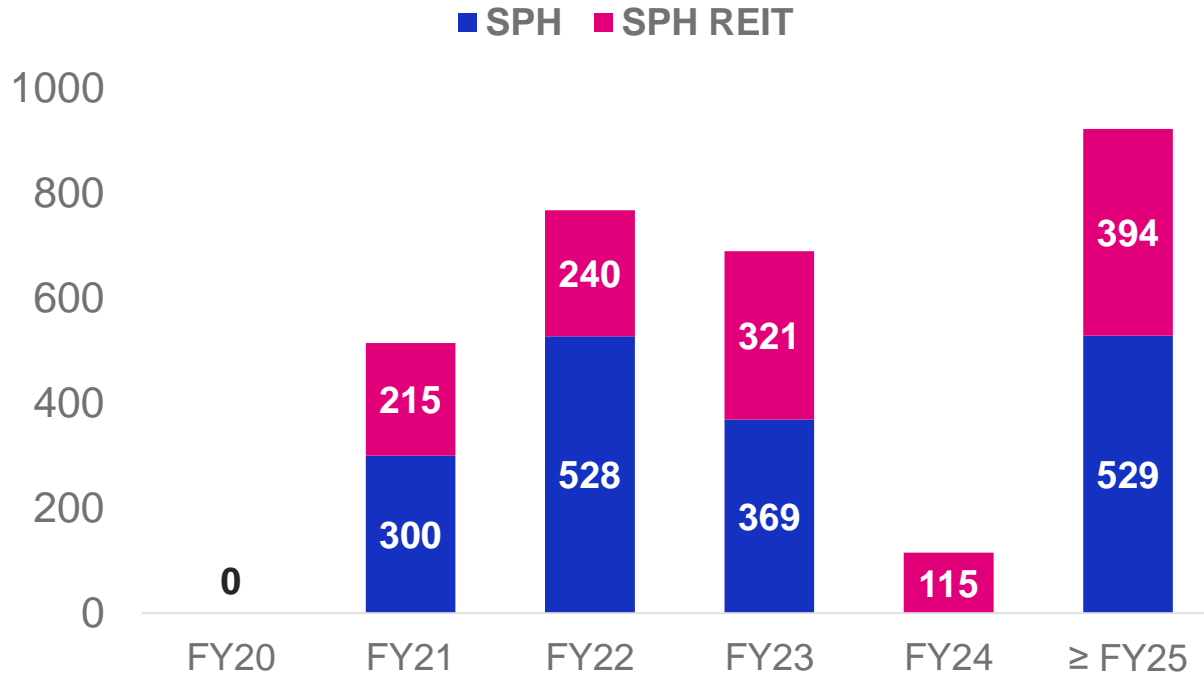
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Cash balances of S\$810m

Term Debt Maturity Profile (S\$ million)
Approx. S\$3.0 billion as at 31 May 2020



Note: Excludes RCF and perpetual securities of SPH and SPH REIT

	Current Update as at 31 May	Previous Update as at 30 Apr
Weighted Average Debt to Maturity	3.7yr	3.7yr
Interest Coverage Ratio	4.2X	5.0X
Cash and cash equivalents	S\$810m	S\$849m

Covid-19 impact on valuation of investment properties as at year-end to be assessed



Others

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NEWS
CENTRE

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Divestment of stake in AXA Tower



Divested 5.29% stake in AXA Tower for S\$33.2m vs original investment S\$19.3m

- SPH as part of a consortium led by Perennial, entered into a share purchase agreement with a subsidiary of Alibaba Group
- Transaction completed in Jun 2020

Part of disciplined capital management and capital recycling strategy:

- Continue to review performance of non-core businesses and investments
- Redeploy proceeds into core businesses to create shareholder value

Data centre JV taps growing sector's potential



JV between Times Property (40%), subsidiary of SPH, and Keppel Data Centres Holding (60%) to develop data centre

- Opportunity to re-develop underutilised property to capture secular growth trend of digital economy
- Partner a seasoned player in the industry with proven data centre development expertise and operational track record
- In line with overall strategy of investing in cash-yielding defensive assets to maximise economic returns and return on capital of our existing asset

Summary

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Operating performance affected by the trajectory of Covid-19



Media

- Circulation numbers up but digital revenue growth only partially offsets print ad decline
- Media performance depends on how quickly the advertising markets recover

Retail

- Footfall improves as lockdown restrictions ease, but not to pre-Covid levels
- Most tenants resume trading but with new social distancing rules which could affect their revenue
- Improvement depends on the trajectory of Covid-19

PBSA

- Most UK universities starting new academic year either on time or with minimal delay
- UK's Covid-19 situation still a concern for international students

Aged Care

- Stable operations in Singapore and Japan

Balance sheet strength to buffer against uncertainty



Resilient balance sheet

- Cash balances of S\$810m to ensure sufficient liquidity across all business segments
- No term loans due till Jun 2021
- Covid-19 impact on valuation of investment properties as at year-end to be assessed

Portfolio Management

- Disciplined approach to capital allocation
- Review of non-core businesses/investments to unlock value
- Entered into JV with Keppel to develop Data Centre to grow recurring income

Covid-19 impact is severe and uncertain



- Due to the impact of Covid-19, operating profit* for the year ended 31 Aug 2020 (FY20) is expected to be significantly lower than the S\$187 million recorded in FY19
- The Group will conduct a revaluation of its investment properties as at 31 Aug 2020. Covid-19 is expected to negatively impact the revaluation outcome
- The Group expects to release its FY20 financial results in early Oct 2020

* Operating profit represents the recurring earnings of the media, property and other businesses.

Thank You

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