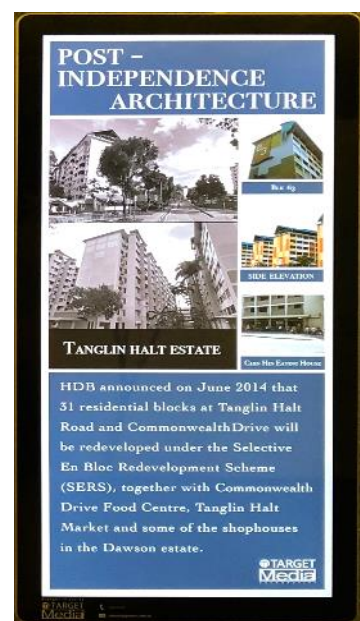


# 1Q FY2020 Financial Results

13 January 2020



# Disclaimer

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# Outline

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- **1Q FY2020 Key Highlights**
- **1Q FY2020 Group Financial Highlights**
- **Business Review**
  - **Media, Telecommunications, Technology**
  - **Retail, PBSA, Aged Care**
- **Summary**
- **Annexe**

# 1Q FY2020 Key Highlights

- **Media: Digital transformation underway**

- 8.1% rise in circulation volume with digital subscription
- Post 1Q: ST News Tablet campaign gained 5.2k+ subscribers

- **Property: Recurring income grew 10.1%**

- Post 1Q: SPH REIT added second mall in Australia, with 50% stake in Westfield Marion Shopping Centre for A\$670m
- Post 1Q: Scaled student housing to S\$1.5b with £448m UK deal, acquiring 2,383 beds and premium Student Castle brand

- **Capital: Strengthening the balance sheet**

- Boosted by S\$300m perpetuals issuance & SPH REIT placement proceeds of S\$164.5m



# 1Q FY2020 Group Financial Highlights

	1Q FY20 S\$'000	1Q FY19 S\$'000	Change %
Operating revenue	243,983	254,316	(4.1)
Total Costs	195,073	183,914	6.1
Operating profit <sup>#</sup>	53,944	74,841	(27.9)
FV change on investment prop.	10,527	-	NM
Share of results of associates, JVs	(762)	(2,435)	(68.7)
Investment income	4,549	3,182	43.0
Profit before taxation	68,258	75,588	(9.7)
<b>Net profit attributable to shareholders</b>	<b>46,333</b>	<b>55,929</b>	<b>(17.2)</b>

**Operating revenue down due to media decline, mitigated by higher revenue from Retail, PBSA**

**Total Costs up 6.1%**

- Higher operating expenses from enlarged PBSA portfolio and SPH REIT
- One-off retrenchment costs at the Media Segment of S\$7.2m

**S\$10.5m FV gain on investment property due to Mayflower student housing portfolio price adjustment**

**Share of results of associates boosted by M1 contribution**

**Operating profit increasingly supported by recurring income from Retail and PBSA**



<sup>#</sup> This represents the recurring earnings of the media, property and other businesses.  
 NM: Not Meaningful

