



FINANCIAL RESULTS

FY 2019

17 October 2019

Singapore Press Holdings Limited

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Table Of Contents

- **FY2019 Key Highlights**
- **FY2019 Financial Highlights**
 - Segmental Highlights
- **Divisional Review**
 - Media and Digital
 - Property
 - Aged Care
- **Capital Management and Dividends**
- **Annexe**

Key Highlights of FY2019

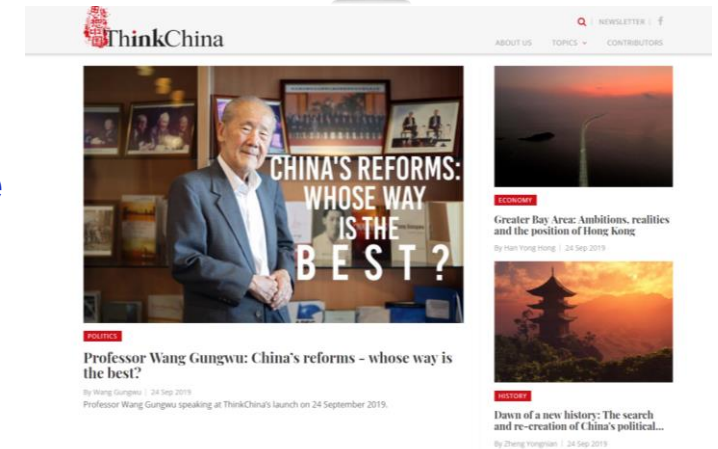
- **Media: Digital transformation underway**

- Digital innovation with successful tablet campaign
- Quality journalism recognised at INMA Global Media Awards
- Leveraging Zaobao's strong China franchise to expand international audience with English-language product ThinkChina

- **Property: Invested in defensive sectors to grow recurring income base**

Grew recurring income by 12% to S\$165.5m

- Acquired UK PBSA portfolio in Sept 2018
 - Build portfolio from scratch to >S\$600m
 - Developing operational expertise with Capitol Students brand
- SPH REIT diversified into Australia and acquired Figtree Grove



Key Highlights of FY2019

- **Exercised disciplined capital recycling**
 - Redirecting T&I proceeds to PBSA investment for higher yields
 - Divestment of non-core assets to focus on key businesses:
 - ShareInvestor
 - Chinatown Point
- **Optimising capital structure and financial resources**
 - Issuance of S\$150m perpetual securities
 - PBSA refinanced £205m
 - SPH REIT issued S\$300m of perpetual securities
 - Executing cost control strategies
 - M1: Extracting value from legacy investment



Chinatown Point, Singapore



Group FY2019 Financial Highlights

	FY2019 S\$'000	FY2018 S\$'000	Change %
Operating revenue	959,255	982,555	(2.4)
Operating profit [#]	186,922	212,948	(12.2)
FV change on investment properties	82,407	45,702	80.3
Share of results of associates and JVs	19,119	(4,928)	NM
Profit after FV changes and results of associates and JVs	288,448	253,722	13.7
Investment income	9,834	115,175	(91.5)
Profit after taxation	259,546	321,267	(19.2)
Net profit attributable to shareholders	213,211	278,380	(23.4)

Operating revenue remains stable as higher property revenue mitigated media decline

PATMI declined 23.4% to S\$213.2m, largely due to the previous divestment of the Treasury & Investment portfolio into defensive, cash-yielding sectors

Operating profit increasingly supported by property recurring income

- Property recurring income up 12% to S\$165.5m
- Investment properties enjoyed 80.3% fair value uplift y-o-y; mainly due to S\$35m PBSA revaluation gain
- Associates and JVs reversed losses; largely due to share of Chinatown Point S\$10.4m divestment gain and fair value gain of S\$13.9m



[#] This represents the recurring earnings of the media, property and other businesses.
NM Not Meaningful

Group FY2019 **Segmental** Highlights

Operating Revenue	FY2019 S\$'000	FY2018 S\$'000	Change %
Media	576,881	655,782	(12.0)
Property	296,512	242,417	22.3
Treasury and Investment	-	-	-
Others (Incl. Aged Care)	85,862	84,356	1.8
	959,255	982,555	(2.4)

Operating revenue is flat as property mitigates media decline

Property revenue up 22.3% due to:

- Expanded asset base of PBSA, SPH REIT's Figtree Grove and Rail Mall

Media revenue decline due to:

- Overall print ad revenue lower by 14.9%
- Circulation revenue down 7.3%
- Absence of ShareInvestor revenue contribution after Nov 2018 divestment

Aged Care and other businesses saw revenue remain stable

Group FY2019 **Segmental** Highlights

Profit / (Loss) before taxation	FY2019 S\$'000	FY2018 S\$'000	Change %
Media	54,667	98,673	(44.6)
Property	262,998	189,247	39.0
Treasury and Investment	7,961	98,980	(92.0)
Others (Incl. Aged Care)	(27,344)	(18,003)	51.9
	298,282	368,897	(19.1)

Less the effect of T & I, which has been largely divested, PBT would have improved

Media profit fell less than the decline in revenue (\$78.9m) due to:

