SINGAPORE PRESS HOLDINGS LIMITED
Reg. No. 198402868E
(Incorporated in Singapore)

SPH POSTS A NET LOSS OF $83.7 MILLION FOR FY20 AFTER RECOGNISING FAIR VALUE LOSSES OF $232.0 MILLION DUE TO COVID-19 DISRUPTION

- *The Group remains operationally profitable at $110.2 million*

- *Media records $11.4 million loss after $16.6 million retrenchment costs and severe hit to advertising revenue from Covid-19*
  - *Impact tempered by disciplined cost management and $28.1 million from Jobs Support Scheme (JSS)*
  - *Accelerating investment in digital capabilities for new product development and business recovery*

- *Property's Covid-19 slowdown offset by income from FY20's acquisition of Adelaide mall Westfield Marion and Student Castle portfolio*
  - *Non-cash fair value losses of $228.6 million on retail and Purpose-Built Student Accommodation (PBSA) properties reflecting adverse impact of Covid-19*
  - *Scaled PBSA portfolio value >$1.4 billion, 7,723 beds across UK and Germany*

- *Proposed Final Dividend of 1 cent per share; Total Dividend is 2.5 cents per share including Interim Dividend of 1.5 cents*

SINGAPORE, 13 Oct 2020 – Singapore Press Holdings Limited (SPH) today reported a net loss of $83.7 million for the year ended 31 August 2020 (FY20), reversing the net profit of $213.2 million a year ago as Covid-19 severely disrupted all business segments. This was reflected in the non-cash fair value losses of $232.0 million or 3.5% on the investment properties including retail and PBSA assets. The property valuation of the retail malls was reduced by $196.5 million and the PBSA assets by $31.9 million. $68.5 million of JSS and other government grants partially cushioned the impact of Covid-19.

Operating profit – The Group made an operating profit of $110.2 million in FY20 even as the performance of the second half of FY20 was significantly affected by the Covid-19 circuit breaker.

Operating revenue - Operating revenue declined $93.6 million or 9.8% to $865.7 million on the back of the $122.5 million or 31.4% decline in Media advertisement revenue.

Total costs – Disciplined cost management saw staff costs easing 1.5% to $328.4 million based on a lower headcount and reduced bonus provision. Costs of newsprint and materials were trimmed 11.2% to $119.7 million. Total costs were 6.8% or $53.7 million higher at $844.4 million partly due to the increased operational costs of running the expanded REIT and PBSA portfolio, property tax rebates passed onto tenants and retrenchment costs.

Mr Ng Yat Chung, Chief Executive Officer of SPH said: "All our major business segments were severely disrupted by Covid-19. Our Media business is badly affected by the collapse in advertising. However, the 9.4% growth in circulation numbers from the success of our News Tablet digital product and higher readership is a bright spot. We are intensifying our digitalisation efforts to transform the news content business in response to evolving demands from our audience. We will continue to take a prudent and disciplined approach to liquidity and capital management to weather the Covid-19 crisis with all our stakeholders."

Segmental Highlights

Media - Revenue for the Media business fell 22.8% or $131.7 million to $445.1 million. This was largely due to Newspaper print advertisement revenue which declined 32.9% or $99.1 million, as Covid-19 intensified the structural decline in the advertising sector.

Circulation revenue held steady, supported by the 52.5% increase in daily average newspaper digital sales of 130,598 copies. The growth in News Tablet subscriptions partly compensated for the 12.6% drop in print copies.

Loss before taxation was $11.4 million compared to a profit of $54.7 million for FY19 after taking into account retrenchment costs of $16.6 million. The loss was partially mitigated by $28.1 million of JSS and a reduction in costs of 7.6% or $42.3 million.

Property (Retail and PBSA) - Revenue for the Property segment rose by 10.3% or $30.7 million to $327.2 million boosted by the acquisition of Westfield Marion and the Student Castle portfolio despite the Covid-19 impact.

Revenue from the retail malls was lifted by the contribution from Westfield Marion of $37.5 million but rental waivers of $33.8 million to tenants in Singapore eroded the gains.

Revenue from the PBSA portfolio grew strongly by 60.6% or $22.1 million due to the Student Castle portfolio and a full year's revenue from the acquisitions made in FY19.

However, with the fair valuation loss on investment properties of $228.6 million, the property segment turned negative with a loss before taxation of $75.8 million compared with a profit of $263 million for FY19.

Others – Revenue for the Others segment grew by 8.7% or $7.5 million to $93.3 million aided by higher sales of personal protective equipment at the Aged Care business. The segment posted a pre-tax profit of $1.9 million partly due to the divestment gain on Media Centre of $25.7 million.