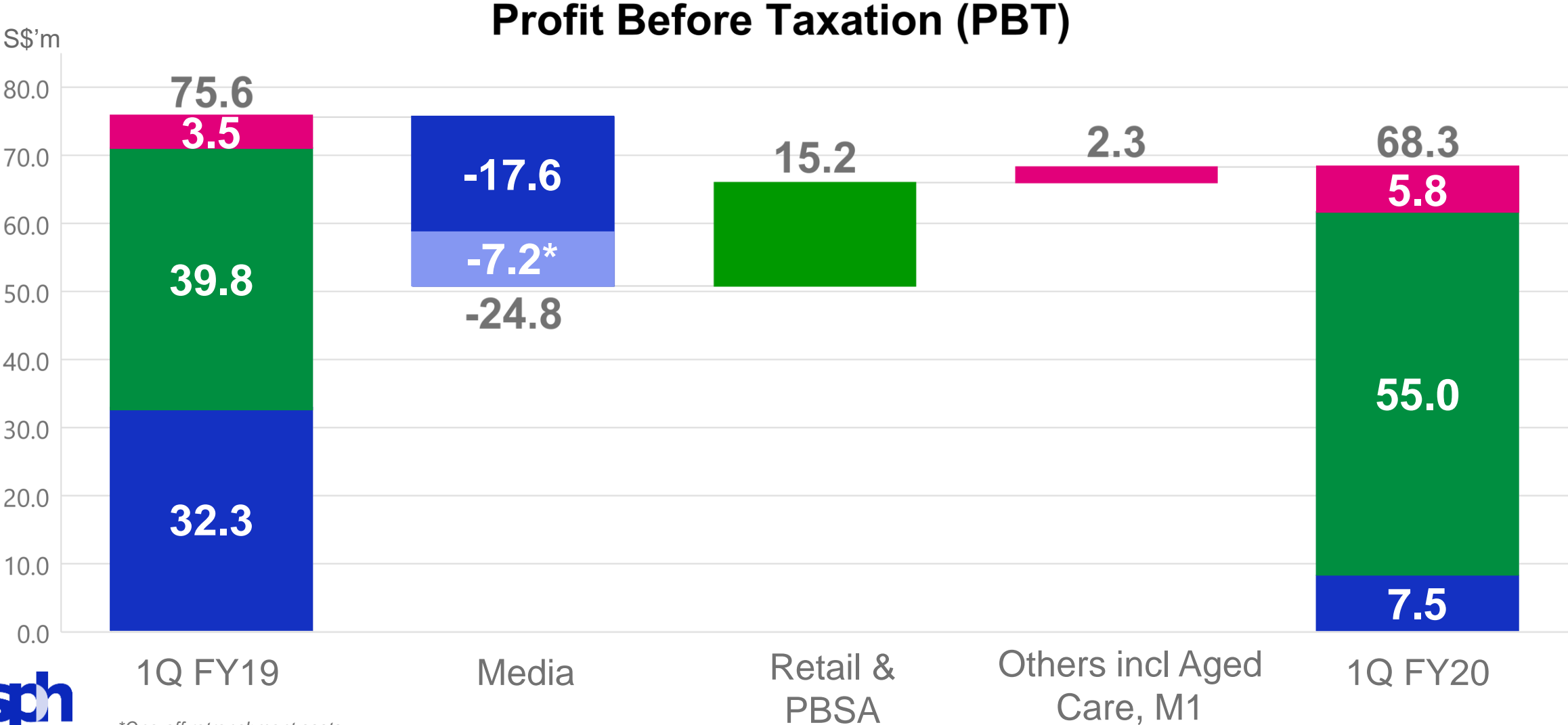
# Retail & PBSA revenue up 19%

Property-related revenue set to rise with SPH REIT, Student Castle additions

## Operating Revenue



# Retail & PBSA PBT mitigating Media decline



\*One-off retrenchment costs

# Media

Telecommunications  
Technology

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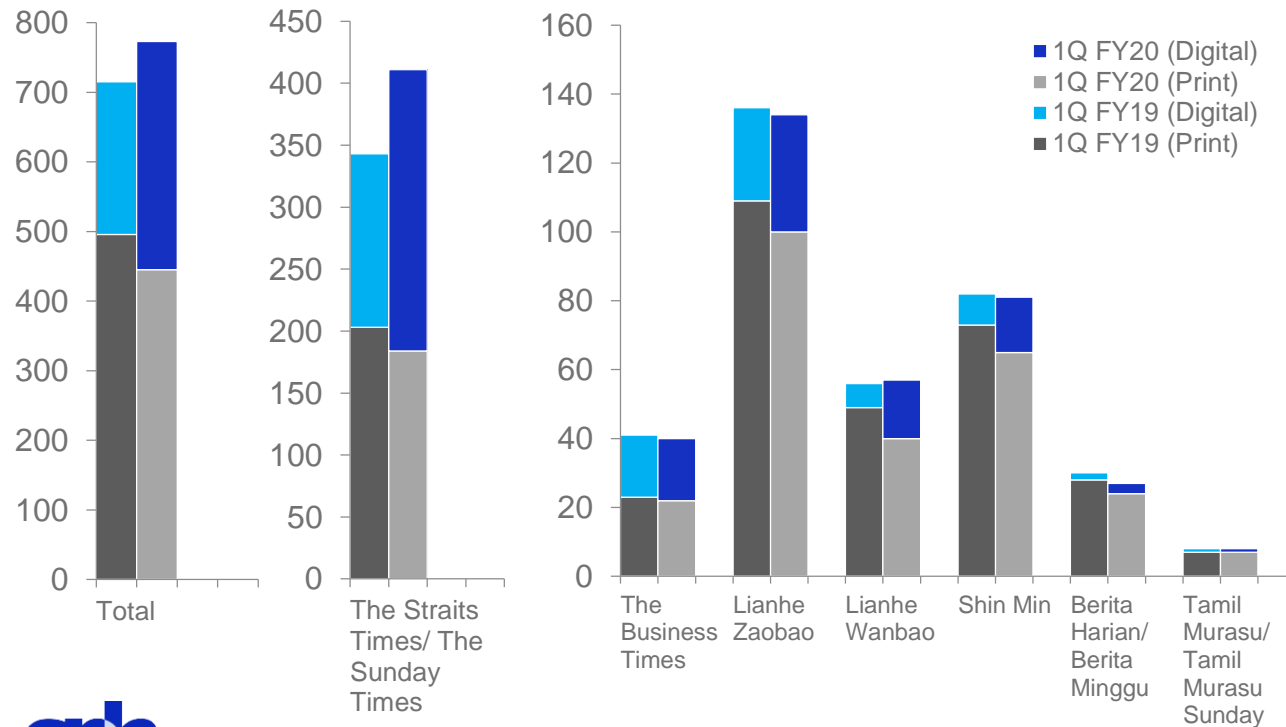




# Newspaper circulation up 8.1% with Digital subs

- 8.1% circulation growth, the first increase after 4 quarters
- Rise due to schools promotion, News Tablet campaign

Daily Average Newspaper Circulation '000



## The Straits Times News Tablet latest to launch on 18 Dec 2019

- 5.2k+ units snapped up as at 7 Jan
- Follows on from success of Zaobao and Berita Harian
  - 12.2k subscribers for ZB news tablets by 7 Jan, 75% are new
  - 1.3k subscribers for BH news tablets by 7 Jan, 86% are new

