

# FINANCIAL RESULTS

## FY2020

13 OCTOBER 2020



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# OUTLINE

- **FY2020 Executive Summary**
- **FY2020 Financial Highlights**
  - Segmental Highlights
- **Business Segments**
  - Media, Telecommunications, Technology
  - Retail
  - PBSA
  - Aged Care
- **Capital Management and Dividends**
- **Annexe**

# A CHALLENGING FY2020

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## SPH reported first-ever net loss of S\$83.7m after taking in S\$232.0m non-cash fair value loss on its investment properties

- Despite Covid-19 impact, operating profit is still positive at S\$110.2m
- Adverse impact of Covid-19 on main business segments mitigated by government reliefs of S\$68.5m
- Media in loss before tax of S\$11.4m after 2 restructuring exercises and recognising retrenchment costs of S\$16.6m
- SPH REIT expanded with 2<sup>nd</sup> asset in Australia and grew NPI by 1.2% y-o-y despite providing S\$39.9m of rental reliefs to retail tenants in Singapore and Australia
- PBSA grew to 7,723 beds over 28 assets worth over S\$1.4b after acquisition of Student Castle portfolio in Dec 2019
  - NOI increased 29% y-o-y despite students refunds as a result of Covid-19
  - Established Capitol Students and Student Castle brands and making steady progress in integration with 13 assets already managed in-house
- Aged Care revenue improved by S\$26.3m (93.6% y-o-y) and acquired 5 assets in Japan

# GROUP FY2020 FINANCIAL HIGHLIGHTS

	FY2020 S\$'000	FY2019 S\$'000	Change %
Operating revenue	865,662	959,255	(9.8)
Total costs	(844,402)	(790,747)	6.8
Operating profit	110,247	186,922	(41.0)
FV change on investment properties	(232,013)	82,407	NM
Share of results of associates and JVs	3,418	19,119	(82.1)
Investment income	17,382	9,834	76.8
<b>(Loss) / Profit after taxation</b>	<b>(112,502)</b>	<b>259,546</b>	<b>NM</b>
<b>Net (loss) / profit attributable to shareholders</b>	<b>(83,676)</b>	<b>213,211</b>	<b>NM</b>

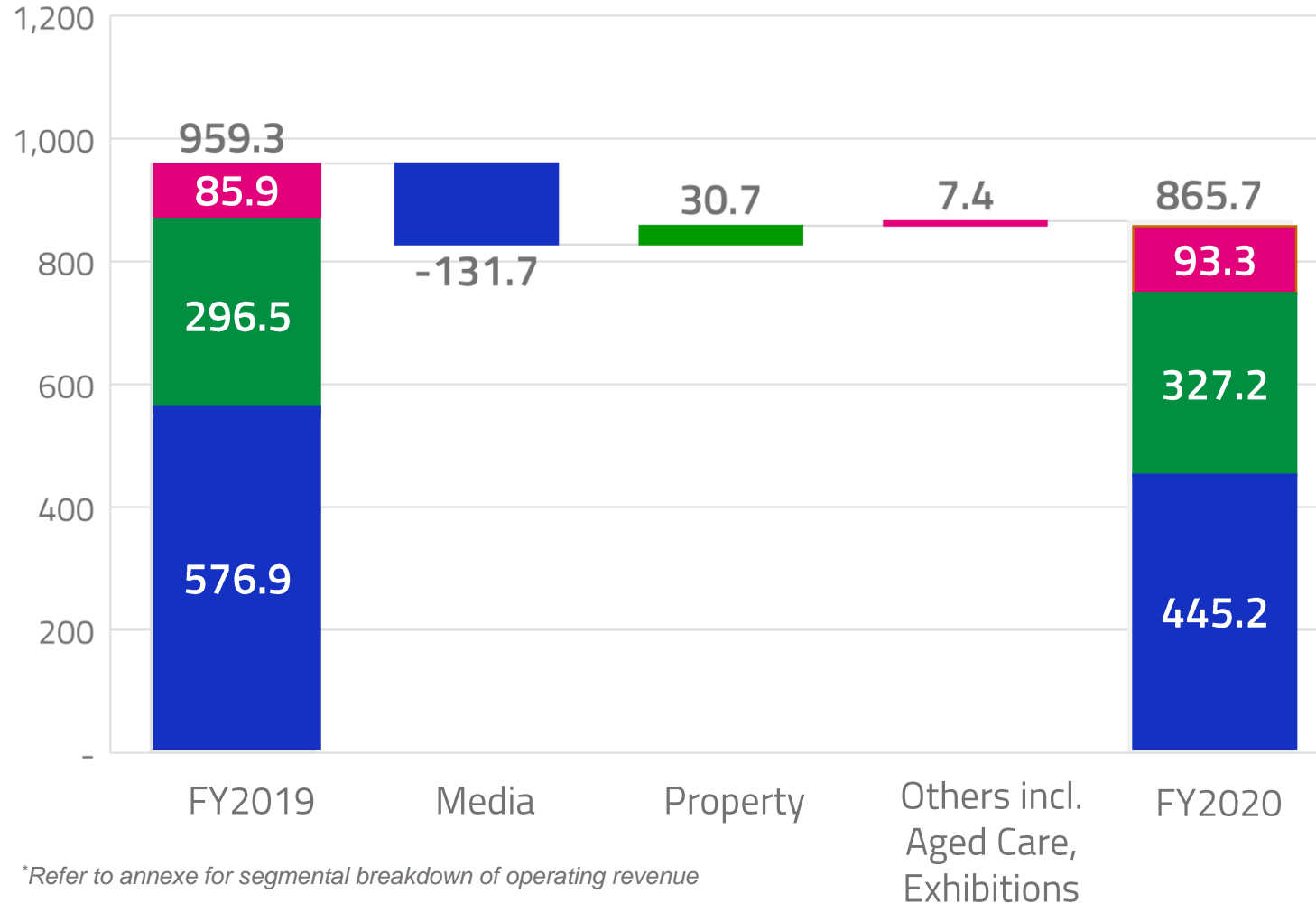
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## Net loss of S\$83.7m due to adverse impact of Covid-19

- Operating profit declined 41.0% y-o-y, mitigated by grant income from JSS
- Total costs increased 6.8% y-o-y with new acquisitions, rental reliefs and retrenchment costs despite strict control of staff costs
- Recognised non-cash fair value loss of S\$232m on investment properties
- Lower share of results of associates/JVs due to absence of property divestment gain (Chinatown Point)
- Investment income increased by 76.8% y-o-y mainly due to higher dividend and interest income

# GROUP FY2020 SEGMENTAL HIGHLIGHTS

## Operating Revenue



## Increased revenue contribution from new acquisitions in Property mitigated decline in Media revenue

- Media rev. fell 22.8% y-o-y, led by 31.4% y-o-y decline in Media Ad rev.
- Newly acquired Westfield Marion, Student Castle portfolio and Galileo Residenz started contributing
- Aged Care recorded revenue increase of S\$26.3m, offset by decline of S\$17.4m in Exhibitions
- 2H FY2020 Operating Revenue 16.4% lower than 1H FY2020\*

\*Refer to annexe for segmental breakdown of operating revenue

# SIGNIFICANT ITEMS IMPACTING PBT IN FY2020

Gain / (Loss)	FY2020 S\$'000
Jobs Support Scheme	33,411
Other Covid-19 related grants: Income	35,097
Gain on divestment of a property	25,712
Retrenchment costs	(17,416)
Other Covid-19 related grants: Expense	(28,255)
Impairment of goodwill and intangibles (OV, PBSA and Exhibitions)	(17,451)
Impairment of an associate (MindChamps)	(10,008)
Fair value change on investment properties	(232,013)
<b>Total</b>	<b>(210,923)</b>

## Total loss of S\$210.9m severely impacted PBT for FY2020

- Impairment of goodwill and intangibles as a result of assessed impact from Covid-19
- S\$25.7m gain from sale of 60% effective interest in Media Centre which would be re-developed into a Data Centre

