

SPH Corporate Presentation



Disclaimer

This presentation is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for shares in SPH (“**Shares**”). The value of shares and the income derived from them may fall as well as rise. Shares are not obligations of, deposits in, or guaranteed by, SPH or any of its affiliates. An investment in Shares is subject to investment risks, including the possible loss of the principal amount invested. The past performance of SPH is not necessarily indicative of its future performance. This presentation may also contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events. This presentation shall be read in conjunction with SPH’s financial results for the quarter ended **30 November 2019** in the SGXNET announcement.

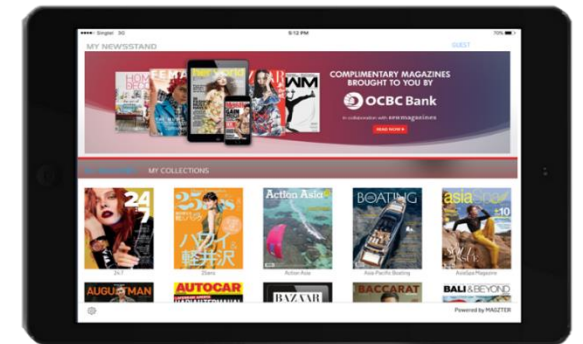
Outline

- **Introduction**
- **1Q FY2020 Key Highlights**
- **1Q FY2020 Financial Highlights**
- **Business Review**
 - **Media, Telecommunications, Technology**
 - **Property, Aged Care**
- **Summary**
- **Annexe**

Seizing opportunities for transformation

- **Asia's leading media organisation**

- Engaging minds and enriching lives across multiple languages and platforms since 1984
- Publishes newspapers, magazines and books in print and digital editions; also has online classifieds, radio stations and outdoor
- Investing in quality, award-winning journalism
- Innovating digitally to transform media business to meet readers and advertisers' changing needs; including platforms such as FastJobs, sgCarMart
- Together with Keppel Corp, acquired M1 Limited in April 2019 to leverage on synergies and explore new areas of growth
- Using technology to transform newsrooms, print efficiently and develop more digital content



Seizing opportunities for transformation

- **Expanding PBSA portfolio and retail assets**

- Investing in defensive, cash yielding assets to grow recurring income
- S\$1.5 billion Purpose Built Student Accommodation (PBSA) portfolio, comprising 7,726 beds in 28 assets across 18 Cities in UK and Germany
- 65.9% stake in SPH REIT
- 70% stake and operator of Seletar Mall
- Developing The Woodleigh Residences and The Woodleigh Mall together with Kajima Development



- **Leading player in Singapore's aged care market with overseas expansion**

- Orange Valley (OV) Nursing Homes, Singapore's largest private elderly nursing operator with five nursing homes, over 900 beds
- Partnership with Bridge C Capital to expand Aged Care business in Japan



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 [#] | 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) |
| Net profit attributable to shareholders | 46,333 | 55,929 | (17.2) |

Operating revenue down due to media decline, mitigated by higher revenue from property

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 Property

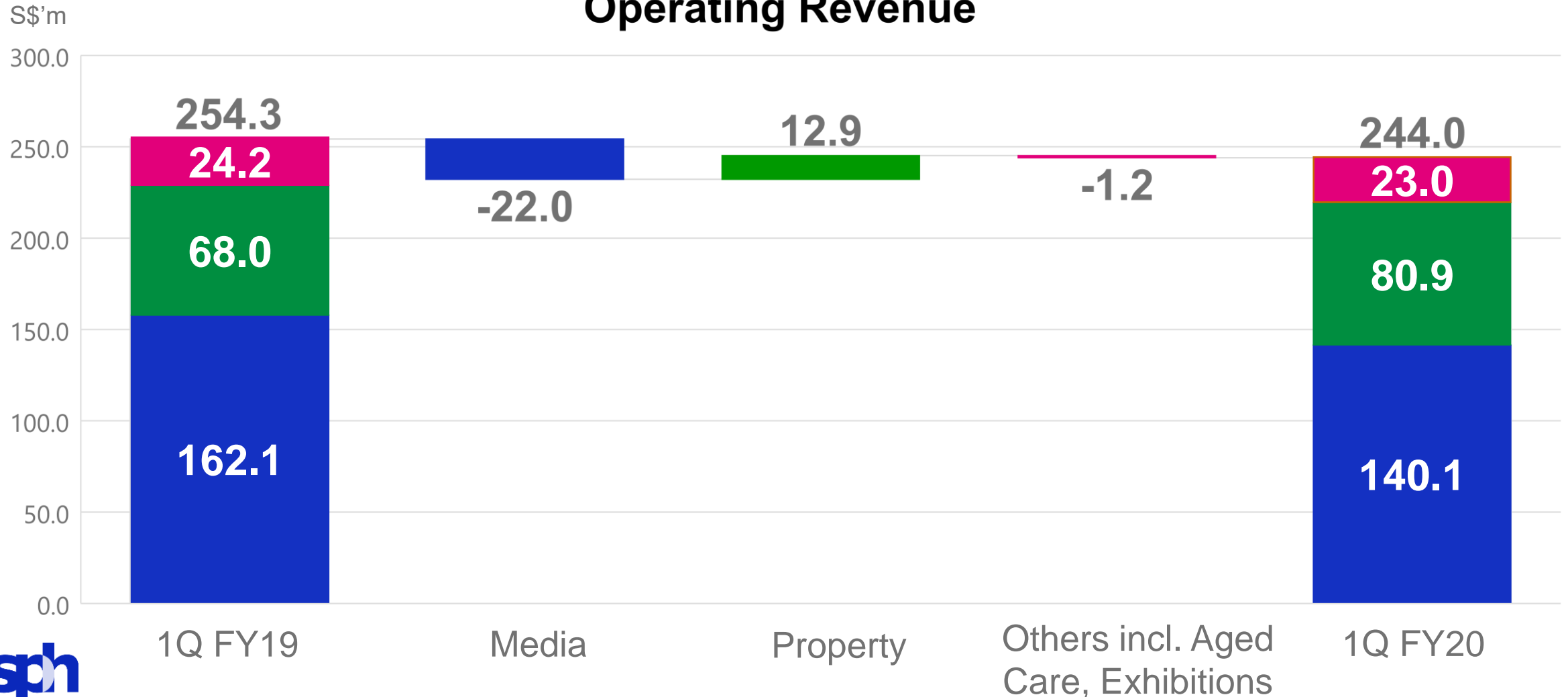


[#] This represents the recurring earnings of the media, property and other businesses.
 NM: Not Meaningful