- Effective cost management
- Absence of S\$10.8m FY18 retrenchment costs

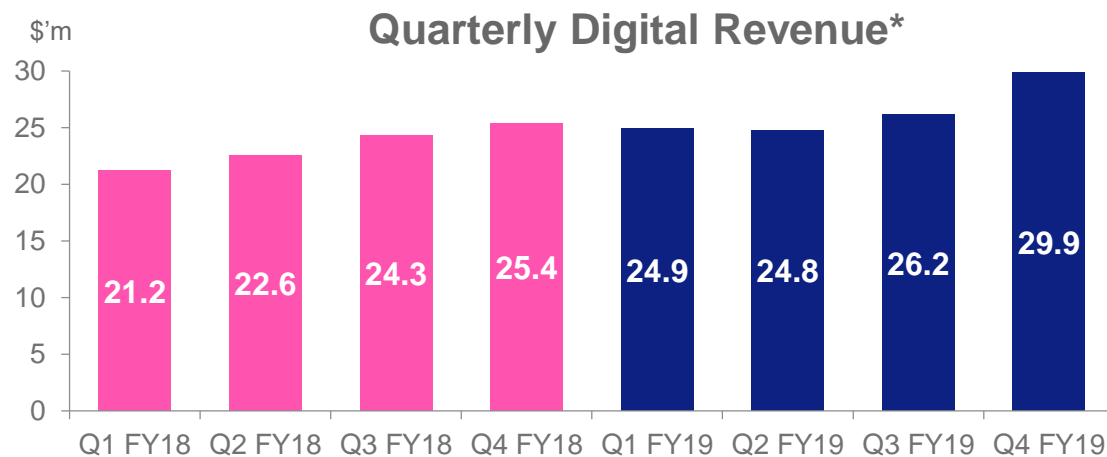
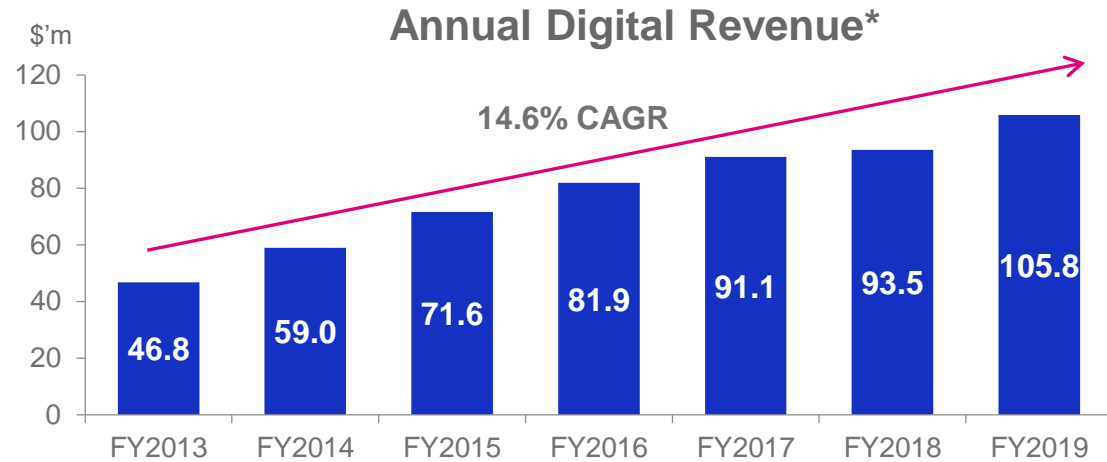
Property income at record high:

- More than offsets media decline
- Expanded asset base of PBSA and SPH REIT
- Revaluation gains rose by S\$36.7m
- Recurring income to increase with full-year contribution in FY20 from new PBSA assets

Losses at Others segment mainly due to:

- Impairment charges on goodwill and intangibles of S\$22.8m mainly for Aged Care

Media: Digital Revenue Growth Still on Track



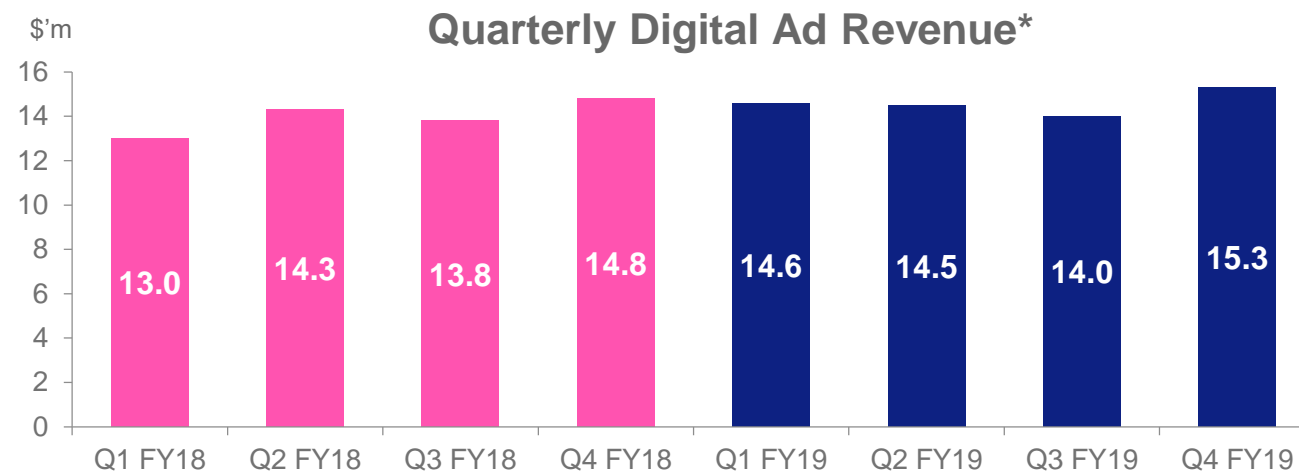
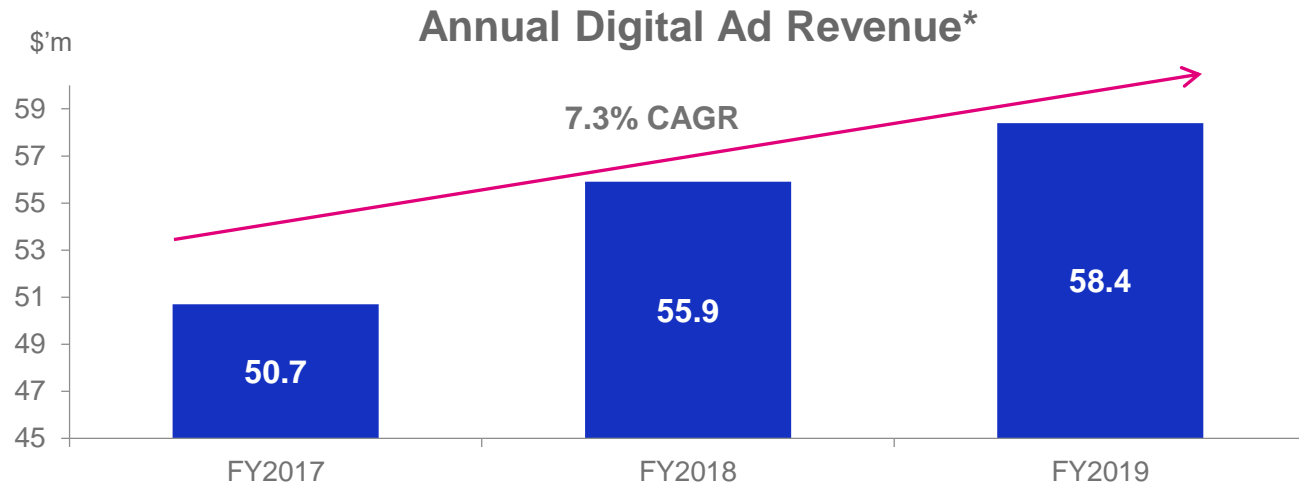
Digital revenue maintains growth momentum with 14.6% CAGR