# FAIR VALUE ADJUSTMENTS TO INVESTMENT PROPERTIES

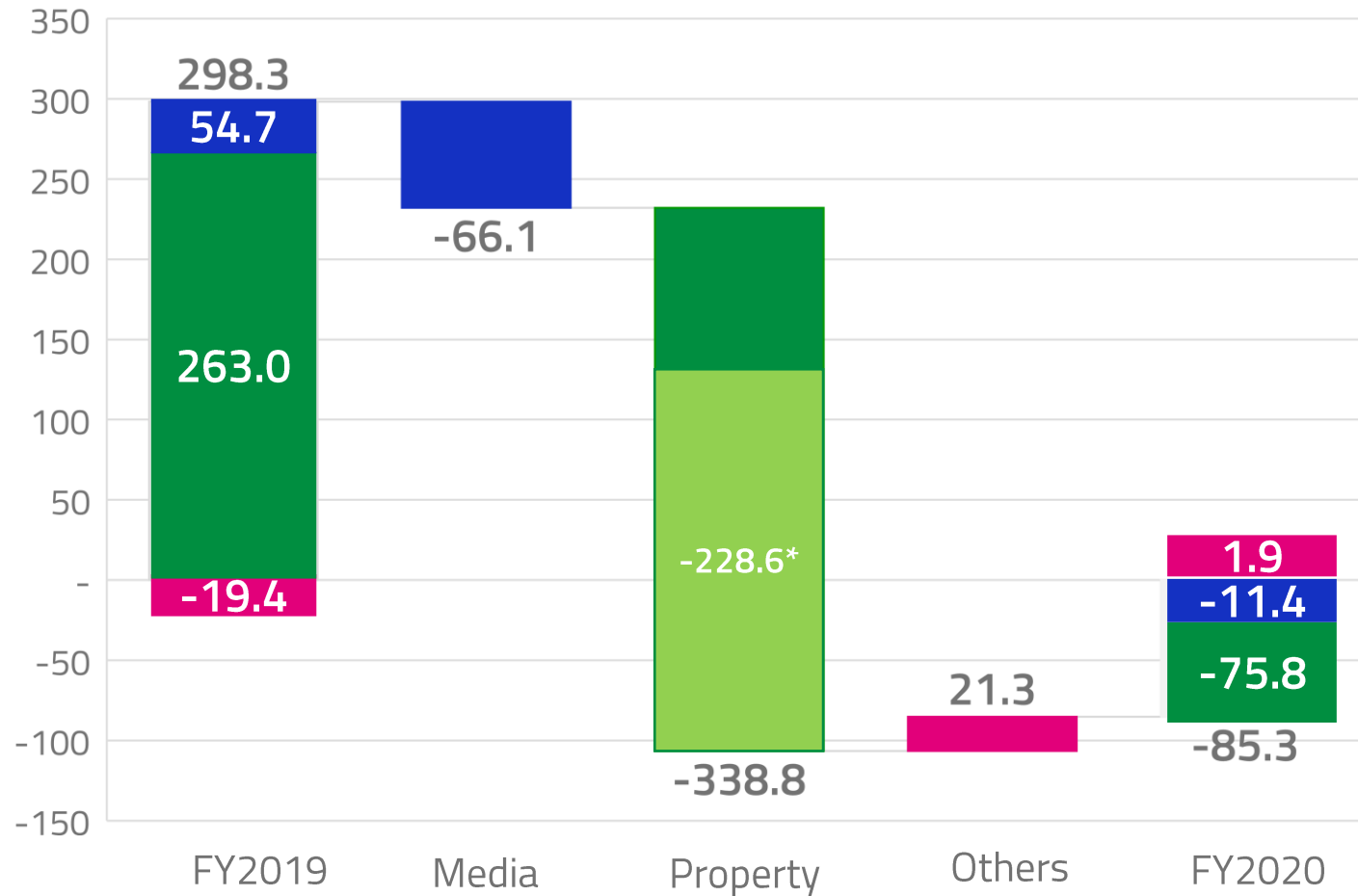
Investment Properties	FV Change (S\$m) from Book Value	FV Change from Book Value (%)
Paragon	(114.0)	(3.9)
The Clementi Mall	(14.6)	(2.4)
The Rail Mall	(2.5)	(3.9)
Westfield Marion	(31.6)	(4.6)
Figtree Grove	(16.0)	(7.7)
The Seletar Mall	(17.8)	(3.6)
PBSA Portfolio	(31.9)	(2.2)
Others	(3.6)	(1.7)
<b>Total</b>	<b>(232.0)</b>	<b>(3.5)</b>

Fair value change on investment properties in FY2020 largely from reduction in property valuation of Retail malls (S\$196.5m) and PBSA portfolio (S\$31.9m)



# GROUP FY2020 SEGMENTAL HIGHLIGHTS

## Profit Before Taxation (PBT)



## Registered loss before taxation

- Media loss of S\$11.4m, mainly due to one-off retrenchment costs (S\$16.6m) and 32.9% y-o-y decline in Newspaper Print Ad revenue
- Property loss of S\$75.8m due to both lower operating profit and revaluation decline in Retail and PBSA portfolios
- Others improved due to increase in share of profits from M1 and divestment gain on Media Centre