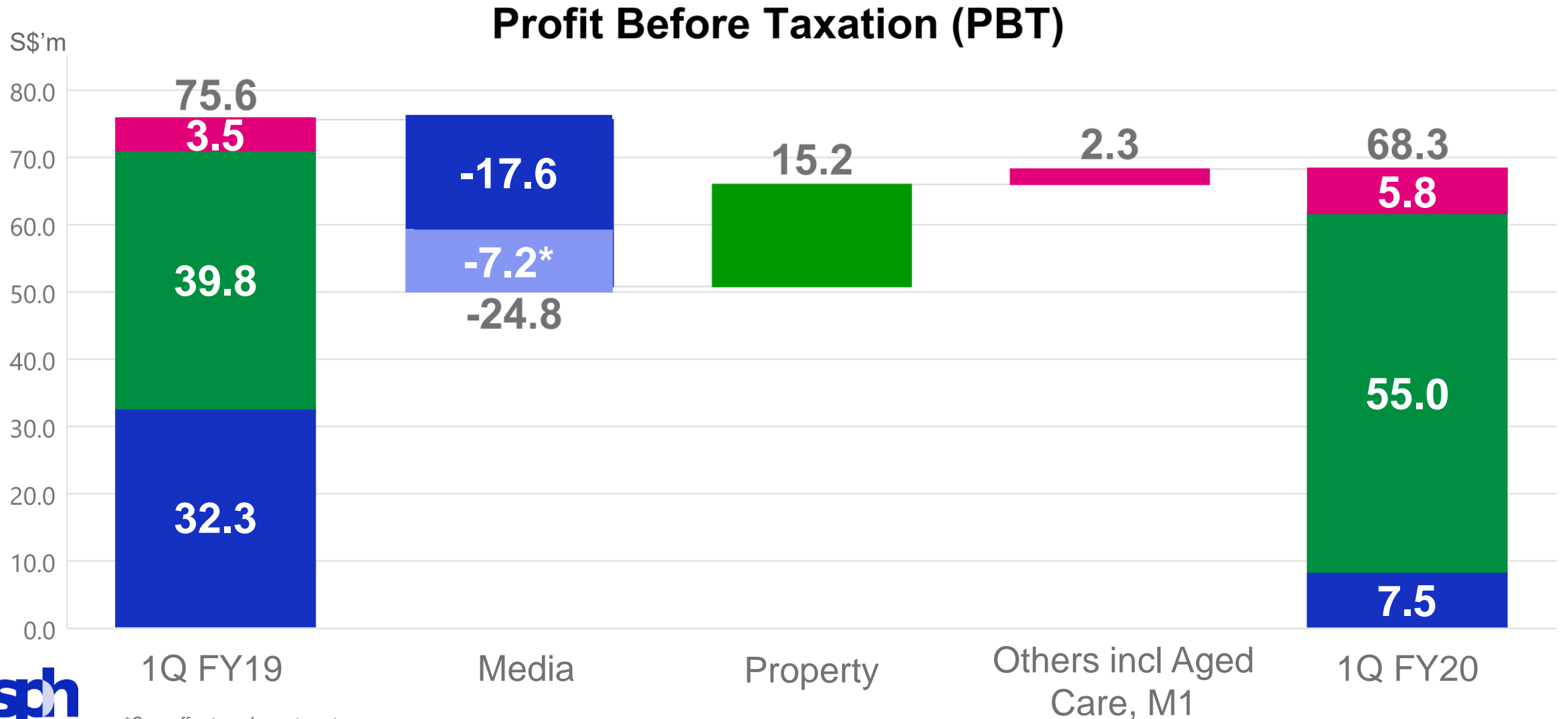
Property revenue up 19%

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

Operating Revenue



Property PBT mitigating Media decline



Media

Telecommunications
Technology

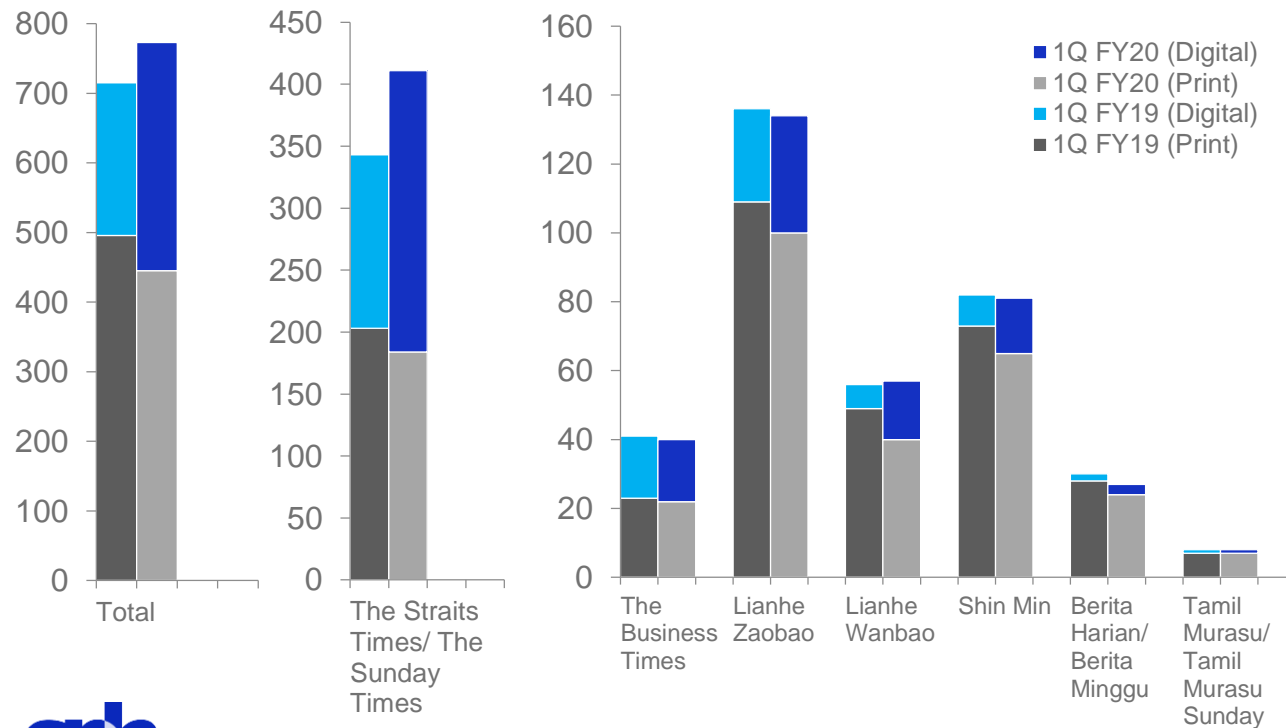
sph



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