- FY19's digital revenue grew 13.2% vs FY18
- Quarterly digital revenue growth remains strong with Q4 FY19 rising by 17.7% y-o-y, mainly due to circulation revenue



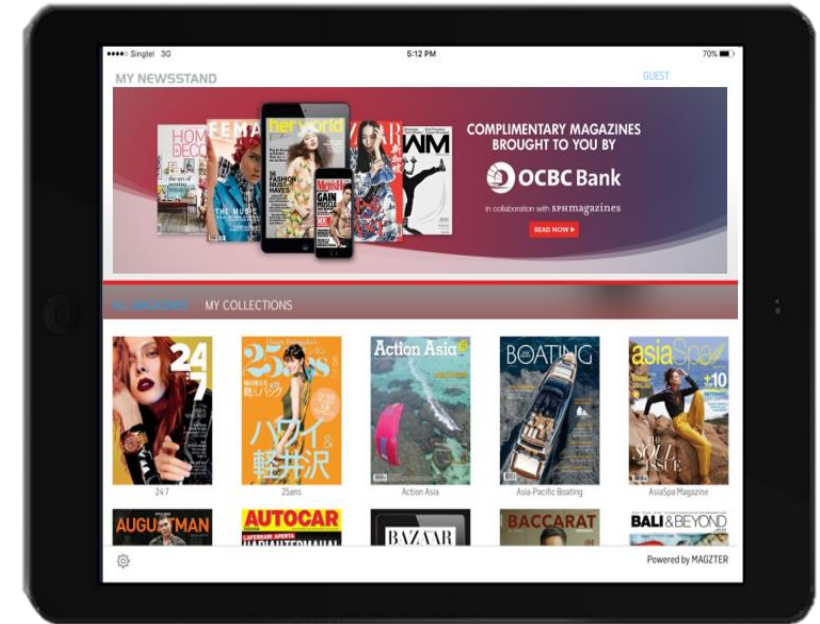
*Total digital revenue from circulation, ads, online classifieds, magazines and other digital portals (excluding Shareinvestor)

Media: Digital Ad Revenue Shows Steady Growth



Digital ad revenue shows a 7.3% CAGR since FY2017

- Newspaper digital ad revenue growing steadily at 6% y-o-y
- Q4 digital ad revenue 9.3% growth q-o-q