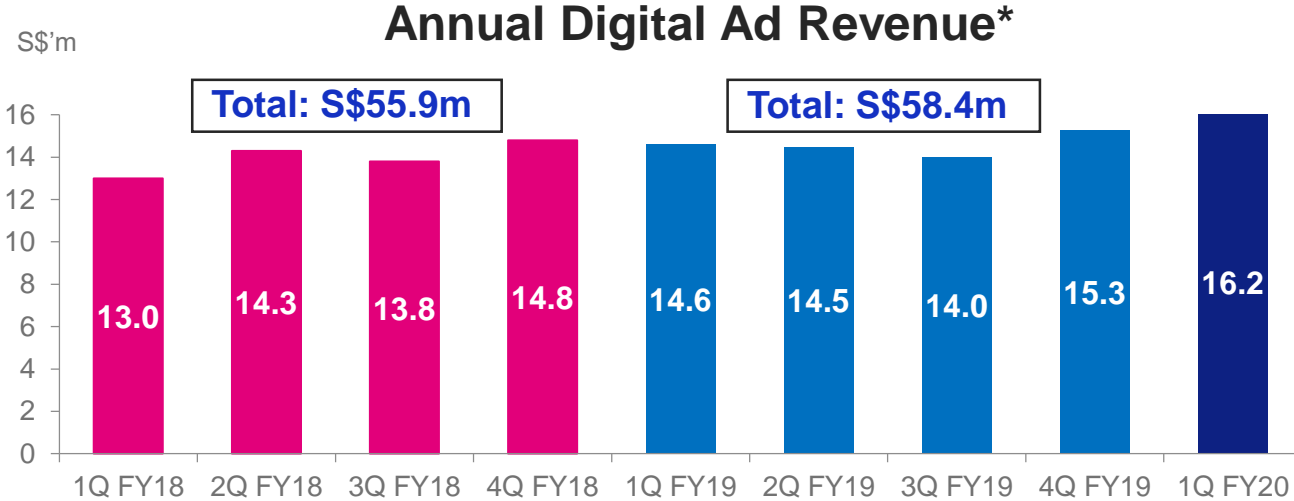
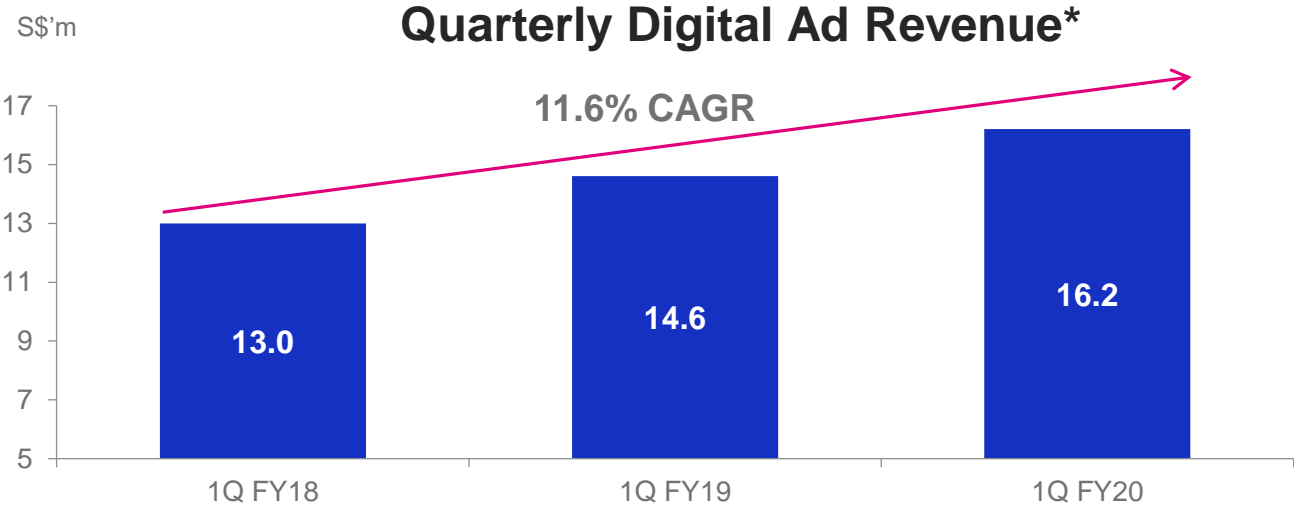


### Customised features for The Straits Times News Tablet

- 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.