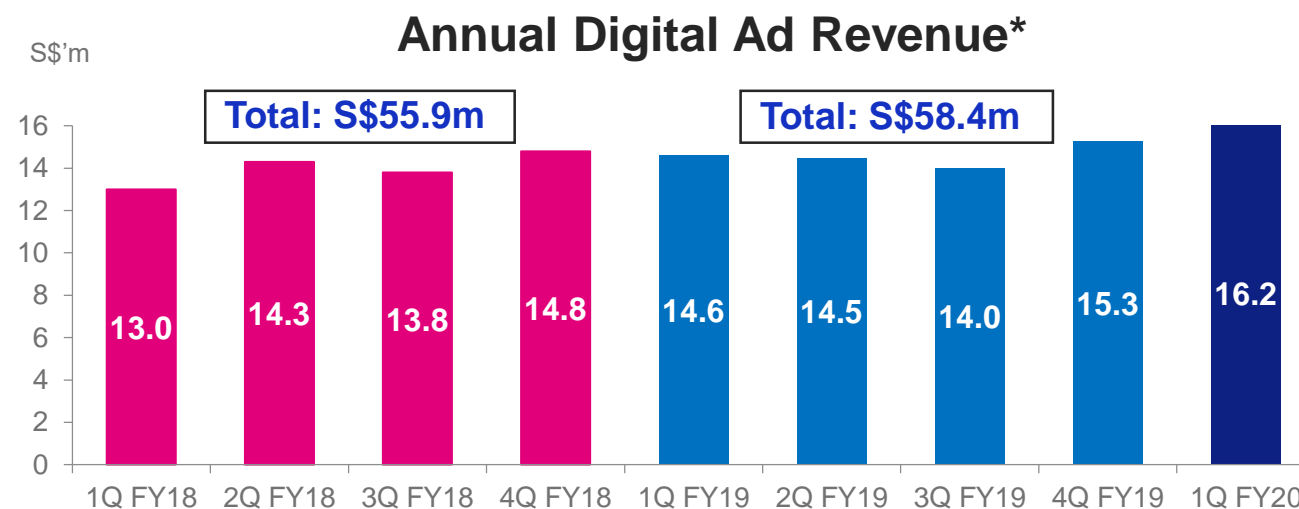
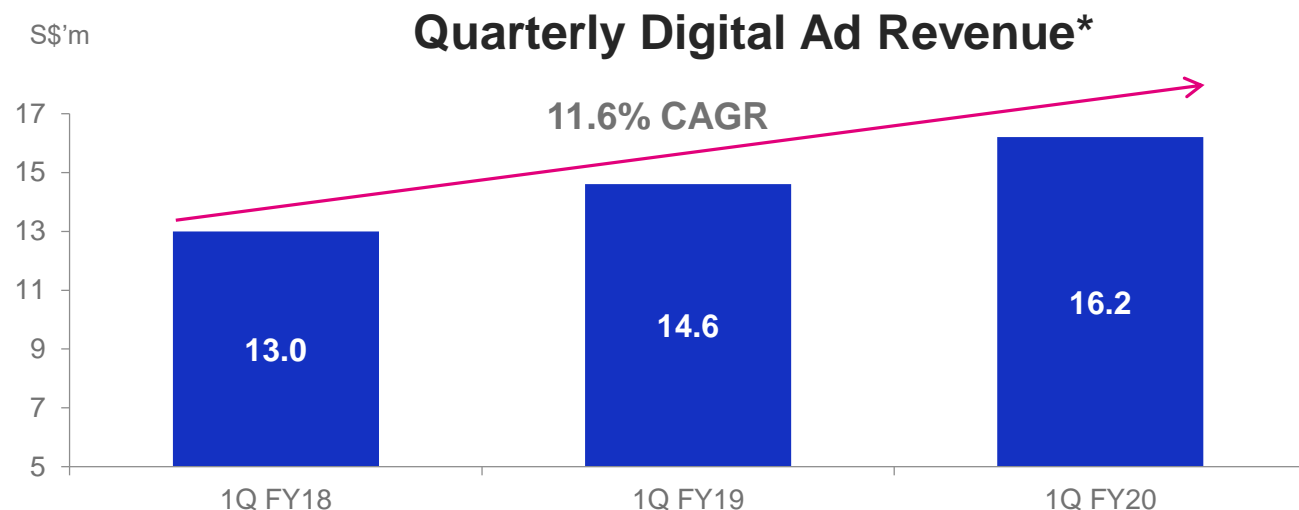
- 5.2k+ units snapped up as at 7 Jan
- Follows on from success of Zaobao and Berita Harian
 - 12.2k subscribers for ZB news tablets by 7 Jan, 75% are new
 - 1.3k subscribers for BH news tablets by 7 Jan, 86% are new