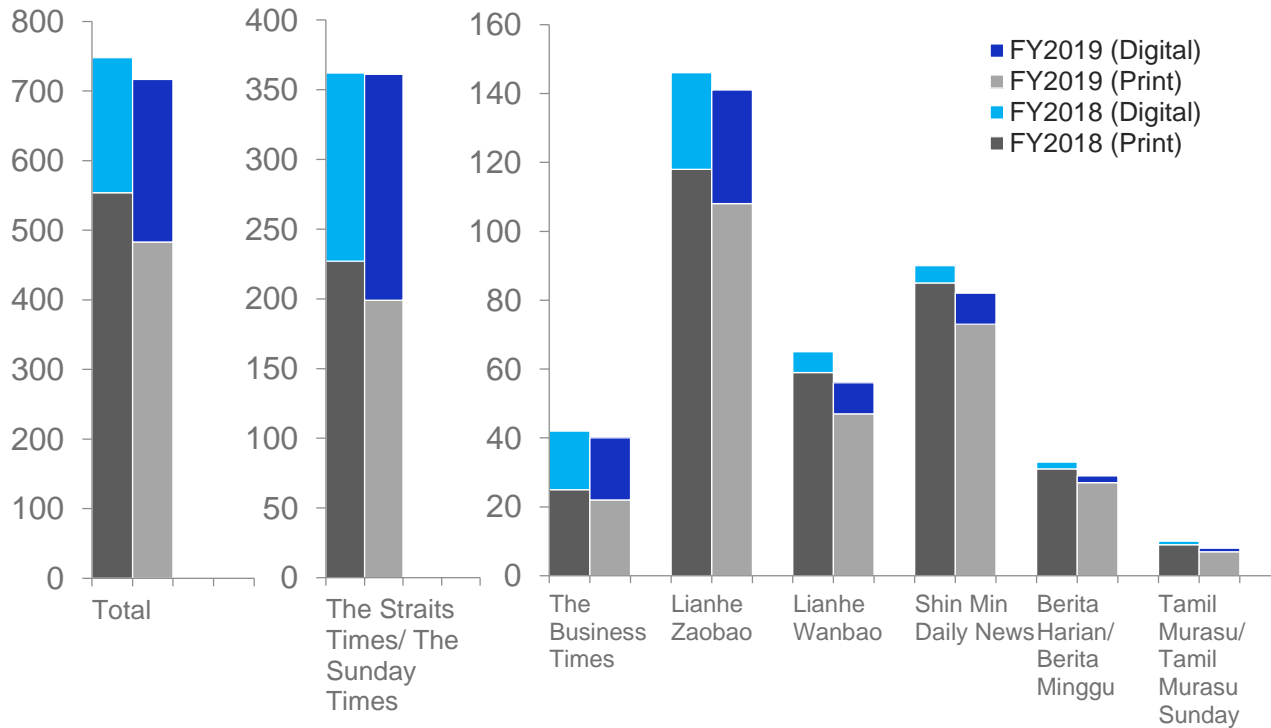


Media: Newspaper Circulation Supported by Digital Copies

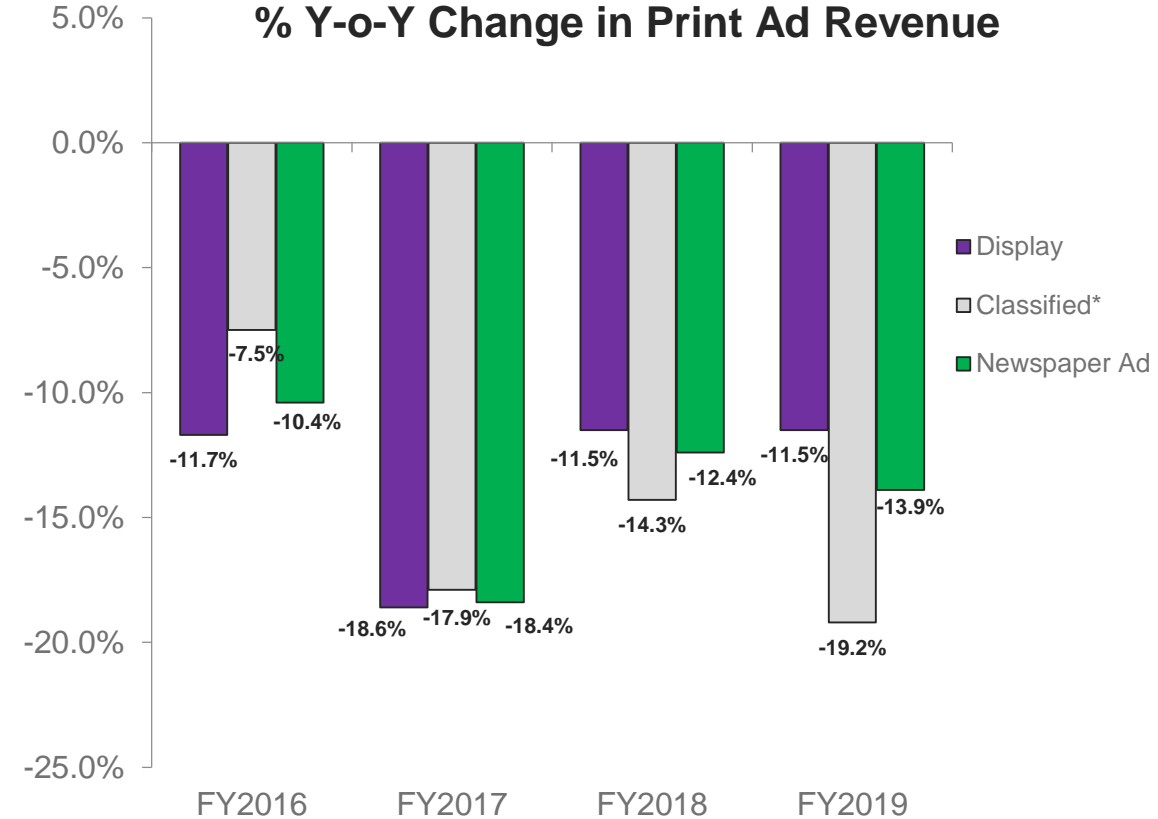
- Overall single-digit decline 3.7%
- Print circulation fell 12.2%
- Digital grew strongly at 19.3%

- Overall print ad decline 13.9% due to Classified
- Display decline remains at 11.5%

Daily Average Newspaper Circulation '000



% Y-o-Y Change in Print Ad Revenue



Media: Innovating Digital Circulation to Drive Subscriptions



News Tablet campaign highly successful in driving circulation

➤ **ZB News tablet** results:

- sold **10,000** tablets + subscriptions in 6 months
- 75% new subscribers

➤ Good response with rollout of BH News Tablet in September

➤ The Straits Times, The Business Times and Tamil Murasu are next

➤ Building data capabilities to analyse our readership

Media: Creating Innovative Advertising Opportunities

Provide **better marketing insights** for advertisers

- Readers scanned newspaper ads (instead of QR code) to unlock mobile vouchers for spending in-store
- Joint pilot in August between SPH & **Gain City**



Patch on Front Page wrap to explain the scanning technology



Expand **targeted distribution ad campaigns**

- Positive advertiser response for previous campaigns
- Eg: Berita Harian Hari Raya cover wrap campaign with Courts
 - Complimentary copies at targeted locations
 - Resulted in higher traffic and sales



Media: Building Loyalty with Customer-Centric Products

Leverage ZB China branding with **ThinkChina**

- e-magazine translates and curates China-related content from ZB
- Widens reach to English-language readers here and internationally



Boost audience within and beyond China with **overseas technology office in Chongqing**

- Using AI to better localise content for China audience
- Improved outreach offers monetisation potential



Media: Strengthening Media Solutions



Ignatius Low
Chief Commercial Officer

New Hires



Helen Lee
Head of Platform
Development and
Innovation



Linda Lim
Chief of Advertising
Partnerships and
Market Development



Joanna Ho
Head of Business
Planning and
Operational Excellence

- **Integrated Marketing Division renamed Media Solutions Division, reflects focus on selling solutions across platforms**
- **New hires to drive growth, monetise content and implement strategy of cross-platform sales**
- Head of Platform Development and Innovation, ex-Zenith Media – Helen Lee
 - Work with advertisers across multilingual offline and online ad platforms
- Chief of Advertising Partnerships and Market Development, ex-Group M – Linda Lim
 - Work with media agencies and develop network with other players in the media ecosystem
- Head of Business Planning and Operational Excellence, ex-Courts Asia – Joanna Ho
 - Performance management, ease ad-placing process