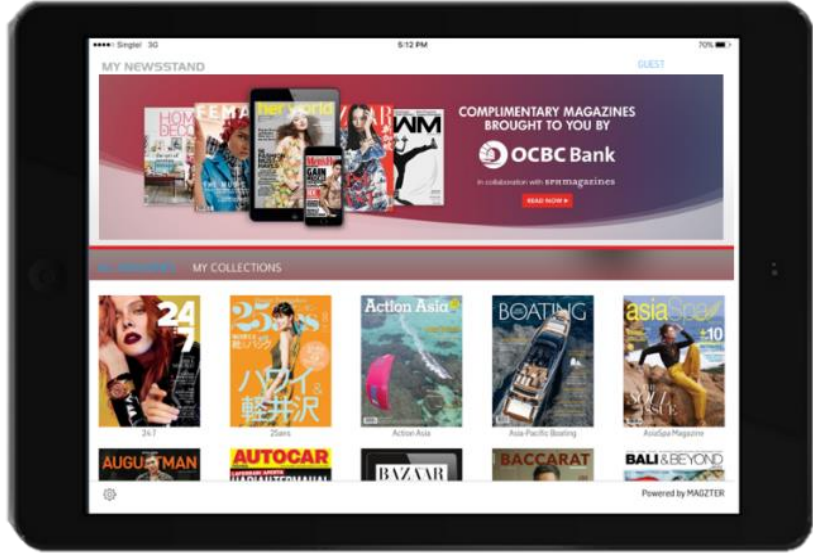
PHOTO: KEVIN LIM STRAITS TIMES GRAPHICS

# Digital Ad rev hits 11.6% double-digit growth



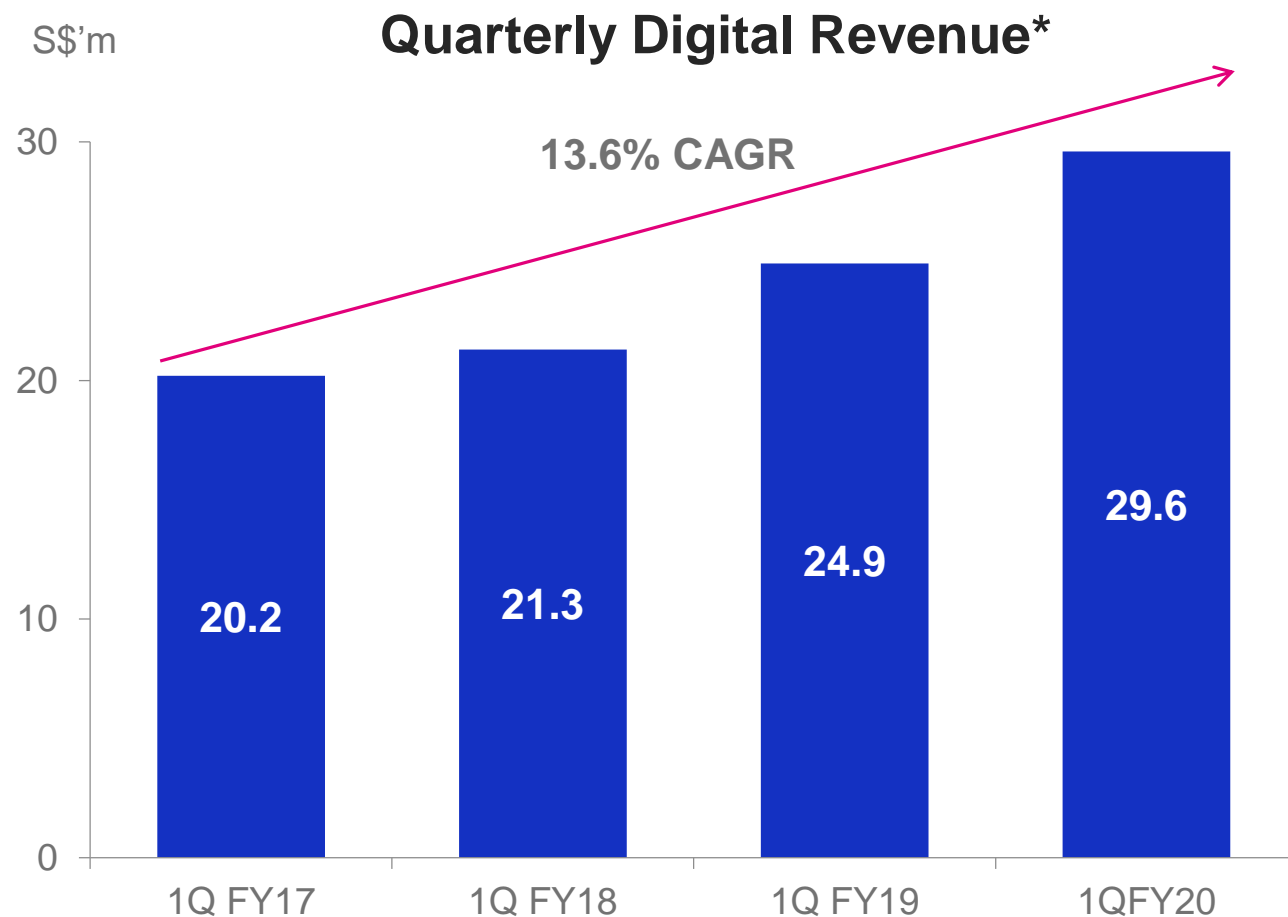
**Digital ad revenue shows an 11.6% CAGR since 1Q FY2018**

- Newspaper digital ad revenue growing steadily at 8.8% y-o-y
- 1Q FY20 5.9% growth q-o-q



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

# Faster rate of total digital revenue growth



## Faster digital revenue growth at 13.6% CAGR

- 1Q FY20's digital revenue grew 18.9% vs 1Q FY19



# Focusing on quality journalism, expansion abroad

## Leveraging Zaobao brand to build overseas audience

- Singapore-China forum in Nov 2019, first time held overseas, in Shanghai



## Radio listenership up\*

- Total listenership up 10%
- Share of audience up 13%



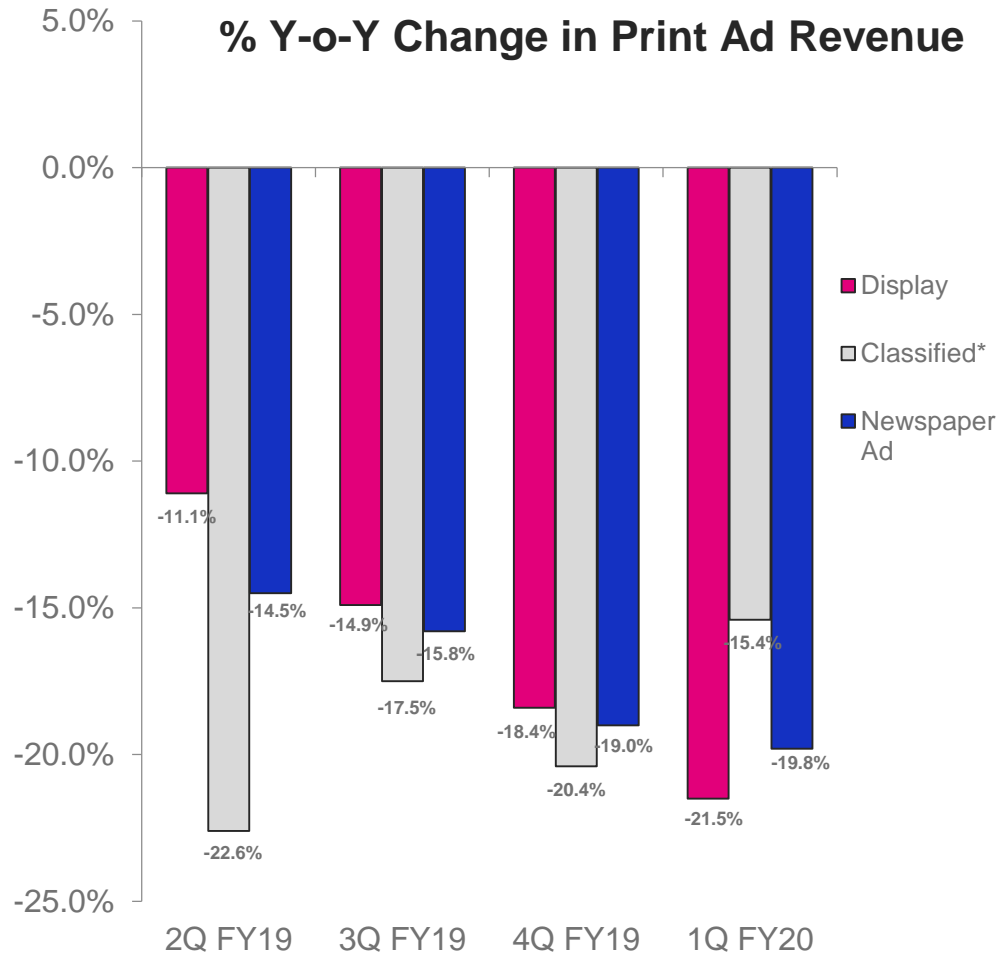
(\*Based on half yearly Nielsen Radio Diary Survey)

## Quality Journalism

- 7 awards at Asian Digital Media Awards 2019



# Innovating across traditional Media platforms



## Revamped ZB Classified

- Expanded options for advertisers e.g. editorial
- Overall Classified decline slowed to 15.4% y-o-y