Customised features for The Straits Times News Tablet

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

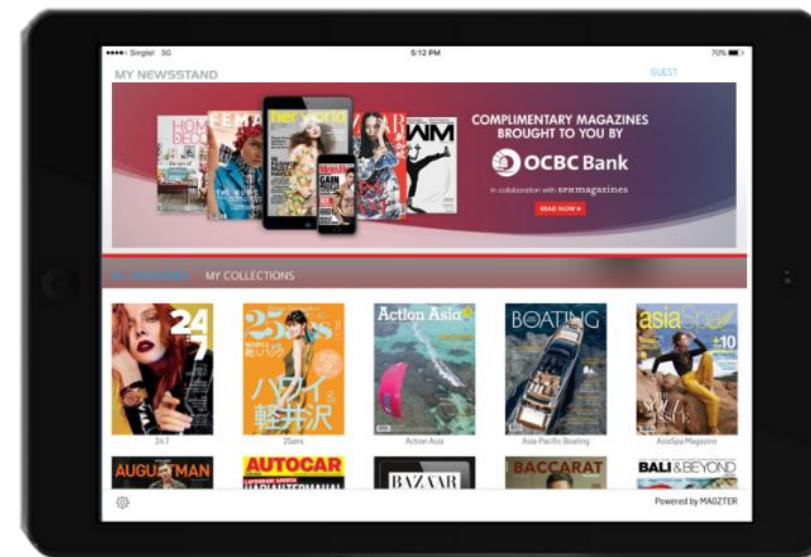
PHOTO: KEVIN LIM STRAITS TIMES GRAPHICS

Digital Ad rev hits 11.6% double-digit growth

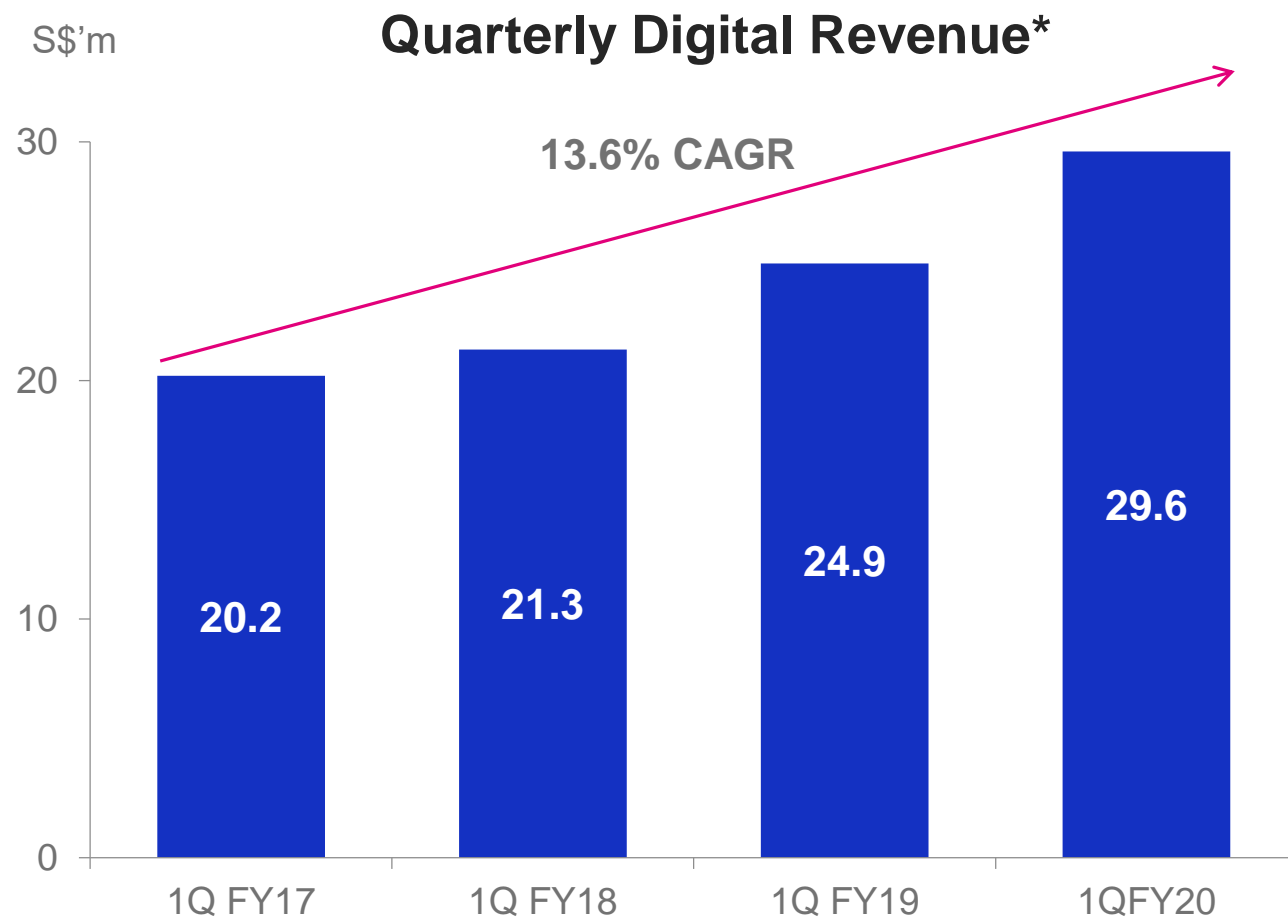


Digital ad revenue shows an 11.6% CAGR since 1Q FY2018

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



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%



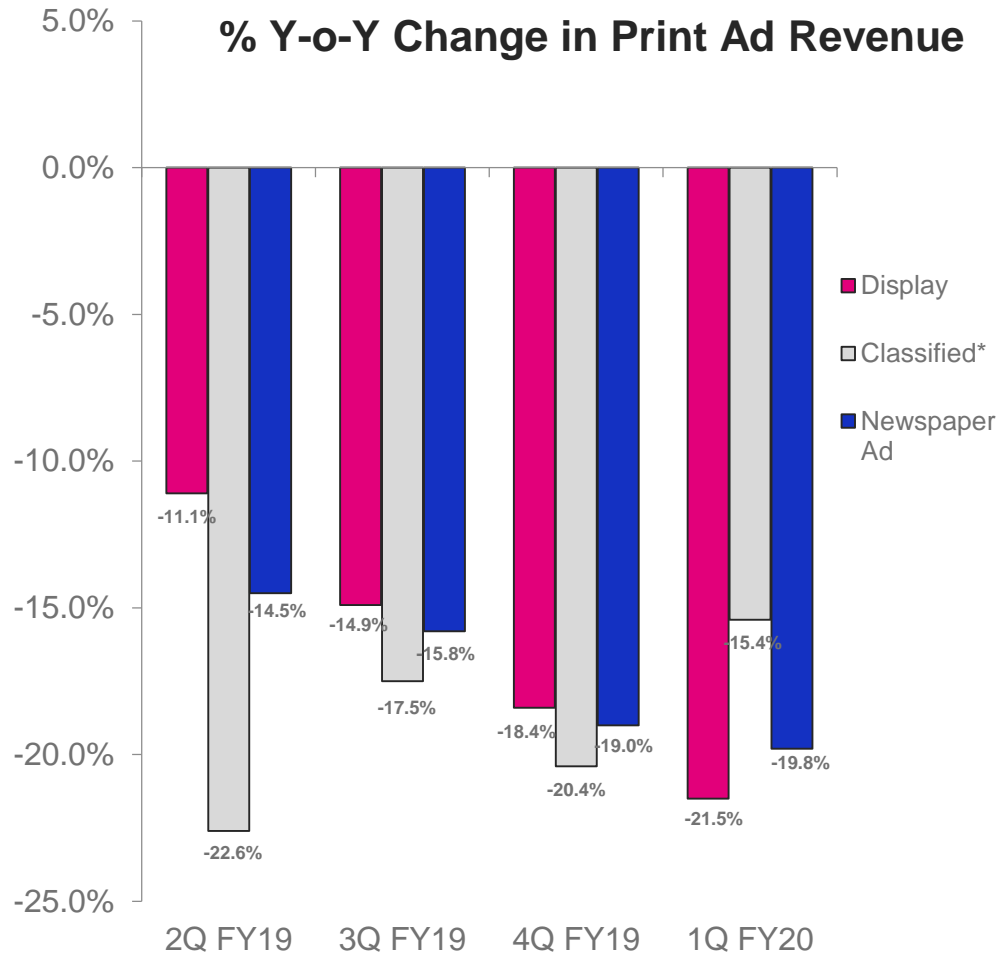
(*Based on half yearly Nielsen Radio Diary Survey)

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