Media: Control Costs and Investing for Growth

- **Media sales capabilities to be streamlined**
 - Retrenchment costs of approximately S\$8 million to be incurred in 1QFY20
 - Around 5% of Media Group staff impacted
- **Rationale:**
 - Uncertain macroeconomic outlook; advertisers reducing spending
 - More responsive to advertisers' evolving demands
 - Improved cross-selling of solutions across platforms
- **Continue to invest strategically to drive growth and deliver sustainable returns**
 - Senior management capabilities to drive media solutions strategy
 - Digital tech talent to drive innovations for Media and across the Group

Digital: Harnessing Synergies for Media

No. 1 online car platform sgCarMart growing steadily

- Revenue growth of around 9% y-o-y
- Financing business sgCarMart Financial Services turned profitable in six months
- sgCarMart taking over Torque magazine which is going fully digital in Nov; tie-up to strengthen SPH's automotive presence

SGCARMART.COM
THE ONLY PLACE FOR SMART CAR BUYERS



M1 sealed contracts with SPH to provide corporate services to SPH and telco services to employees



Handshakes technology from DC Frontiers

- Used as corporate research tool by companies
- Develop content recommendation engine for SPH
- Japan Nikkei invested US\$5m funding in Oct 2019



Property: Driving Growth and Overseas Recurring Income

SPH REIT



Paragon
S\$2.75b



Clementi Mall
S\$597m



The Rail Mall
S\$63.8m



Figtree Grove
(85%)
A\$175m

- **Total recurring income** for FY19 rose **S\$18.2m** to **S\$165.5m**
 - UK PBSA portfolio contributed S\$15m in recurring income
 - AUM >S\$600m, total capacity of 5,059 beds
- Y-o-y fair value increase in investment properties of S\$36.7m, of which S\$35m is from PBSA
- Woodleigh Residences still selling; 20% sold as at 31 Aug, maintains average price around S\$1,900 psf
- **Seeking overseas acquisitions**, in PBSA and other defensive sectors, by SPH and SPH REIT



The Seletar Mall
(70%)
S\$347m



Woodleigh Mall
(50%)
S\$400m



UK Student Accommodation
(100%)
>S\$600m

Property: Building the Capitol Students' brand



Opening term welcome party at St. Mark's Apartments managed by SPH's Capitol Students



Room in St. Mark's Apartments, Lincoln

Developing operational expertise

- Dynamic student community portal that caters to students' needs



Property Management



CRM



Payment services



Accounting



Building brand equity

- Application for Accreditation Network UK (ANUK) to increase university nominations

Better monetisation

- Capturing data for targeted marketing, dynamic pricing

Aged Care: Steady occupancy; continued quality focus



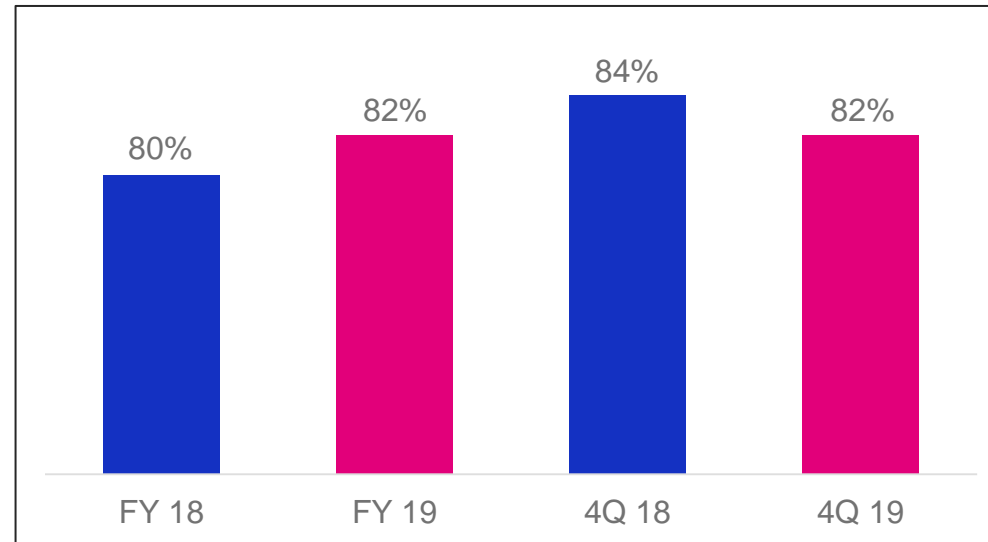
Changi Care Village



Outdoor area for rehabilitation

Steady bed occupancy rate (BOR)

- Steady bed occupancy rate despite competition in the industry



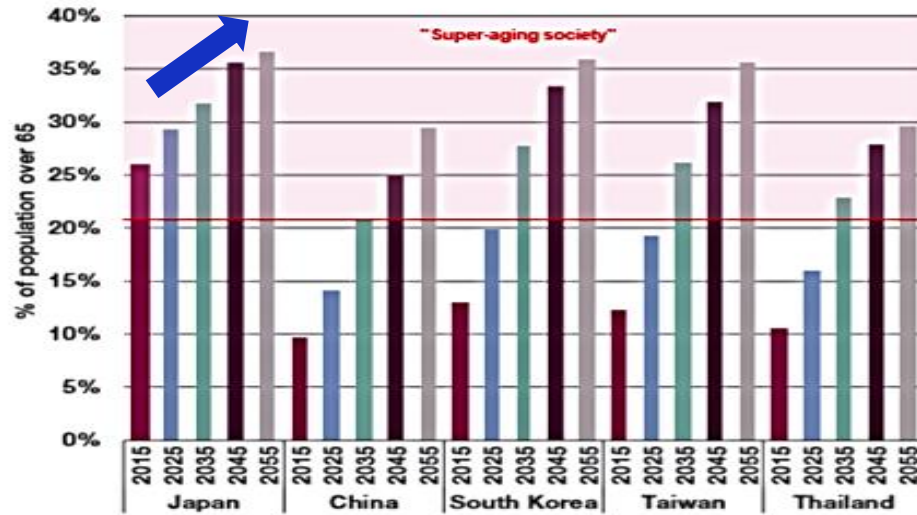
Improved average bill size

Enhanced residents' living environment with re-opening of Changi Care Village

- Renovated facility re-opened in September 2019
- Vast outdoor area for rehabilitation and wellness