\*Fair Value Change in Investment Properties for Retail and PBSA

**MEDIA**

**TELECOMMUNICATIONS  
TECHNOLOGY**



**THE STRAITS TIMES  
NEWS TABLET**



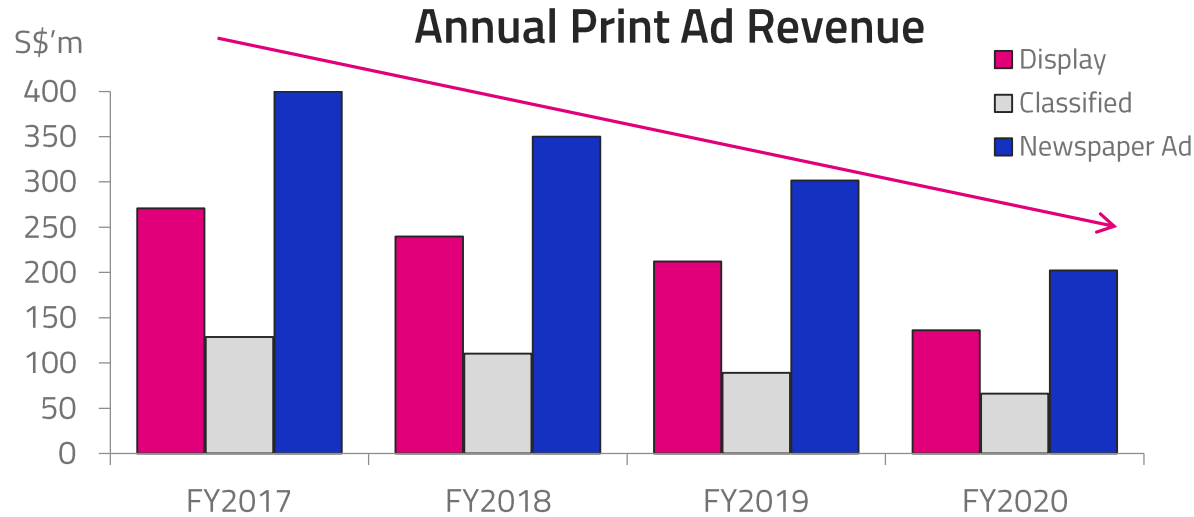
# MEDIA IN LOSS BEFORE TAX OF S\$11.4M



## Covid-19 disruption severe and far-reaching

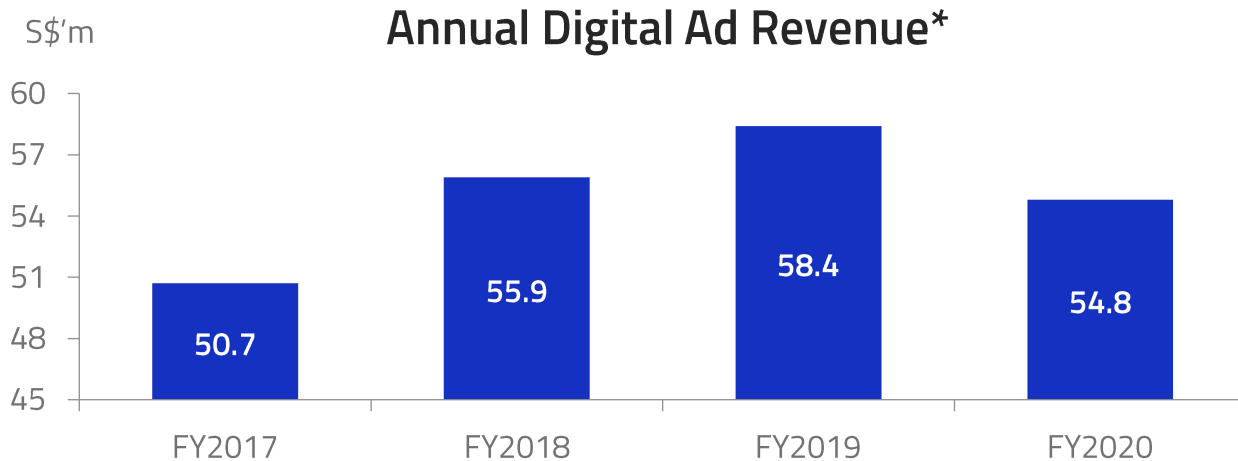
- Newspaper Print Ad revenue dropped 32.9% y-o-y in worst annual decline; Digital Ad revenue also fell 6.2% y-o-y as advertisers scaled back marketing budgets
- Circulation revenue flat y-o-y as digital subscriptions offset decline in print subscriptions
- Disciplined approach to cost control
  - Conducted 2 restructuring exercises to realign marketing division and Magazines business; recognised retrenchment costs of S\$16.6m
- Accelerating our media transformation roadmap
  - Successful campaigns for the SPH News Tablet with 40K subscribers driving digital circulation
  - Investing in technological capabilities to enhance offering

# AD REVENUE SEVERELY IMPACTED IN FY2020



## Newspaper Print Ad down worldwide due to Covid-19 pandemic

- Newspaper Print Ad down 32.9% y-o-y; increase in Government ads unable to replace fall in FMCG and Property ads



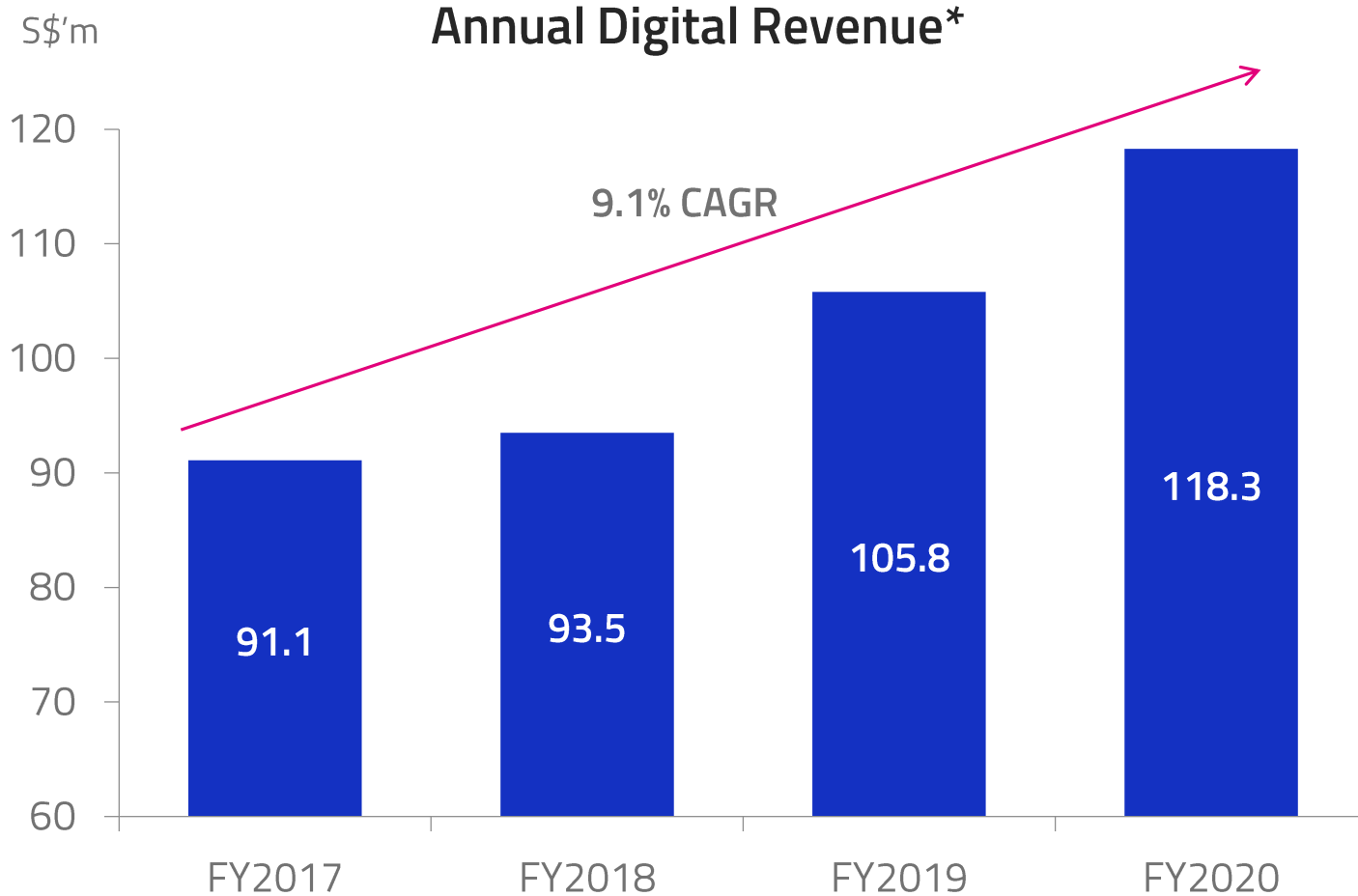
## Digital Ad revenue decreased 6.2% from FY2019

- Digital Ad revenue grew steadily since FY2017 but declined in FY2020 in line with advertisers pull back on Ad spend globally during pandemic\*\*

\*Total digital ad revenue from ads, online classifieds, magazines and other digital portals (excluding ShareInvestor)

\*\*Source: The Straits Times, 'Global advertising faces double-digit decline this year'

# TOTAL DIGITAL REVENUE REGISTERED GROWTH OF 11.8%



## 9.1% CAGR since FY2017

- Boosted by growth in digital subscriptions; shows positive effect from Media digital transformation efforts