## Expanding outdoor business

- Latest screen One Raffles Place offers largest digital ad inventory in Raffles Place
- Innovative campaign for Fiji Tourism Board at Ocean Financial Centre with 'happiness meter' to draw eyeballs



# Latest wins for the Digital portfolio

## Qoo10 merged with India's ShopClues in Nov 2019

- Access to fast-growing Indian market via ShopClues platform
- ShopClues is major online player, selling electronics and lifestyle items across India



## Target Media seals key HDB tender

- Won tender to supply 6k digital display screens to HDB estates by June 2020
- 75% increase in number of screens to 14k



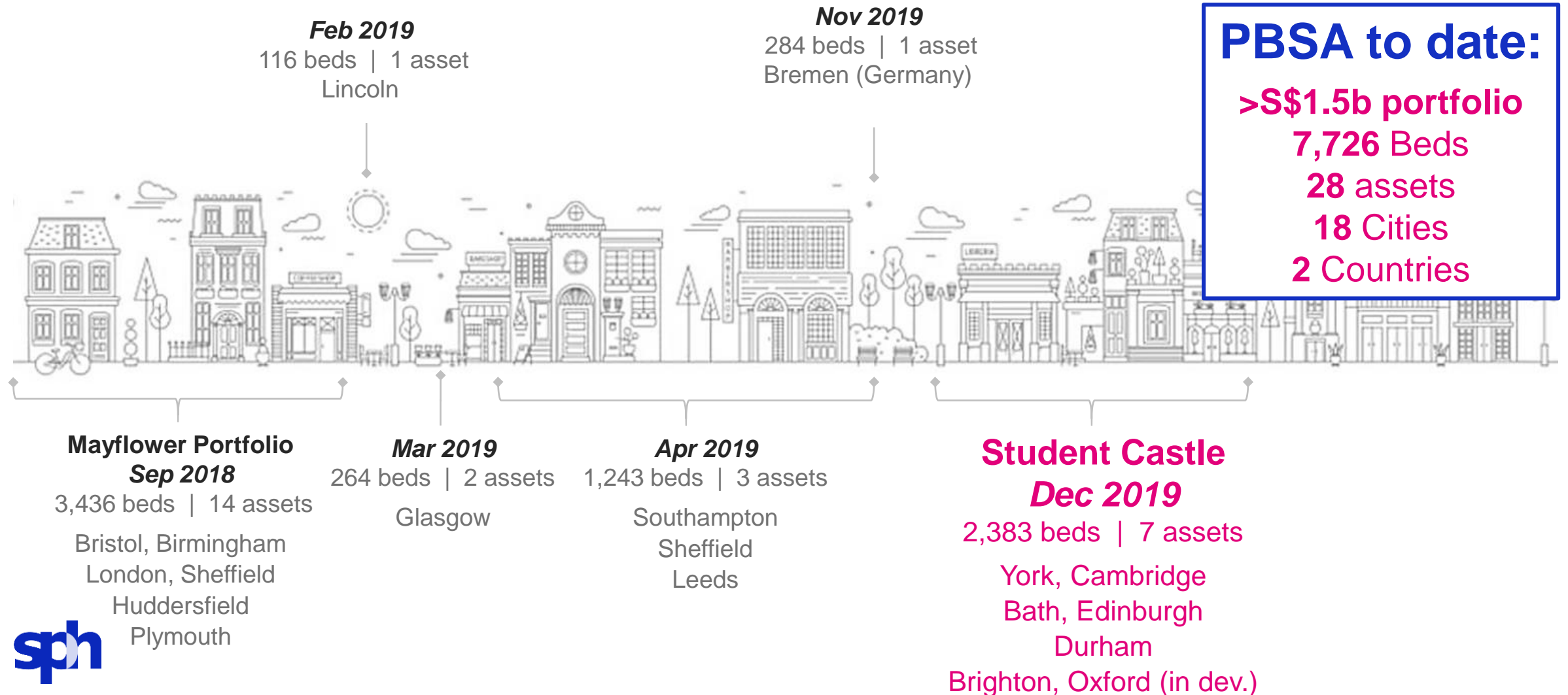
**Retail/  
PBSA**

sph



# Recurring income to get major boost with PBSA deal

## £448m Student Castle deal to add S\$22.6m PBT (proforma)





# Expanding portfolio in top university cities



**Oxford:**  
515 beds  
SBR: 1.4  
**Rank: 1**

- Oxford and Cambridge ranked globally No. 1 and No. 2 \*
- Oxford, Cambridge, Durham, Edinburgh, York in UK's top-ranked Russell Group of universities
- All freehold assets, with 100% occupancy rate<sup>@</sup>
- Healthy student-bed ratio



**Cambridge:**  
212 beds  
SBR: 1.3  
**Rank: 2**



**Edinburgh:**  
146 beds  
SBR: 2.6  
**Rank: 12<sup>1</sup>**



**Bath:**  
183 beds  
SBR: 2.6  
**National Rank: 33<sup>2</sup>**



**Durham:**  
473 beds  
SBR: 2.1  
**Rank: 5<sup>1</sup>**



**York:**  
648 beds  
SBR: 2.0  
**Rank: 21<sup>1</sup>**



**Brighton:**  
206 beds  
SBR: 3.8  
**National Rank: 61<sup>2</sup>**



\* The Times Higher Education World University Rankings

<sup>1</sup> The Complete University Guide, University League Tables, Russell Group

<sup>2</sup> CWUR World University Rankings

@ Oxford and Brighton are under development

# Gaining premium brand and operating capabilities



## Top of the range student brand a competitive advantage

- Premium features including ultra-fast wifi, 24/7 security, fully-equipped gym, bike storage
- Offering more options, to attract international and domestic students

## Full-suite operational capabilities for better efficiency and economies of scale

# Extending network significantly across UK



## Extends UK network significantly

- 84% of Student Castle beds are in top university cities, including Oxford and Cambridge
- Total portfolio has 62% of beds in towns with Russell Group universities
- 7,442 Beds, 27 assets across 17 UK cities

① Figure within the circle represents the number of assets in each city

\* Represents cities where Russell Group universities are located; Russell Group is a ranking of the top 24 UK universities