Aged Care: Looking for Opportunities Beyond Singapore

Elderly population in Japan forecasted to rise



Source: United Nations Department of Economic and Social Affairs, Savills Research & Consultancy

BRIDGE C CAPITAL



Akinari Tokuyama
Chairman

- CIO/CFO of Developer Group Pte Ltd
- Ex-Vice President of Carlyle Group (Buyout Team) at Carlyle Japan LLC



Daizo Yokota
(CEO)

- Background in real estate investment and financing from Accenture, ORIX Corporation, LaSalle Investment Management Co. Limited and Shinsei Bank Limited

Looking for opportunities in Japan:

- Japan's elderly expected to rise from 28% in 2017 to 30% by 2025
- Demand for senior housing is high; surveys demonstrate average occupancy rates as high as 91% in 2017

Partnered Japanese asset manager Bridge-C Capital in Oct 2019 to set up a fund

- Fund structure allows for management fees to boost yields
- Developing asset management capabilities
- Bridge-C capabilities:
 - Strong banking network for healthcare sector
 - Specialist in mid-sized assets with proven track record since establishment in 2011

Capital Management : Strengthening Balance Sheet

Established capital markets presence for SPH and SPH REIT

- SPH issued S\$150m perpetual securities at 4.5%
- SPH REIT issued S\$300m perpetual securities at 4.1%

Optimised capital structure for PBSA

- Refinancing of £205m with major Singapore and foreign banks to optimise capital structure

Share buybacks

- Potential for ROE uplift
- Reflects management's confidence in the Group's long-term outlook

Final Dividend

The Board has declared a final dividend of 5.5 cents per share and a special dividend of 1 cent per share

Full year dividend distribution of 12 cents per share
(Including interim dividend of 5.5 cents)

Dividend yield = 6.03%*

*Based on the closing price of S\$1.99/share on 31 Aug 2019

Conclusion: Transformation Underway



Media and Digital

- Innovating our media business through technology and digital investments
- Strengthening management bench strength
- Disciplined cost management



Property

- Diversify and grow recurring income base through PBSA and other cash-yielding defensive sectors
- Seek acquisitions in UK and other overseas markets



Aged Care

- Expanding overseas with senior housing to boost Aged Care segment



Leveraging on Balance Sheet Strength; Optimising and Deploying Capital

Thank You

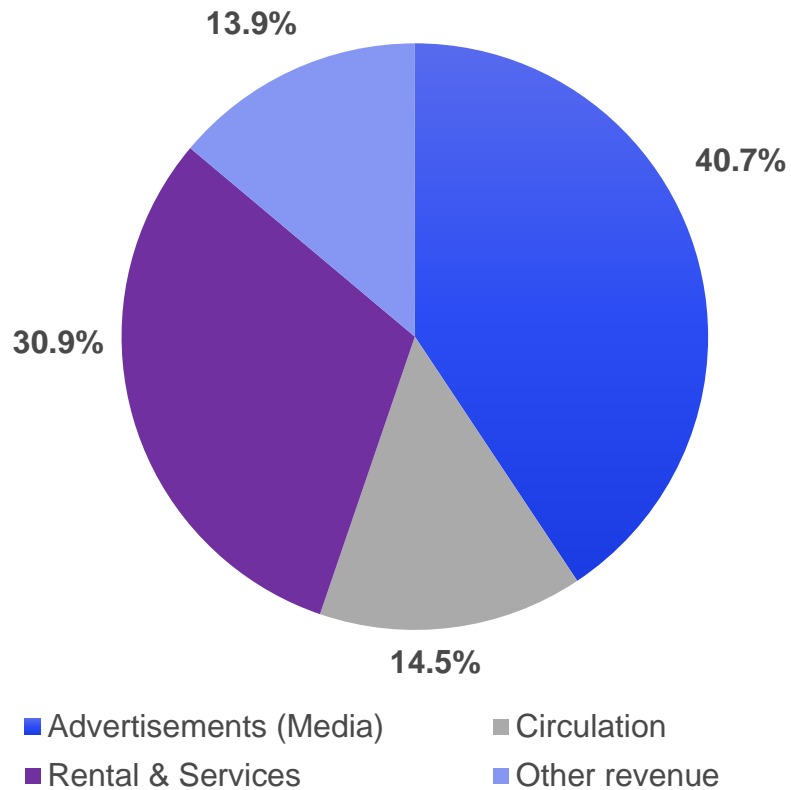
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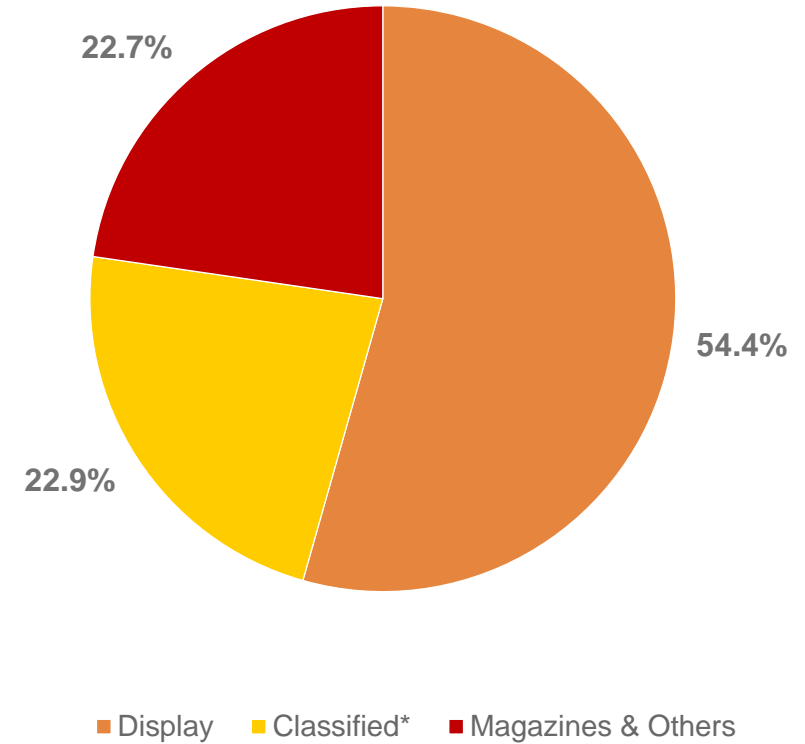
Annexe