Property

sph



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



Westfield Marion
(50%)
A\$670m



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



Woodleigh Mall and Residences
(50%)
S\$400m



German Student Accommodation
(100%)
S\$23.4m



UK Student Accommodation
(100%)
>S\$1.5b

SPH REIT

- Sustained expansion
- Explore opportunities in Asia-Pacific

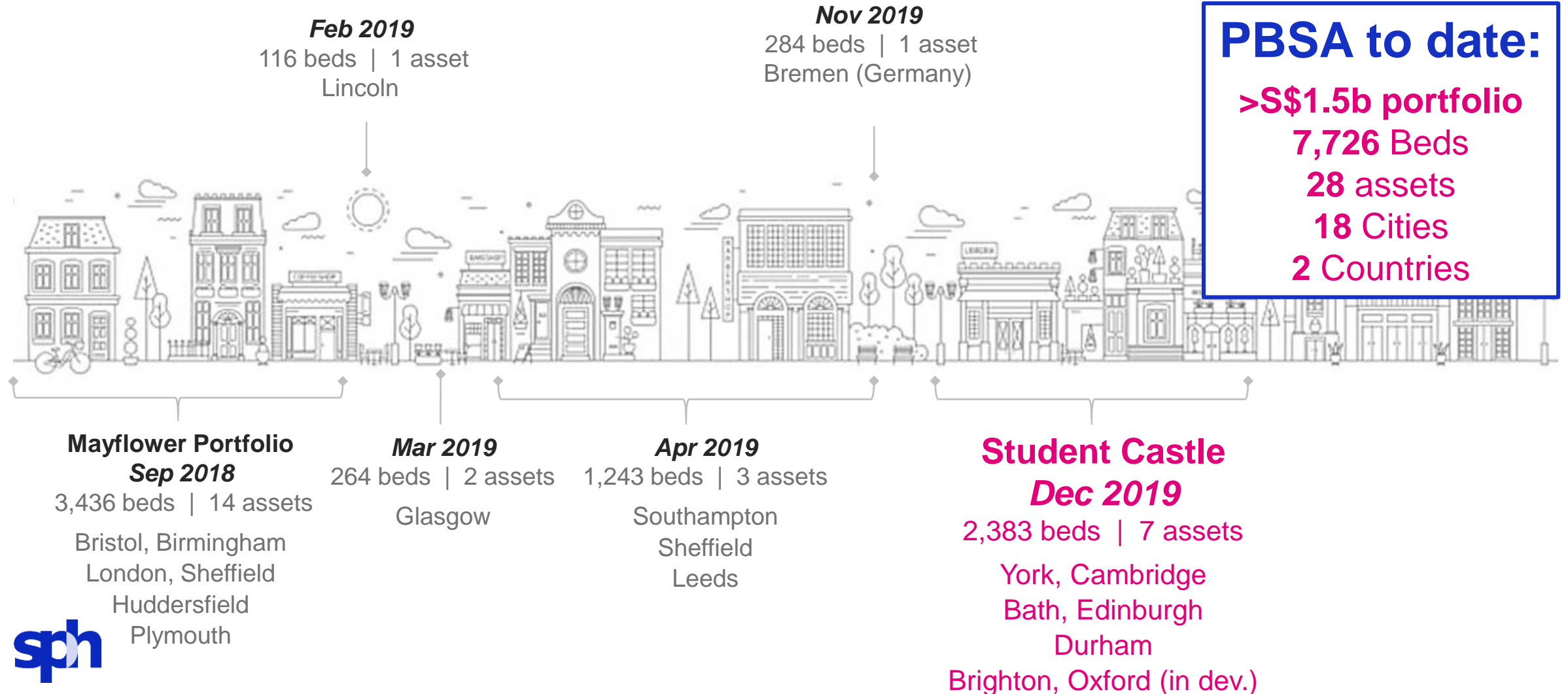
PBSA

- Growth of portfolio
- Gained premium brand
- Developing operating capabilities

Continue seeking out cash-yielding investments in defensive sectors to grow recurring income base