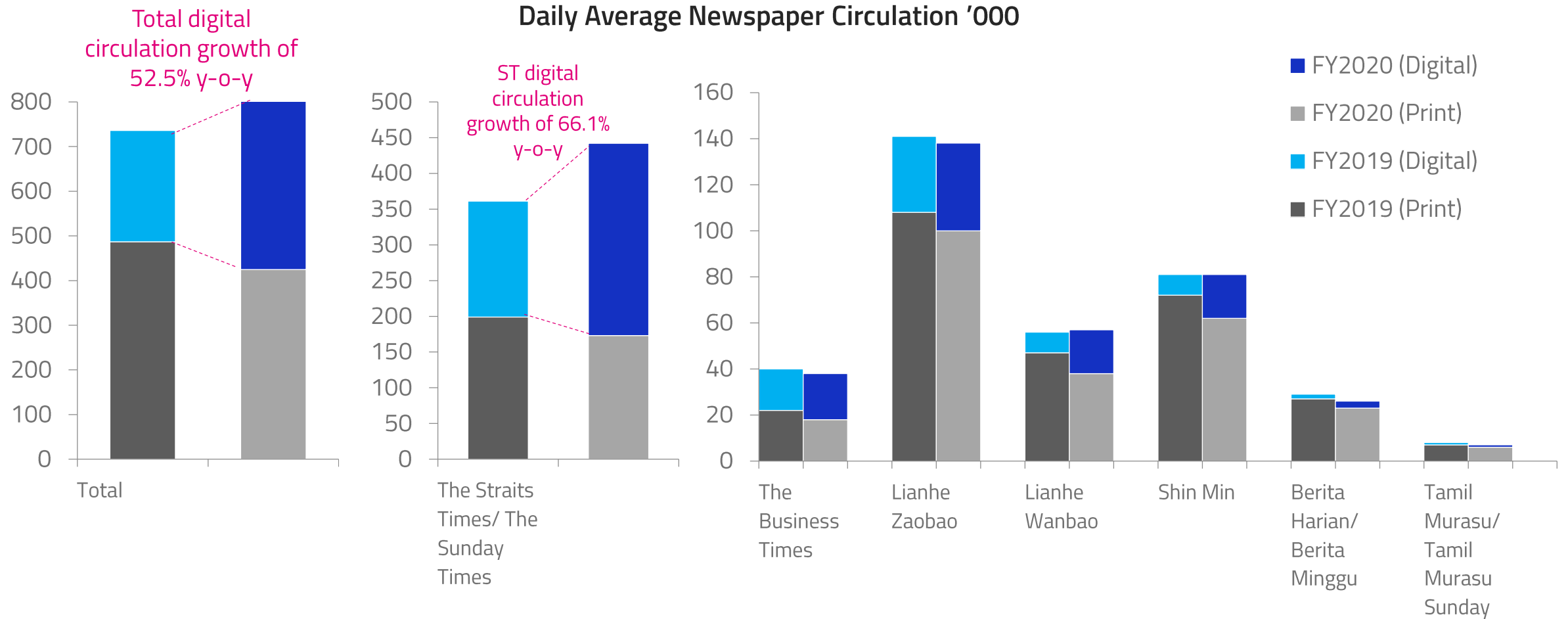


- ST tablets: 17.6k subs, 55% are new
- Chinese tablets: 18.6k subs, 75% are new
- BH tablets: 2.5k subs, 85% are new
- TM tablets: 0.1k subs, 83% are new

\*Total digital revenue from circulation, ads, online classifieds, magazines and other digital portals (excluding Shareinvestor)

# CIRCULATION IMPROVING WITH DIGITAL SUBS

Overall YTD total circulation rose 9.4% y-o-y; with digital circulation growth of 52.5% y-o-y  
 Boosted by higher sales from news of Covid-19 and GE2020



# DIGITAL TRANSFORMATION EFFORTS FOR FY2020



**News Tablet campaign delivers best features of the print product to a digital platform; a seamless e-paper reading experience with flexibility to access websites and apps**

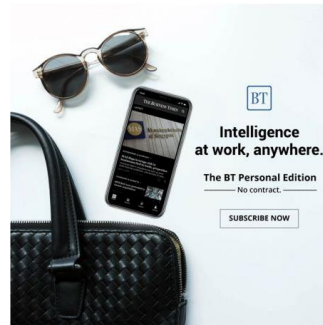
- News tablets launched for all major newspaper titles helped drive digital circulation in FY2020
- Developed in-house predictive technology to assist in converting visitors to paid subscribers

**Enhanced Berita Harian, Tamil Murasu websites and apps**

- Added an auto-translation tool for BH and automatic content recommendations for TM to improve reader experience

**Signed Joint Business Plan with Google to grow digital revenue**

- Grow subscription audiences in new platforms and develop digital video content business



# STRONGER PERFORMANCE BY DIGITAL PORTFOLIO

**SGCARMART.COM**  
THE ONLY PLACE FOR SMART CAR BUYERS

**sgCarMart grew steadily with y-o-y profit growth of 17% in FY2020**

- sgCarMart's car selling auction service Quotz set a new record for number of cars transacted despite Covid-19

**FASTJOBS**

**Jobs portal for blue collared workers FastJobs reached over 3 million downloads in Singapore, Malaysia and the Philippines**

- Launched initiatives such as Virtual Jobs Fests 2020, FastGig and FastLearn in response to Covid-19 and impending recession; resulted in 20% y-o-y growth in revenue in FY2020



**M1 granted final 5G network license from IMDA**

- Given joint rights with Starhub to build and operate a state-of-the-art 5G standalone network infrastructure; launched 5G non-standalone network on 24 Sep 2020
- SPH Media leveraged M1's mobile platform to offer a special promotion to subscribers of the recently launched The Business Times News Tablet



# RECYCLED LEGACY ASSETS FOR HIGHER YIELDS



## Media Centre at Genting Lane recycled to maximise economic returns and improve return on capital

- 40:60 JV between SPH's Times Properties and Keppel Data Centres Holding to develop data centre facilities
- Partner a seasoned player in the industry with proven data centre development expertise and operational track record
- Re-develop underutilised property to capture secular growth trend toward digitalisation and movement of data into the cloud

## Divestment of 5.29% stake in AXA Tower for approx. S\$33.2m

- Realised a profit of approx. S\$13.9m on initial investment of S\$19.3m
- SPH as part of a consortium led by Perennial, entered into JV with Alibaba Singapore for the redevelopment of AXA Tower

# RETAIL

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# CHALLENGING RETAIL ENVIRONMENT



## Sustained expansion for SPH REIT with second asset in Australia

- SPH REIT successfully raised S\$164.5m from private placement of new units to acquire 50% stake in Westfield Marion for A\$670m in Dec 2019

## SPH REIT's 2H2020 performance greatly impacted by Covid-19

- NPI grew by 1.2% y-o-y despite rental reliefs while portfolio occupancy rate stood at 97.7% as at end FY2020
- Singapore malls registered drop in visitor traffic 27.7% y-o-y and tenant sales 24.4% y-o-y respectively
- Australia malls saw decline in visitor traffic 8.3% y-o-y and tenant sales 7.5% y-o-y respectively
- Fair value loss of S\$196.5m (including The Seletar Mall held by SPH)

## Armed with a strong balance sheet to work closely with tenants to overcome the challenges ahead

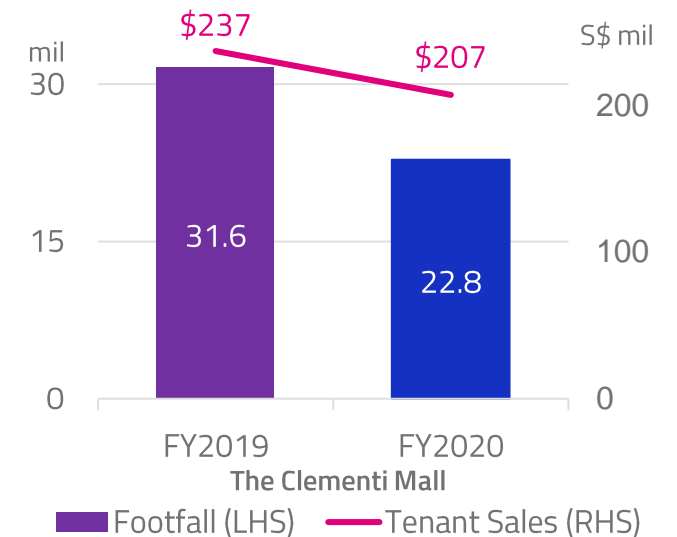
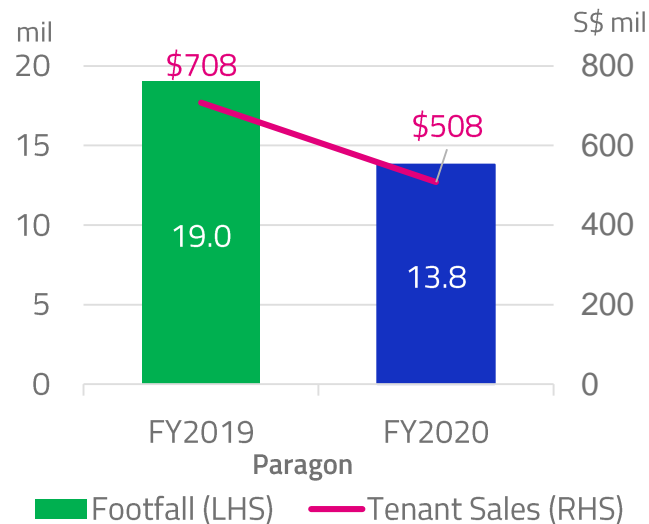
- Tenants' assistance scheme (S\$33.8m) in Singapore (incl. The Seletar Mall)
- Allowance for rental reliefs (S\$8.1m) in Australia