Revenue Composition FY2019

Operating Revenue Composition (S\$959.3m)



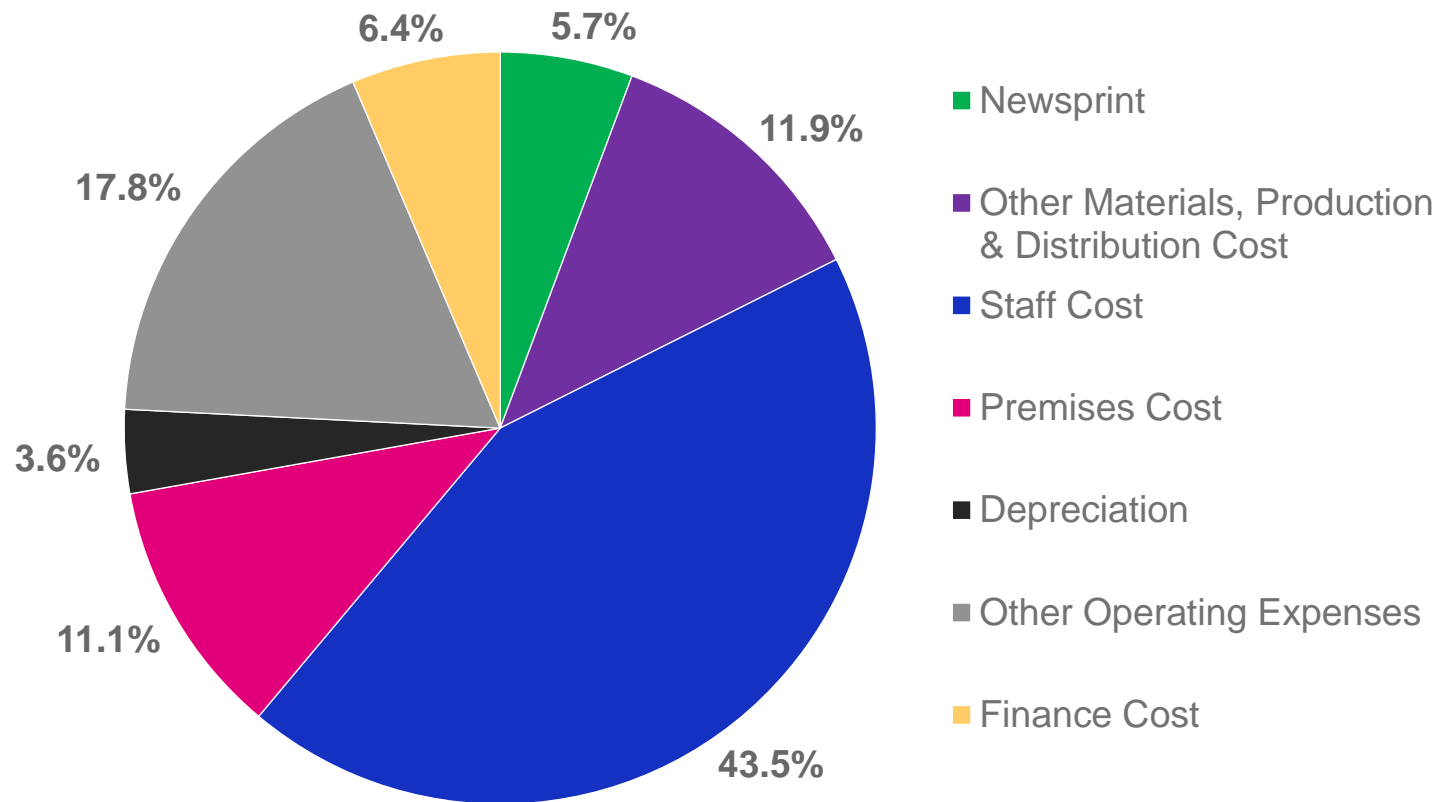
Media Advertisement Revenue Composition (S\$390.1m)



* Classified includes Recruitment and Notices

Operating Cost

FY2019 Operating Expenditure* Cost Composition (S\$766.5m)