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[@]
- Healthy student-bed ratio



Cambridge:
212 beds
SBR: 1.3
Rank: 2



Edinburgh:
146 beds
SBR: 2.6
Rank: 12¹



Bath:
183 beds
SBR: 2.6
National Rank: 33²



Durham:
473 beds
SBR: 2.1
Rank: 5¹



York:
648 beds
SBR: 2.0
Rank: 21¹



Brighton:
206 beds
SBR: 3.8
National Rank: 61²



* The Times Higher Education World University Rankings

¹ The Complete University Guide, University League Tables, Russell Group

² 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 PBSA 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

sph



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

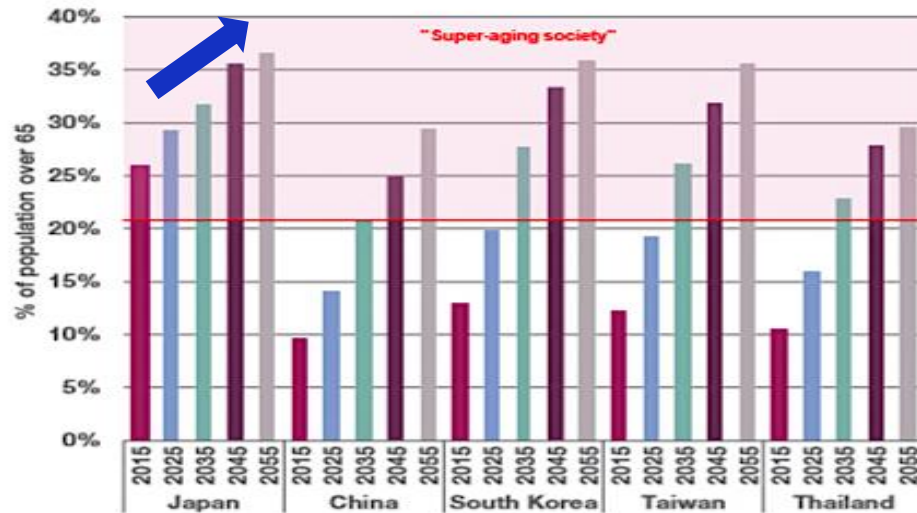
Expanding at home and overseas

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

* Excluding Changi Care Village which recently re-opened

Building a portfolio of Aged Care assets outside 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

Senior living assets are cash-yielding, defensive in nature:

Japan

- Partnered Japanese asset manager Bridge C Capital in Oct 2019 as on-ground partner
- Fund structure offers potential for fee income

Other developed markets

- Low interest rates
- Relatively lower regulatory risk
- Attractive market fundamentals

Summary

sph



Transforming Media, building new operating segments



Media, Telco & Tech

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



Property

- 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

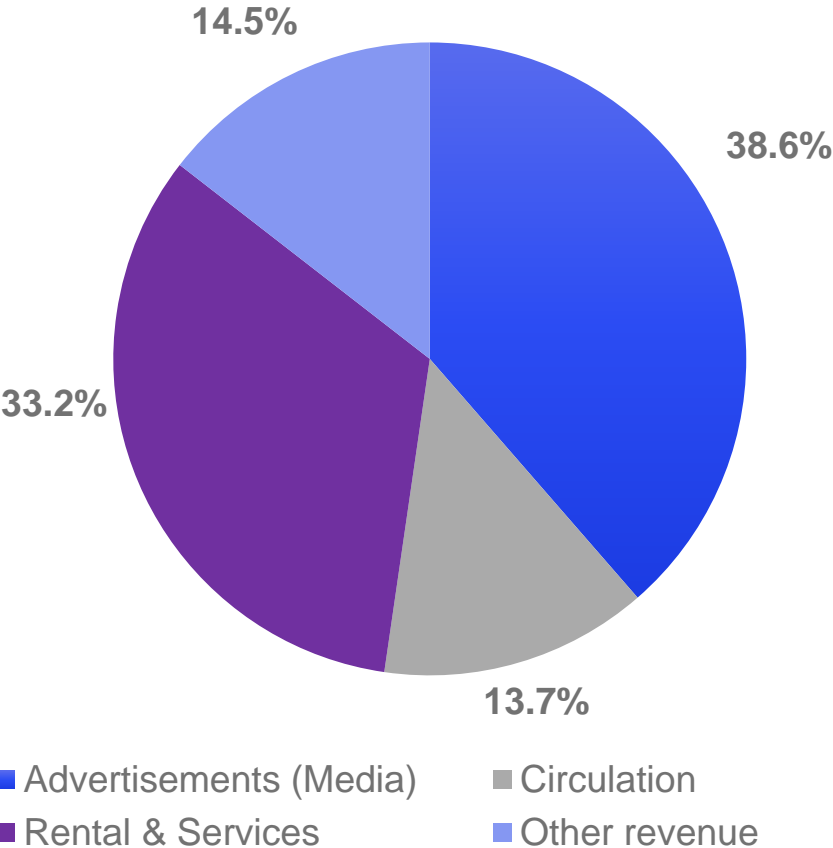
Visit www.sph.com.sg for more information