# PERFORMANCE OF SPH REIT (SINGAPORE)



## To be a landlord of choice for tenants and shoppers

- Rolled out tenants' assistance scheme in Feb 2020 and enhanced in May 2020 for a more holistic relief package (S\$31.8m)
- Fair value decline of S\$126.0m (3.7% drop from book value)
- Embarked on various reopening campaigns to welcome shoppers back while maintaining precautionary safe distancing measures



# PERFORMANCE OF SPH REIT (AUSTRALIA)



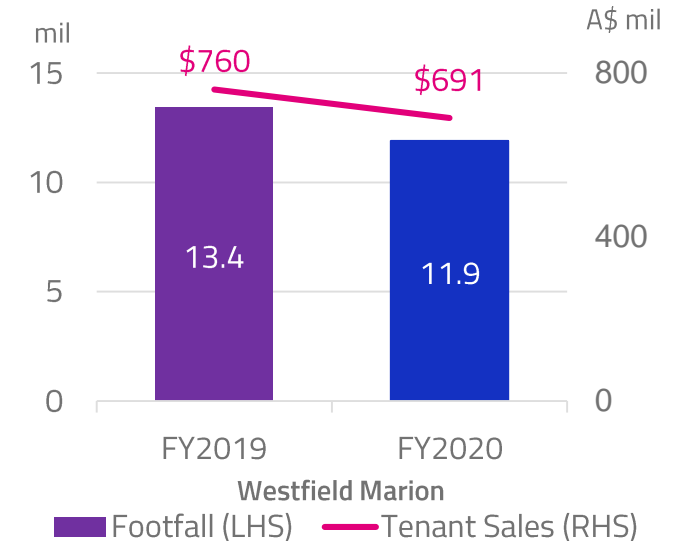
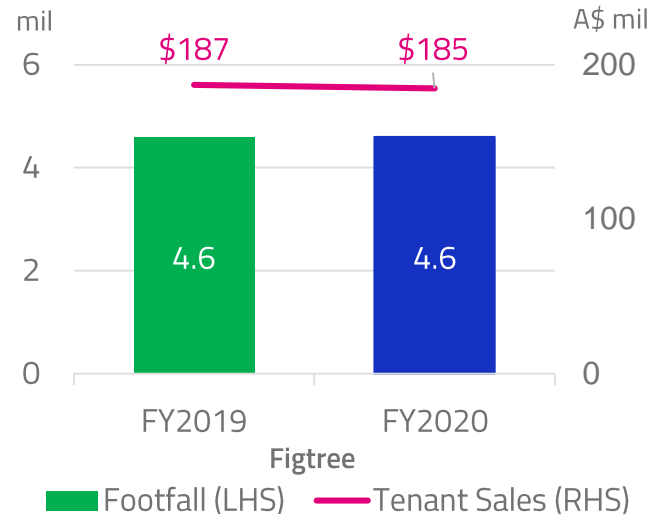
Figtree Grove Shopping Centre



Westfield Marion Shopping Centre

## SPH REIT expanded portfolio with Westfield acquisition

- Acquired Westfield Marion in Dec 2019 to further diversify its geographical footprint and income streams
- Allowance for rental reliefs amounted to S\$8.1m; committed to abide to the Code of Conduct to support tenants
- Fair value decline of S\$47.7m (5.4% drop from book value)



# SALES IMPROVING FOR WOODLEIGH RESIDENCES



Artist impression of Woodleigh Residences and Woodleigh Mall

## Woodleigh Residences was one of the top 5 best selling condominium projects in Aug 2020

- 376 units sold as at 4 Oct 2020, this represents 56% of total units
- Sales have been encouraging with over 140 units sold since 18 Jul 2020:
  - Aided by a revamped sales and marketing strategy with launch of fresh advertising campaign
  - Buyers continue to seek quality assets amidst record-low mortgage rates
- Construction progress affected by Circuit Breaker

PBSA

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# OPERATIONALISING KEY OPERATING CAPABILITIES IN PBSA



Student Castle Oxford  
Study Area

**On track to become sizeable PBSA owner-operator with 7,723 beds across 28 assets in UK and Germany worth over S\$1.4bn**

- Scaled up with 2 distinct brands (Capitol Students and Student Castle) to capture both domestic and international student demand
- Organic sales and marketing capabilities with comprehensive network of PBSA partners and strong relationship with key stakeholders:
  - 15 university partnerships, 30 international agents and 16 listing sites
- Accelerated integration of operations for higher economics of scale:
  - Deployed proprietary Property Management System to deliver a seamless user interface experience for our students
  - 13 assets managed in-house, progressively taking over the rest in FY2021
  - Majority of on-ground employees directly employed under SPH with the remaining to be transferred by Dec 2020
- NOI increased 29% y-o-y despite students refunds of £4.6m in AY19/20 as a result of Covid-19 disruption



# UK UNIVERSITIES WELCOME AY20/21 ON CAUTIOUS NOTE



Student Castle Durham  
Reception and Check-In Area



Student Castle Edinburgh  
Study Area

## Universities and students prepare for AY20/21

- Major universities have confirmed that their campuses opened in Sep 2020 with blended teaching approach and a commitment to offer face time teaching
- International students have been arriving and serving their quarantine despite travel restrictions

## Remaining watchful over second wave

- Some regions in UK still under local lockdown and fresh government restrictions announced on 22 Sep 2020 to curb Covid-19 second wave

## Healthy bookings for AY20/21

- Achieved 88% of target revenue for AY20/21 as at 9 Oct 2020, up from 83% as at 14 Aug 2020
- Bookings to continue into early 2021 to cater to students arriving later due to visa delays, and whose postgraduate courses start in Jan 2021

# DELIVERING 2 GREENFIELD ASSETS FOR AY20/21



## Student Castle Oxford achieved practical completion on 11 Sep

- In-house development team delivered SC Oxford in time for AY20/21
- Students have commenced checking into this 515-bed PBSA

## Construction for Student Castle Brighton slightly delayed due to Covid-19 pandemic

- Completion of the asset slightly delayed till end Oct 2020 due to disruption in supplies of building materials
- Students have been informed and alternative accommodation arranged to minimise disruptions
- Revenue loss is mitigated via existing rental guarantee arrangement and potential recovery through claims on construction delays

# AGED CARE

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# CAUTIOUS GROWTH OF AGED CARE AS ANOTHER KEY PILLAR

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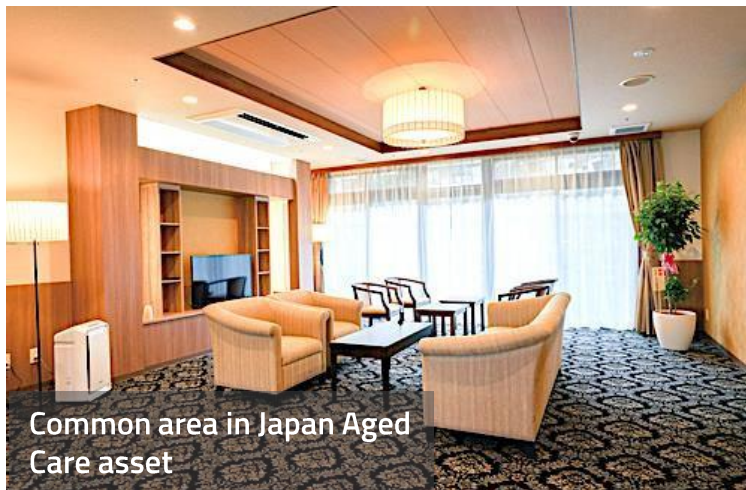
## Aged Care revenue improved by S\$26.3m (93.6% y-o-y) in FY2020