● Student Castle Portfolio

● Capitol Students Portfolio

# PBSA: Diversifying beyond UK into Germany



## Diversifying into Bremen, Germany with S\$23.4m freehold asset in Nov 2019

- Added 284 rooms
- Galileo Residenz at near-full occupancy over past 9 years
- Geographical diversification; Germany has one of largest student populations in Europe with >30% increase over the past decade

# Sustained expansion for SPH REIT



## Acquired 50% interest in Westfield Marion Shopping Centre in Adelaide for A\$670m

- Largest shopping centre in Adelaide and South Australia
- 99.3% occupancy, WALE of 6.7 years, attracts 13.5 million visitors annually
- Deal completed in Dec 2019

## Continue to seek opportunities in Asia-Pacific retail properties



# Aged Care

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# Improving efficiency; continued quality focus



Ramping up re-opened Changi Care Village



Outdoor area for rehabilitation

## Improving operational efficiency

- Higher revenue and income from higher average bill size and ancillary services; lower manpower costs
- Steady bed occupancy rate of around 80%\*

## Quality-focused with no notable care incidents reported

## Expanding at home and overseas

- Participating in Build-Own-Lease tenders in S'pore
- Evaluating overseas expansion opportunities

# Summary

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# Transforming Media, building new operating segments



## Media, Telco & Tech

- Boosting digital circulation with targeted campaigns
- Disciplined cost management
- Focused on quality journalism and innovation



## Retail / PBSA

- Doubled PBSA portfolio to >S\$1.5b
- Expanded SPH REIT to grow recurring income base



## Aged Care

- Improving operational efficiency
- Seeking opportunities overseas



Leveraging on Balance Sheet Strength; Improving Recurring Income

# Thank You

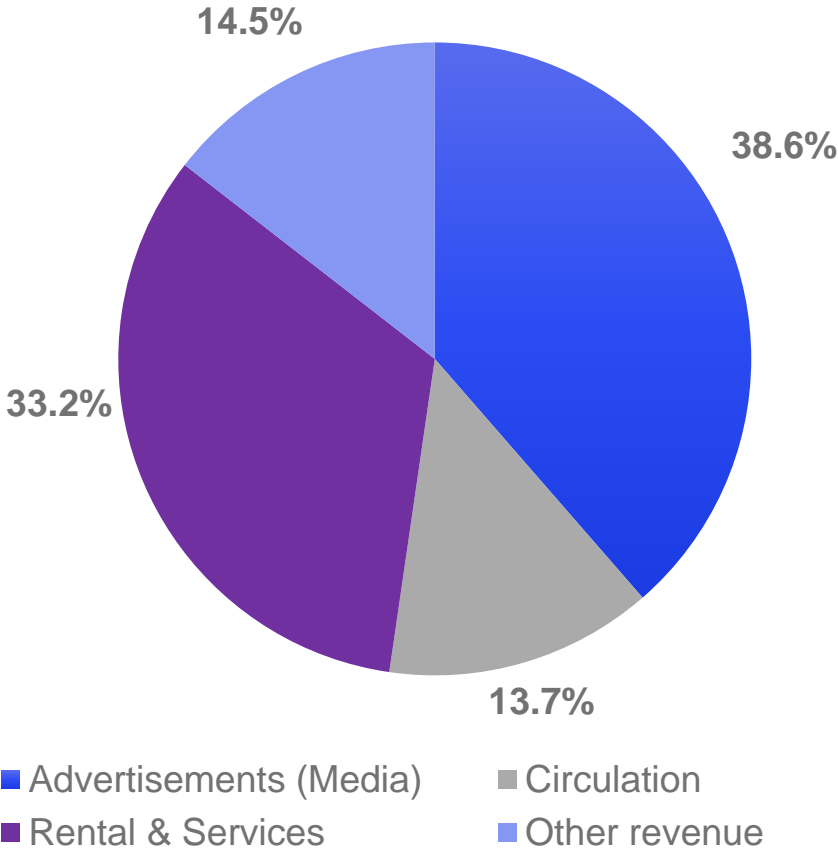
Visit [www.sph.com.sg](http://www.sph.com.sg) for more information



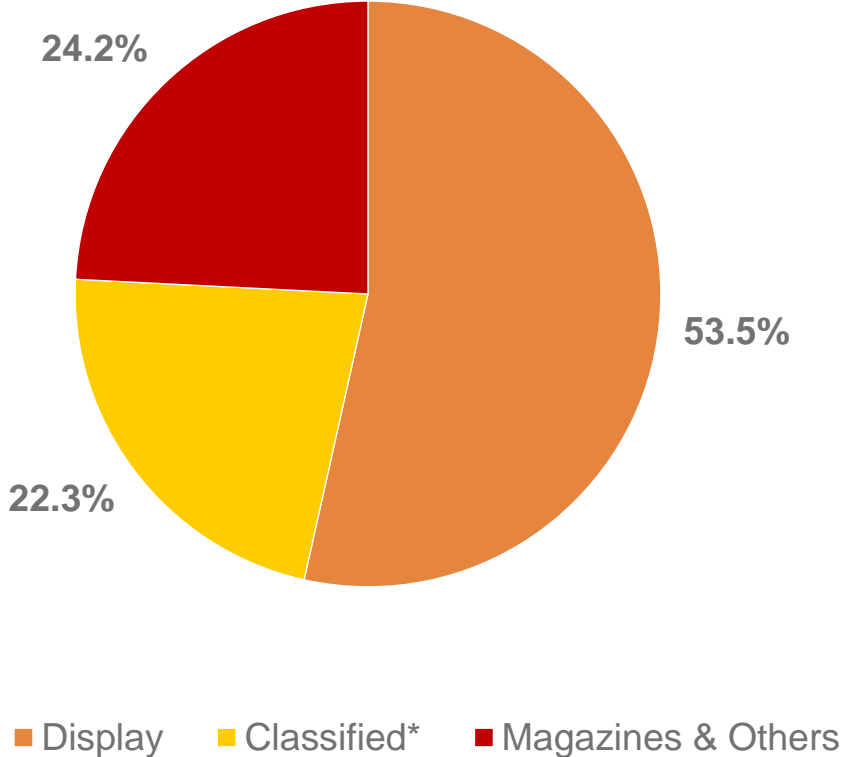
# Annexe

# Revenue Composition 1Q FY2020

Operating Revenue Composition (S\$244.0m)