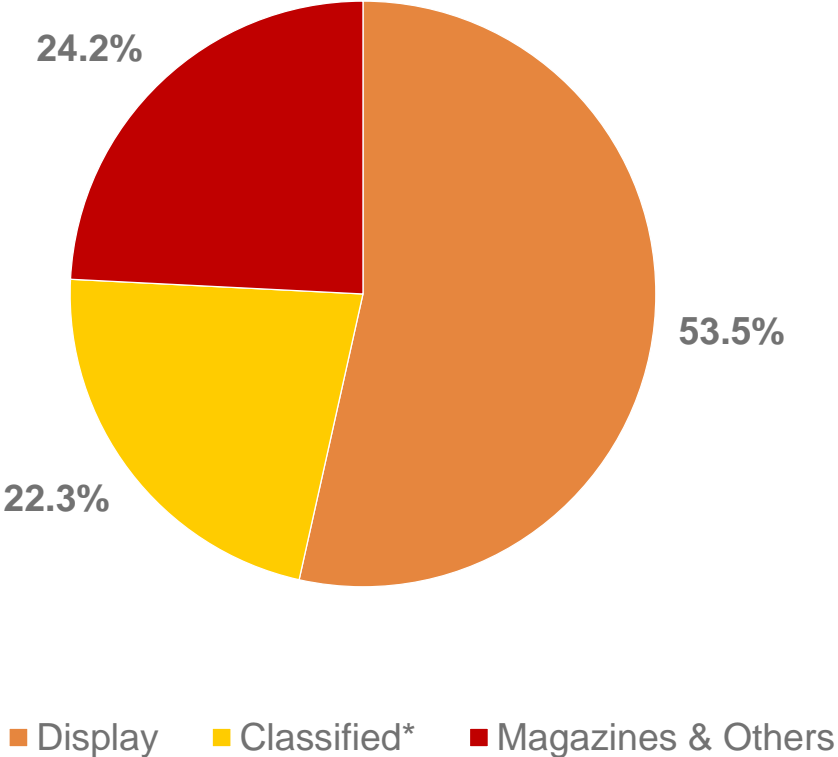
Annexe

Revenue Composition 1Q FY2020

Operating Revenue Composition (S\$244.0m)



Media Advertisement Revenue Composition (S\$94.4m)