- Boosted by sale of Personal Protective Equipment at Life Medic
- OV Changi Care Village reopened on 21 Sep 2019 after renovation

## Diversify into new regions undergirded by secular trend of an aging population

- Partnered Bridge-C Capital (Japanese asset manager) in Oct 2019 to set up a fund that will also provide management fees
- Acquired 5 assets in Japan for approximately S\$66m
- Cancelled acquisition in Canada; to observe impact of Covid-19 on Aged Care segment before any further action

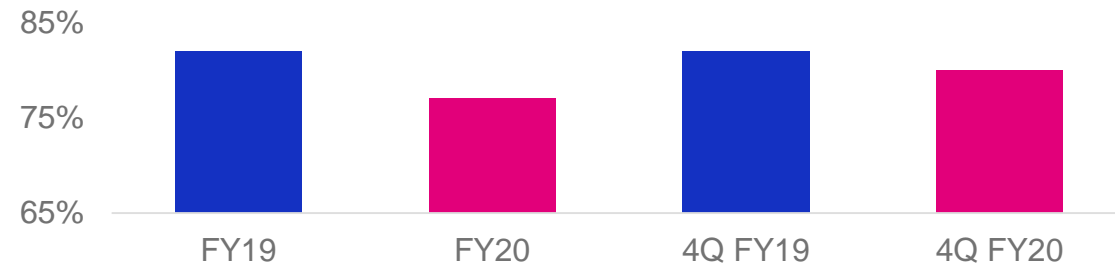
# OPERATIONS STABLE AT AGED CARE



Common area in Japan Aged Care asset

## Operations normal for OV assets

- No new Covid-19 case since 4 cases reported at OV Simei in May 2020, of which all have recovered fully
- OV ensured quality care for residents while observing strict infection control measures in line with MOH directives
- BOR increased from 75% in Sep 2019 to 80% in Aug 2020



## Business as usual for Japan assets

- Master lessees continue to pay rent in full and on time
- Underlying portfolio occupancy remained at high 90s

# CAPITAL MANAGEMENT

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# PRUDENT AND DISCIPLINED CAPITAL MANAGEMENT

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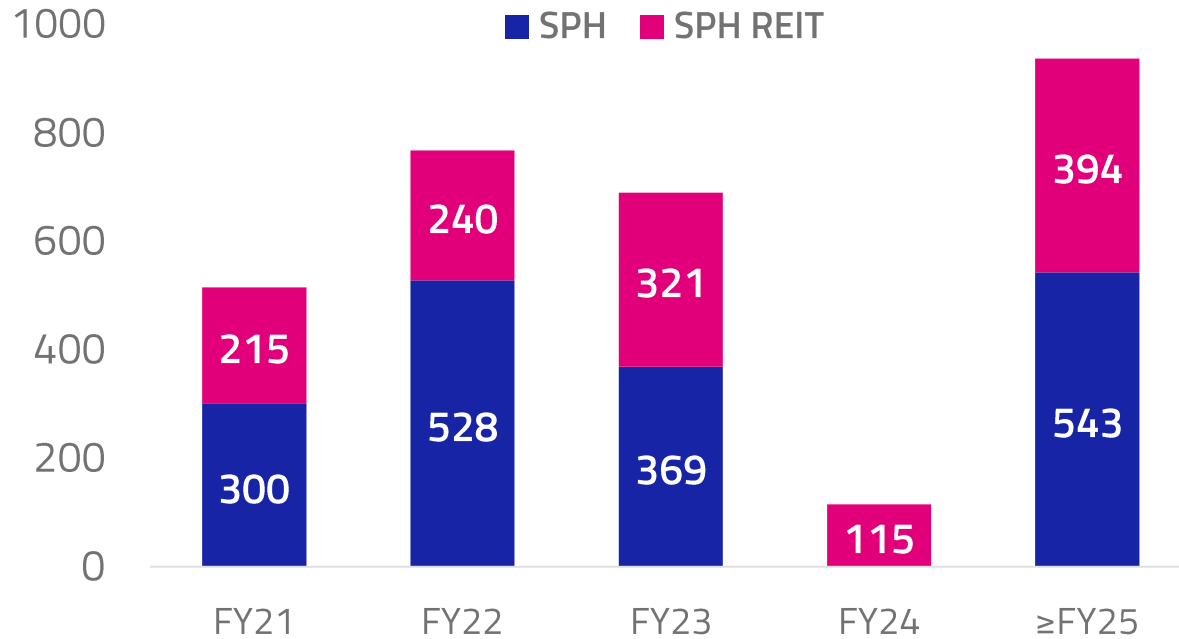


## Optimised capital structure to ensure sufficient liquidity across all business segments against a prolonged Covid-19 pandemic

- Issued long-term debt (5.5-year S\$300m 4% perpetual securities in Nov 2019 and 10-year S\$500m 3.2% senior notes in Jan 2020) at attractive interest rates to shore up balance sheet
- Drew down RCF (S\$325m) in Apr 2020 to strengthen liquidity
- Balance sheet and financial ratios remain healthy:
  - ICR of 3.8 times and Net Debt to Asset ratio of 32.7%
  - Weighted average debt maturity of 3.4 years with no refinancing of term loans required until Jun 2021

# RESILIENT BALANCE SHEET

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



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

	Current Update as at 31 Aug 2020	Previous Update as at 29 Feb 2020
<b>Net Debt to Asset Ratio</b>	32.7%	31.8%
<b>Weighted Average Debt to Maturity</b>	3.4yr	3.1yr
<b>Interest Coverage Ratio</b>	3.8X	5.2X



# FINAL DIVIDEND- PRUDENT TO CONSERVE CASH

The Board has declared a final dividend of 1 cent per share

Full year dividend distribution of 2.5 cents per share  
(Including interim dividend of 1.5 cents)

# THANK YOU

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



# ANNEXE

# COVID-19 IMPACT MORE SEVERE IN 2H FY2020

Segmental Op. Rev.	1H FY2020	2H FY2020	Change %
Media	253,854	191,291	(24.6)
Property	177,087	150,087	(15.2)
Others	40,493	52,850	30.5
<b>Total</b>	<b>471,434</b>	<b>394,228</b>	<b>(16.4)</b>