Media Advertisement Revenue Composition (S\$94.4m)

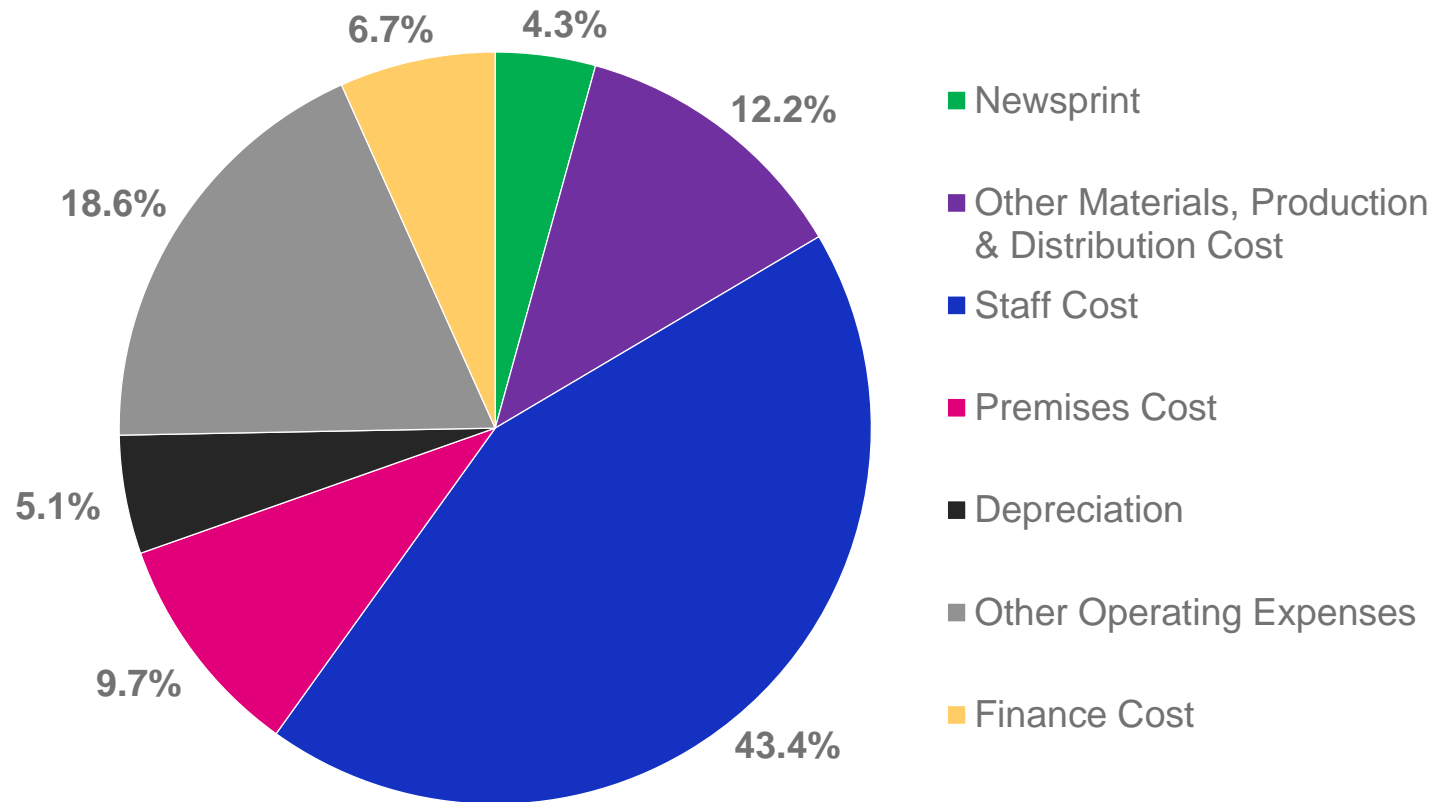


\* Classified includes Recruitment and Notices



# Operating Cost

1Q FY20 Operating Expenditure\* Cost Composition (S\$194.5m)