Operational Highlights

Media – Media continues with its digital transformation roadmap, growing its share of paid and free audience especially during the Covid-19 and General Elections period. The overall digital audience for the period 23 June to 11 July was up 91%. Digital circulation grew by 52.5% in FY20. In particular, the proprietary News Tablet product has grown strength to strength. Today, all the key news titles are on the platform with about 40,000 subscribers.

Given the headwinds in the economy and soft advertising market, SPH has continued a disciplined approach to cost management, while continuing to invest in important areas such as data analytics and personalised content recommendations for subscribers. During FY20, the Group streamlined the media sales and magazine operations both domestically and regionally in response to market demand. We have also strengthened our value proposition in integrated marketing campaigns to advertisers.

Property (Retail) – SPH REIT continued its geographical diversification with the acquisition of its second retail mall in Australia. In December 2019, it acquired a 50% interest in Westfield Marion Shopping Centre for A$670m.

The Woodleigh Residences which is being developed by SPH and its joint venture partner Kajima Development has seen encouraging sales after the circuit breaker was lifted. To date, 56% of the project (376 units) has been sold.

Property (PBSA) - With the acquisition of the £448 million Student Castle portfolio in December 2019, the number of beds owned by SPH has risen to 7,723 across 18 cities in UK and Germany. Assets under management have doubled from a year ago to a sizeable $1.4 billion.

SPH is on track to achieve its goal of being a sizeable PBSA player in the UK. Within two years of acquiring its first portfolio in September 2018, the Group has built up an entire range of asset management and operational capabilities including marketing, an in-house operating platform as well as project development. In September 2020, construction of its maiden development project Student Castle, Oxford was successfully completed, in time to welcome students for the start of the Academic Year 20/21.

Others – As part of the strategy of expanding overseas to build up the Aged Care portfolio, SPH acquired five high quality assets in Hokkaido, Nara and Tokyo for $65.8 million in February 2020. The assets have 365 beds and provide quality independent living services for Japanese seniors.

In June 2020, SPH announced plans to develop and operate data centre facilities at its former Media Centre premises at Genting Lane. The project will be undertaken over the next few years via a joint venture with two Keppel Corporation subsidiaries. SPH will benefit from its joint venture partners' data centre development expertise and operational track record. The move is in line with SPH's strategy to grow its recurring income base through the recycling of capital into higher-yielding assets in defensive sectors.

Capital Management – Prudent cash management is a priority of the Group during this challenging period. During the financial year, SPH tapped the debt markets successfully, issuing 10-year Medium Term Notes of $500 million at 3.2% as well as 5.5-year perpetuals of $300 million at 4%. The Group has no term loans due till June 2021 and is in a healthy liquidity position across all business segments.

Post FY20

The Directors of SPH have proposed a Final Dividend of 1 cent per share in respect of the financial year ended 31 August 2020. Subject to shareholders' approval, these dividends are expected to be paid on 18 December 2020. Together with the Interim Dividend of 1.5 cents, total Dividend payout for FY20 will be 2.5 cents.

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Financial Highlights

	1H FY2020 S$'000	FY2020 S$'000	FY2019 S$'000	Change %
Operating revenue	**471,434**	**865,662**	**959,255**	**(9.8)**
Impairment of goodwill and intangibles	-	(17,451)	(23,603)	(26.1)
Operating profit	**102,733**	**110,247**	**186,922**	**(41.0)**
Fair value change on investment properties	10,527	(232,013)	82,407	NM
Gain on divestment of property	-	25,712	-	NM
Profit before taxation	**123,327**	**(85,262)**	**298,282**	**NM**
Net profit attributable to shareholders	**77,638**	**(83,676)**	**213,211**	**NM**

NM Not Meaningful

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About Singapore Press Holdings Ltd

Incorporated in 1984, main board-listed Singapore Press Holdings Ltd (SPH) is Asia's leading media organisation, engaging minds and enriching lives across multiple languages and platforms.

SPH's core business is in the publishing of newspapers, magazines and books in both print and digital editions. It also owns other digital products, online classifieds, radio stations and outdoor media.

On the property front, SPH owns approximately 65% in SPH REIT whose portfolio comprises three properties in Singapore, namely Paragon, The Clementi Mall and The Rail Mall. In Australia, SPH REIT holds an 85% stake in Figtree Grove Shopping Centre and a 50% stake in Westfield Marion Shopping Centre.

SPH also owns and operates The Seletar Mall and is developing an integrated development consisting of The Woodleigh Residences and The Woodleigh Mall. It is also an owner, manager and developer of a portfolio of Purpose-Built Student Accommodation (PBSA) in the United Kingdom and Germany. It currently operates two distinctive brands, Student Castle and Capitol Students.

It is in the aged care sector in Singapore and Japan, and owns Orange Valley, one of Singapore's largest private nursing homes.

SPH runs a regional events arm. It also invested in the education business.

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