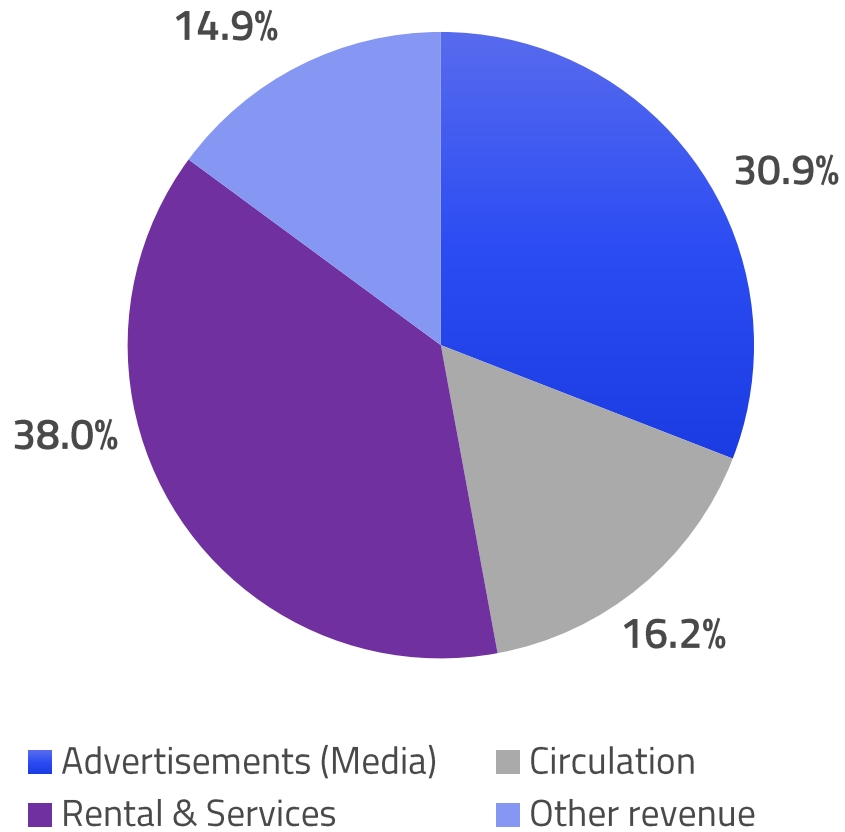
	1HFY20 S\$'000	FY2020 S\$'000	FY2019 S\$'000	Change %
Operating revenue	471,434	865,662	959,255	(9.8)
Impairment of goodwill and intangibles	-	(17,451)	(23,603)	(26.1)
Operating profit	102,733	110,247	186,922	(41.0)
FV change on investment properties	10,527	(232,013)	82,407	NM
Gain on divestment of property	-	25,712	-	NM
Profit before taxation	123,327	(85,262)	298,282	NM
<b>Net profit attributable to shareholders</b>	<b>77,638</b>	<b>(83,676)</b>	<b>213,211</b>	<b>NM</b>

NM Not Meaningful

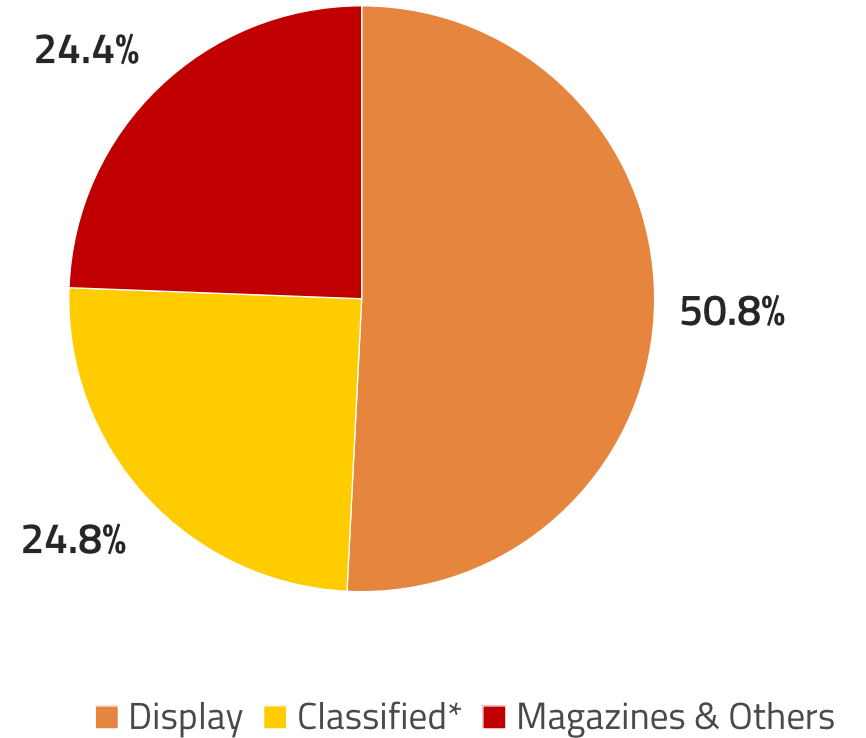
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# REVENUE COMPOSITION FY2020

Operating Revenue Composition (S\$865.7m)



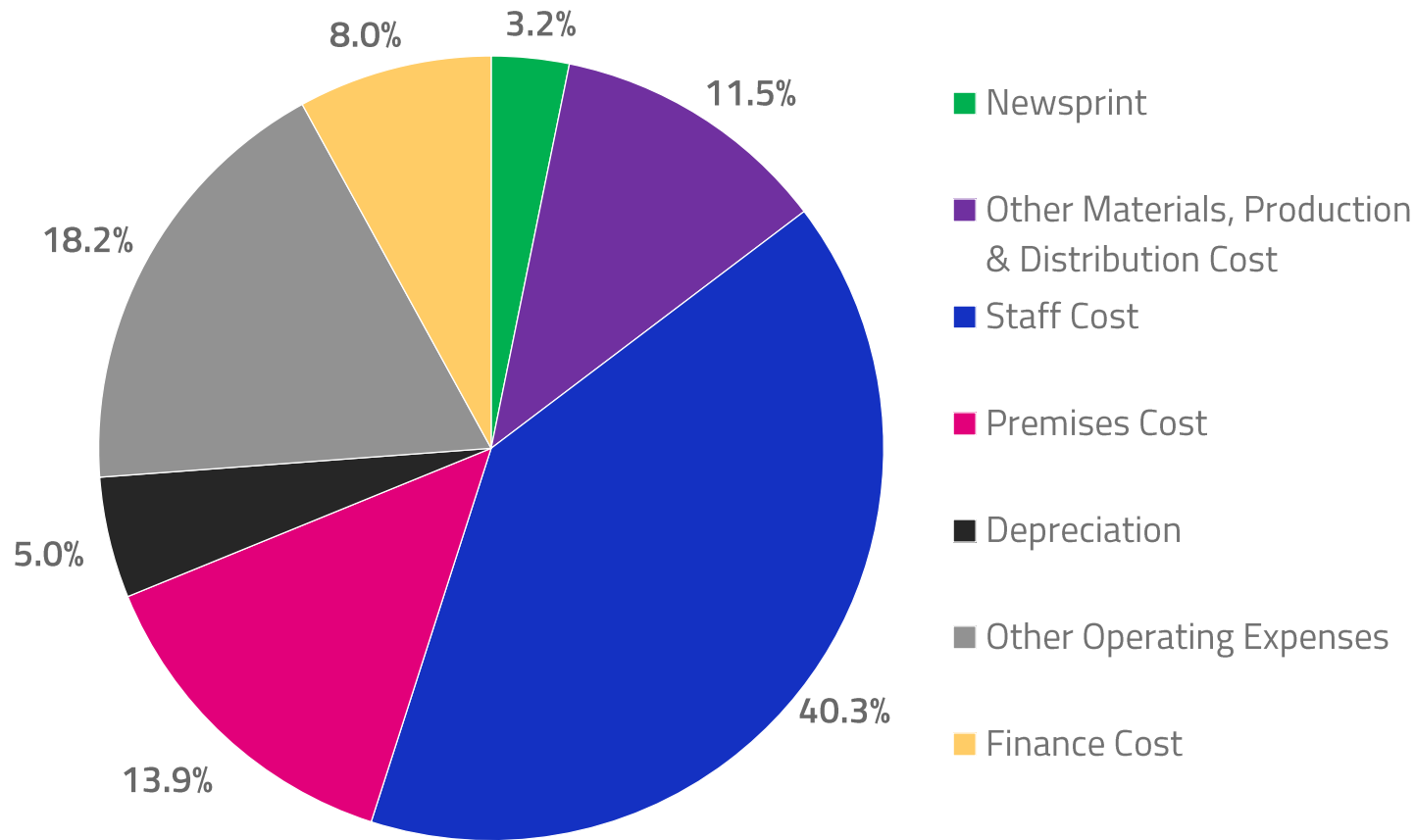
Media Advertisement Revenue Composition (S\$267.6m)



\* Classified includes Recruitment and Notices

# OPERATING COST

FY2020 Operating Expenditure\* Cost Composition (S\$815.2m)