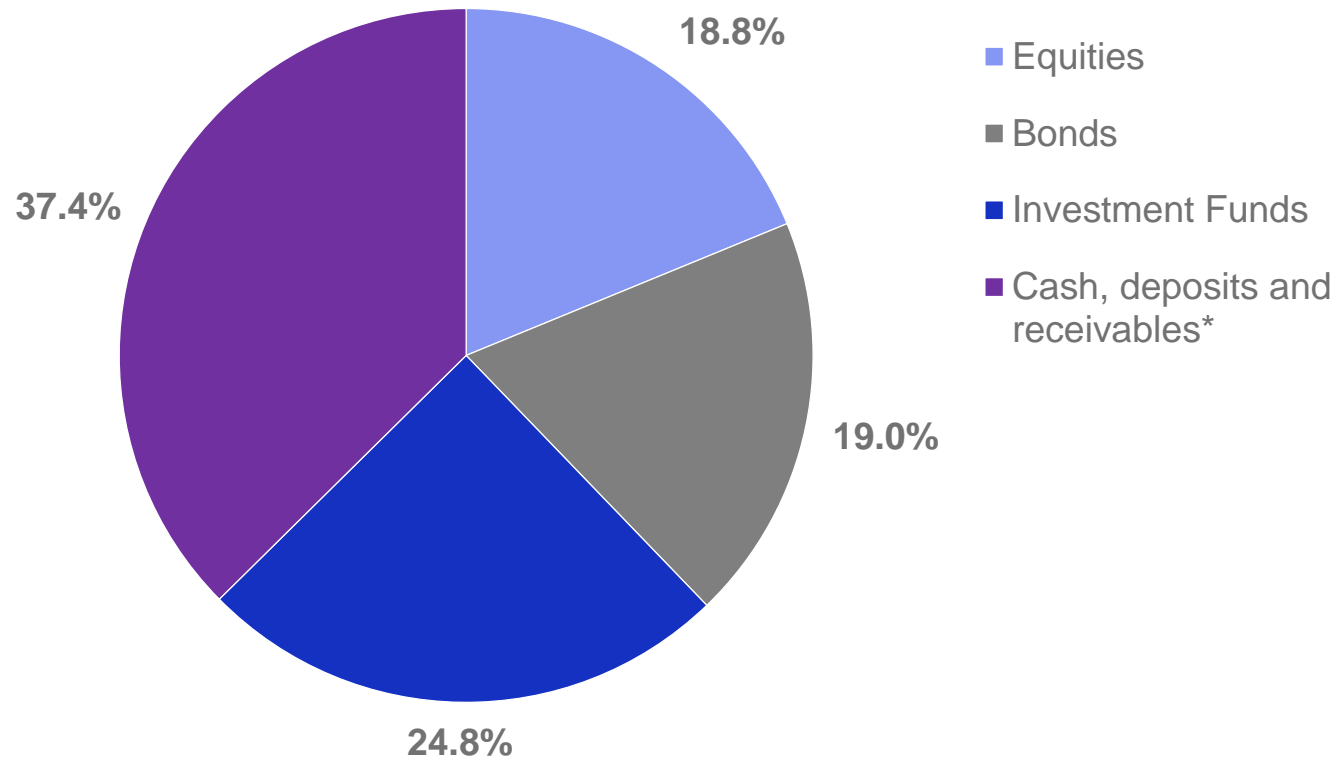
\* Excluding impairment charges



	S\$' m
Newsprint	↓ 2.8
Other Production costs	↓ 1.8
Staff Costs	↓ 2.1
Premises Costs	↓ 0.7
Depreciation	↑ 3.4
Other Operating Expenses	↑ 12.1
Finance costs	↑ 2.4

# Balance Sheet

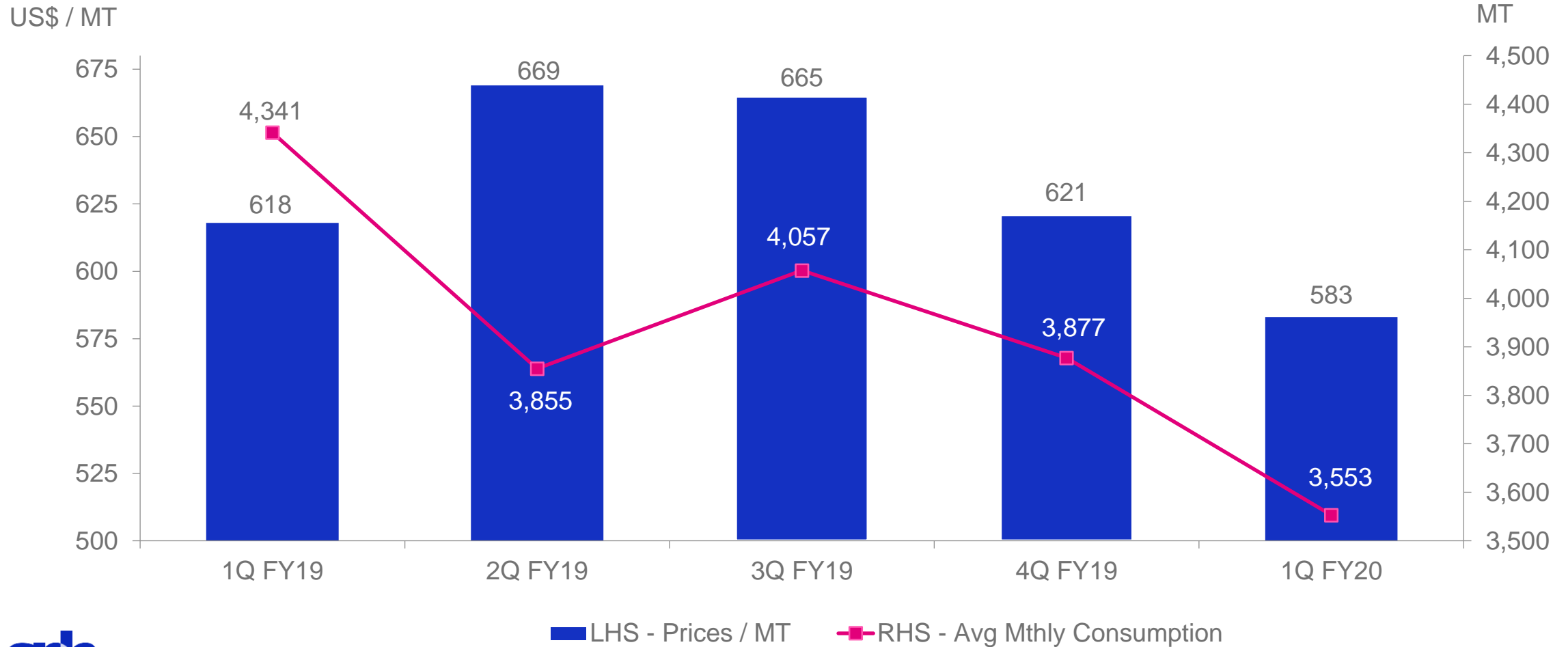
## Group Investible Fund (S\$879m) as at 30 Nov 2019



- Cash, deposits and receivables include part of the proceeds from S\$300m 4% Perpetual Securities issued in Nov 2019
- Bonds increased partly due to the purchase of short-term treasury bills using the proceeds from the Perpetual Securities

# Slowing consumption with switch to Digital

## Average Newsprint Charge-Out Price & Monthly Consumption



# Disciplined management of staff costs

	1Q FY20	1Q FY19	1Q FY18	% Change (1Q FY20 vs 1Q FY19)	% Change (1Q FY20 vs 1Q FY18)
Headcount as at end Nov	3,990	4,084	4,302	(2.3)	(7.3)
Staff Costs (S\$'000)	84,405	86,489	85,794	(2.4)	(1.6)



# Operating margin in line with lower revenue