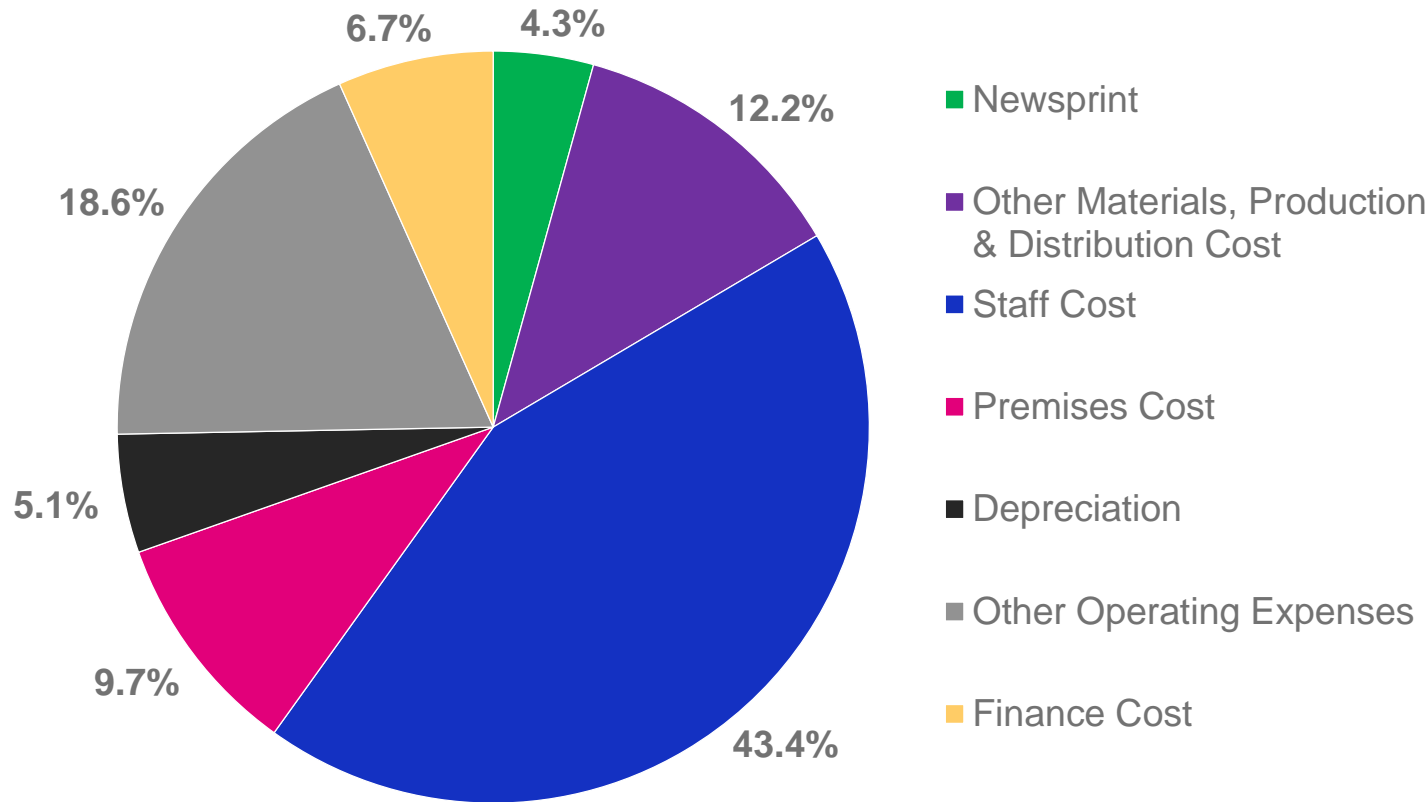


* Classified includes Recruitment and Notices



Operating Cost

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



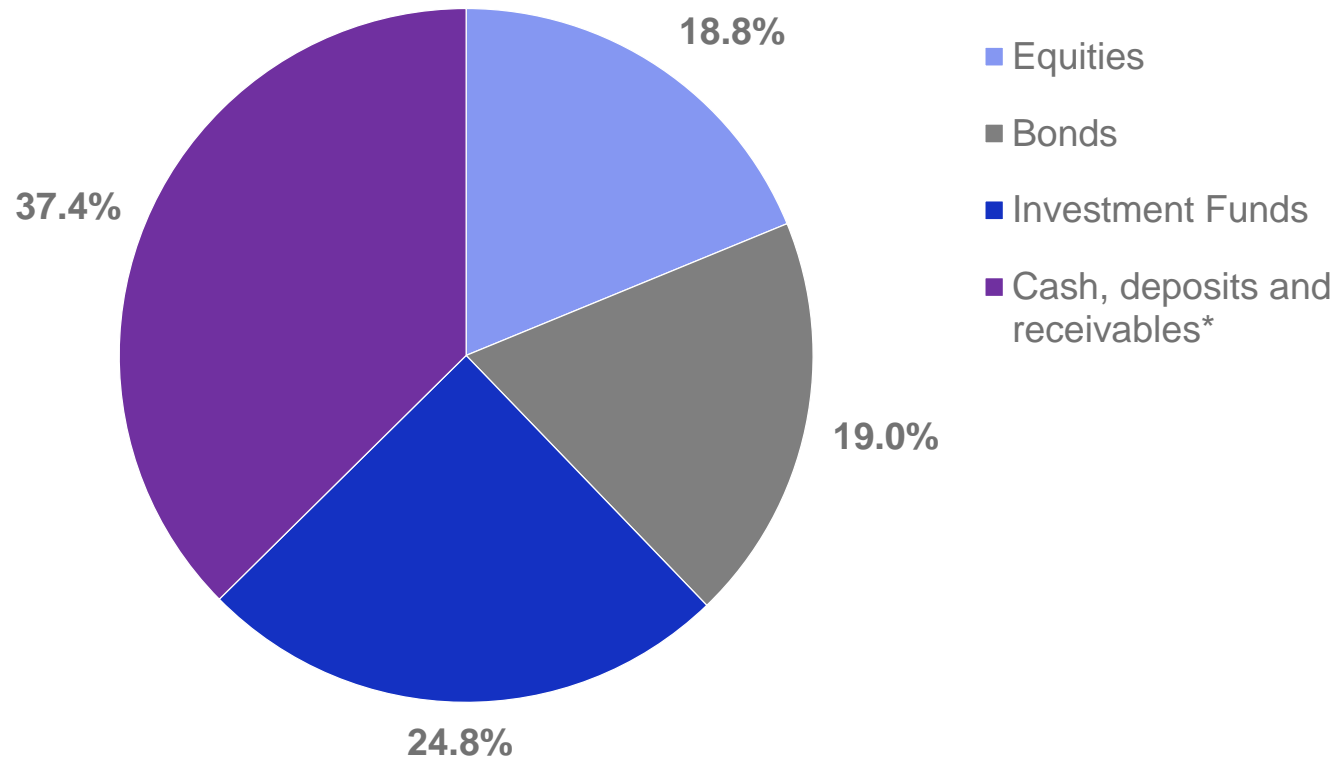
* Excluding impairment charges



| | 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

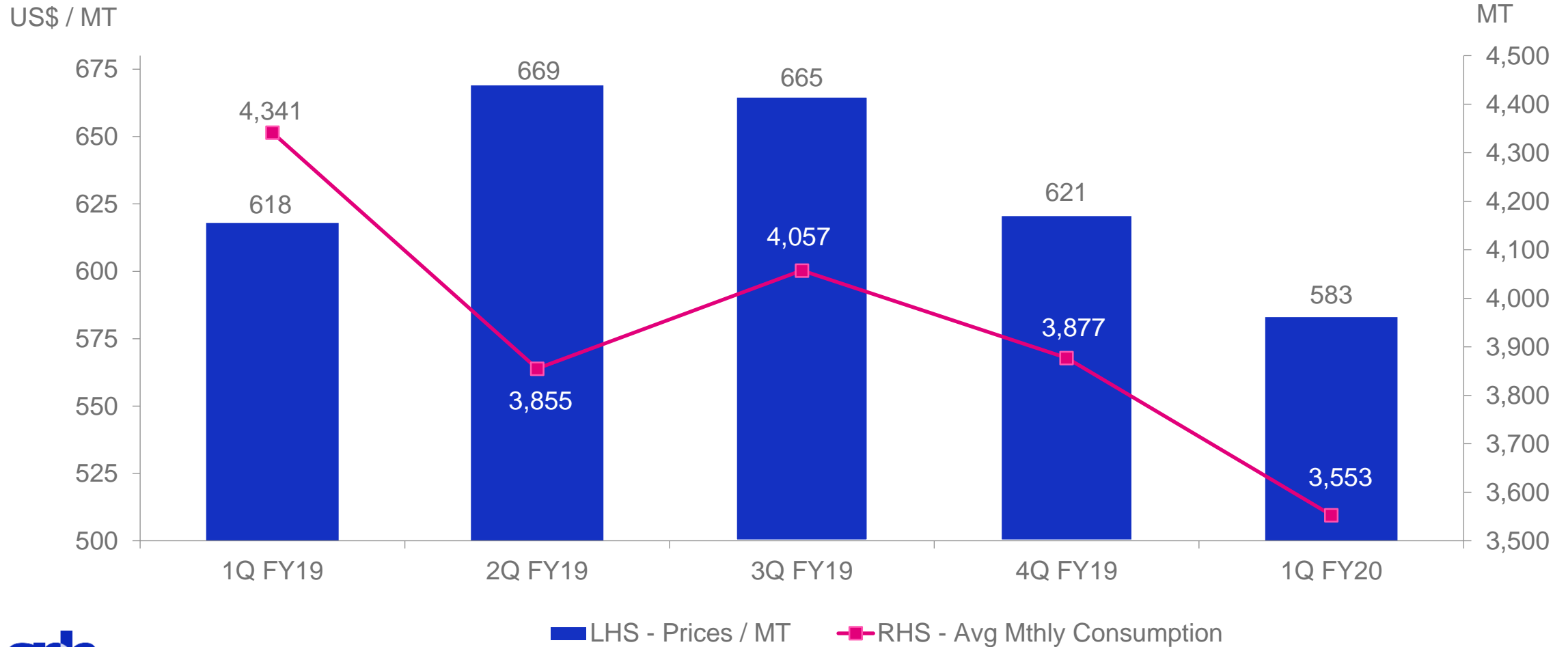
Group Investible Fund (S\$879m) as at 30 Nov 2019



- 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