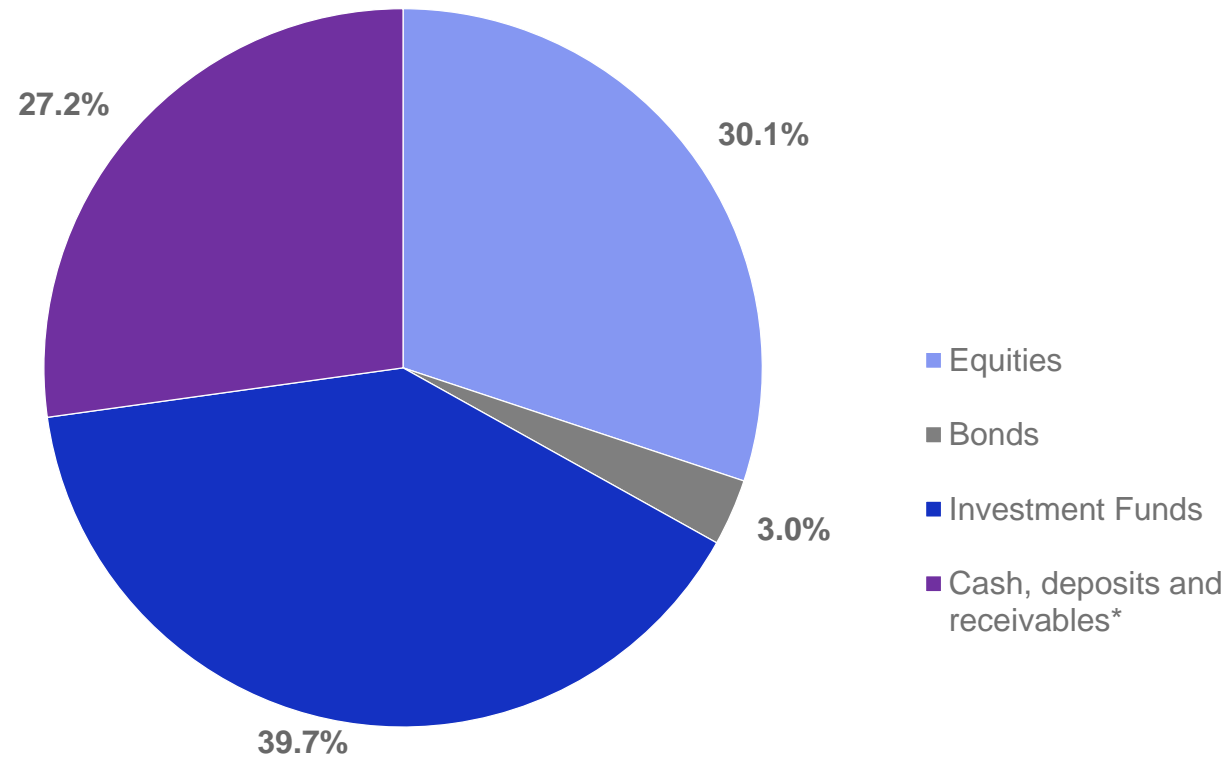
* Excluding impairment charges



	S\$' m
Newsprint	↑ 2.0
Other Production costs	↓ 9.9
Staff Costs	↓ 18.5
Premises Costs	↑ 15.0
Depreciation	↑ 0.8
Other Operating Expenses	↓ 4.7
Finance costs	↑ 11.8

Balance Sheet

Group Investible Fund (S\$545m) as at 31 Aug 2019

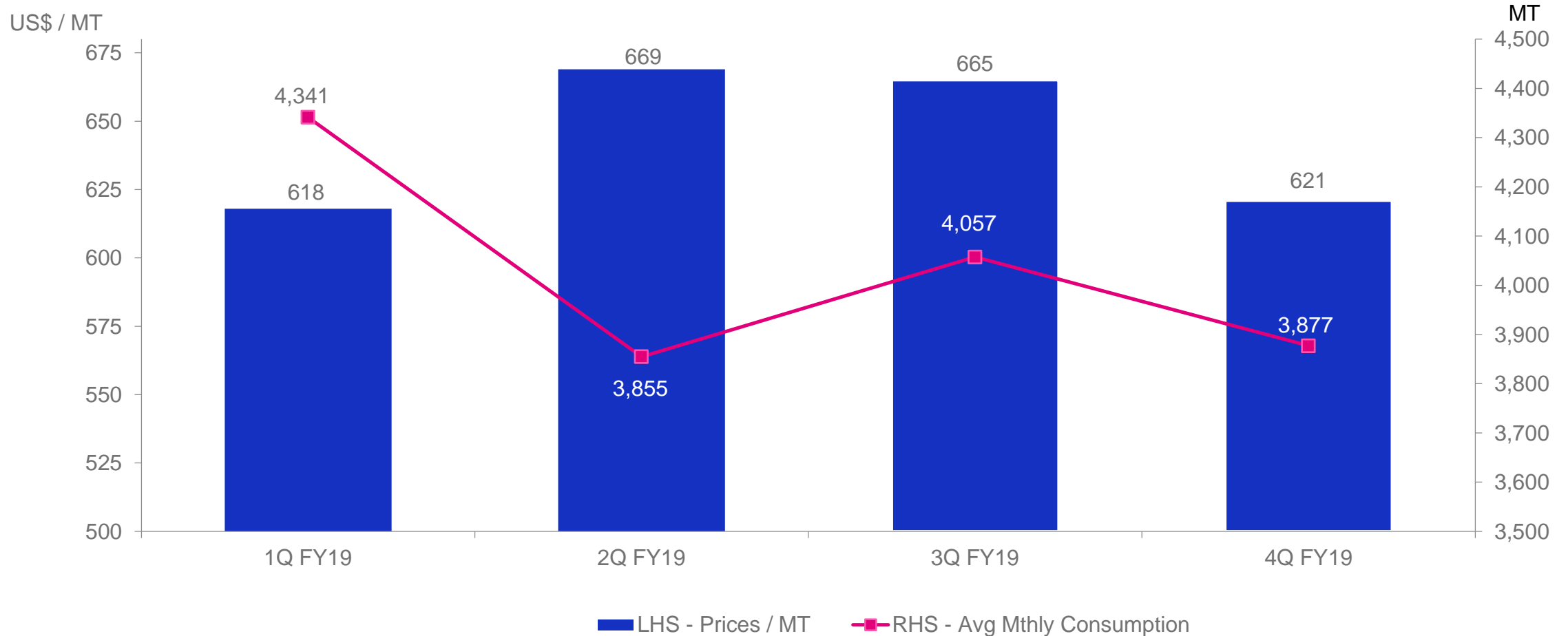


- Funds recycled from Treasury & Investment portfolio divestment proceeds to property (including UK student accommodation investments), digital and other areas

* Include proceeds of S\$35.0m from the disposal of investments due after financial year-end

Slowing consumption with switch to digital

Average Newsprint Charge-Out Price & Monthly Consumption



Disciplined Management of Staff Costs

	FY2019	FY2018	FY2017	% Change (FY19 vs FY18)	% Change (FY19 vs FY17)
Headcount as at end Aug	4,085	4,137	4,410	(1.3)	(7.4)
Staff Costs (S\$'000)	333,309	351,785	357,464	(5.3)	(6.8)

Driving Cost Control to Maintain Operating Margins