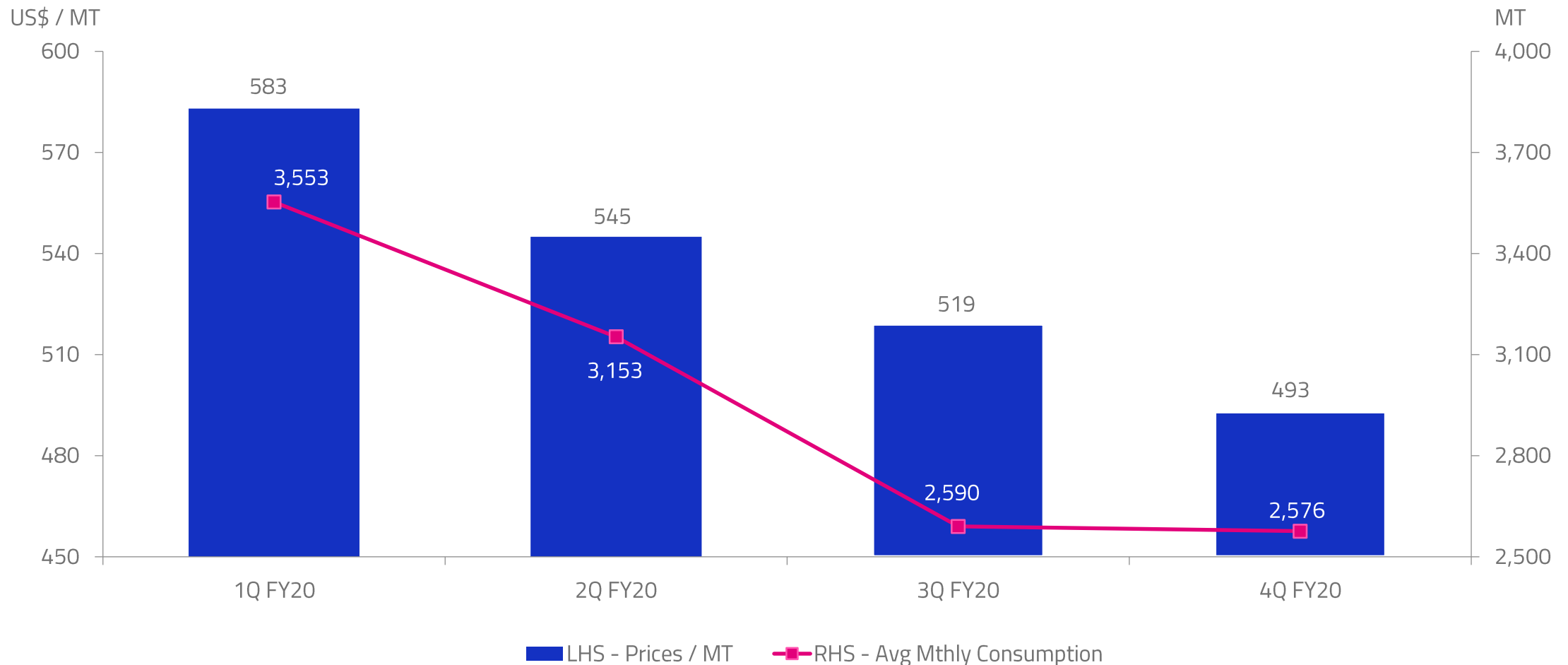


	S\$' m
Newsprint	↓ 17.2
Other Production costs	↑ 2.1
Staff Costs	↓ 4.9
Premises Costs	↑ 28.0
Depreciation	↑ 13.2
Other Operating Expenses	↑ 11.7
Finance costs	↑ 15.8

\* Excluding impairment charges and allowances

# SLOWING CONSUMPTION WITH SWITCH TO DIGITAL

Average Newsprint Charge-Out Price & Monthly Consumption

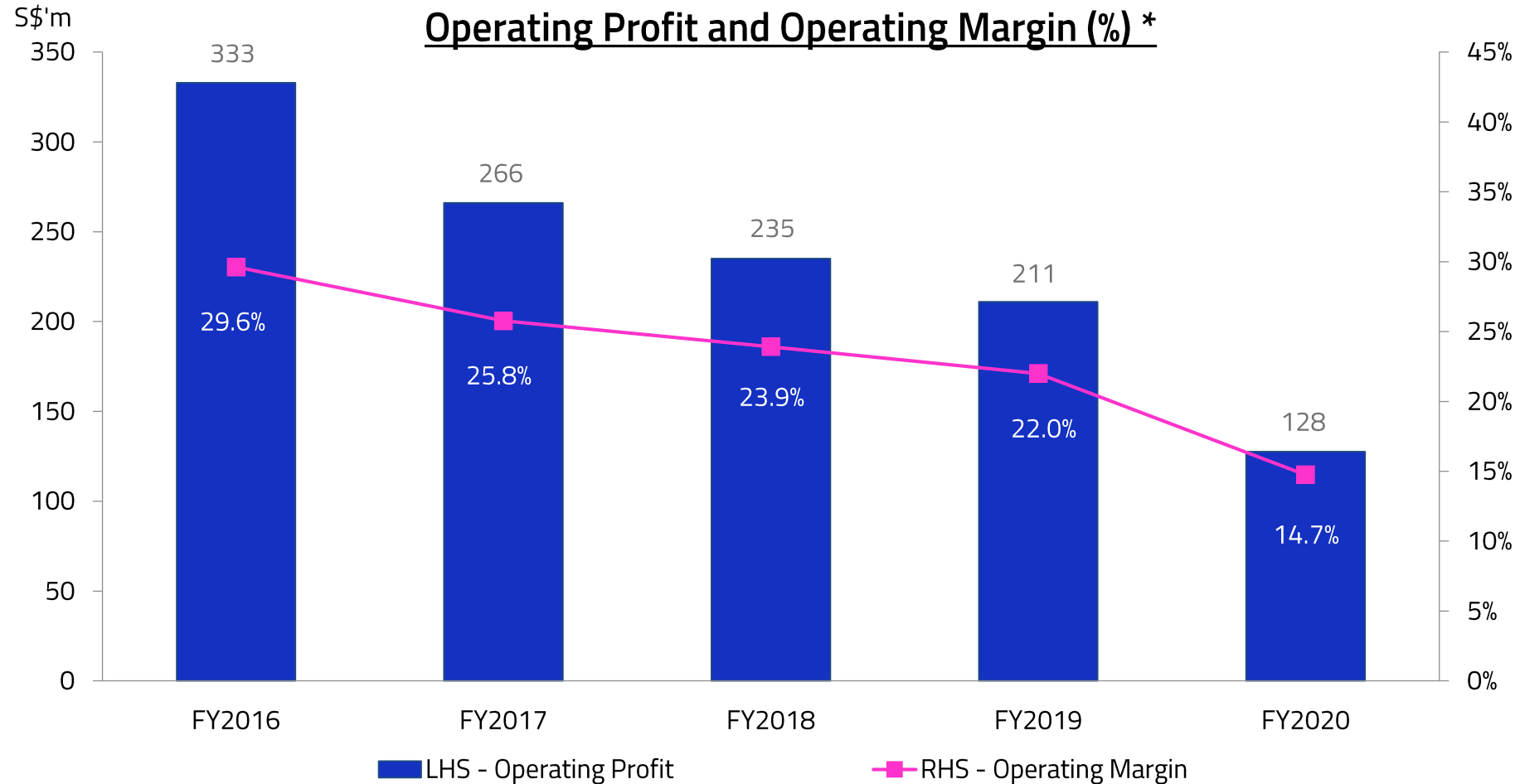


# DISCIPLINED MANAGEMENT OF STAFF COSTS

	FY2020	FY2019	FY2018	% Change (FY20 vs FY19)	% Change (FY20 vs FY18)
Headcount as at end Aug	3,808	4,085	4,137	(6.8)	(8.0)
Staff Costs (S\$'000)	328,429	333,309	351,785	(1.5)	(6.6)



# OPERATING MARGIN DECLINED IN FY2020



\* Excluding impairment charges