



# FINANCIAL RESULTS

## 1H FY19

9 April 2019

Singapore Press Holdings Limited

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# 1H FY19 Financial Highlights

	1H FY19 S\$'000	1H FY18 S\$'000	Change %
Operating revenue	477,643	492,457	(3.0)
Operating expenses	(365,276)	(387,015)	(5.6)
Operating profit <sup>#</sup>	121,303	120,565	0.6
Profit after taxation	99,598	120,592	(17.4)
<b>Net profit attributable to shareholders</b>	<b>85,614</b>	<b>100,397</b>	<b>(14.7)</b>

<sup>#</sup> This represents the recurring earnings of the media, property and other businesses.

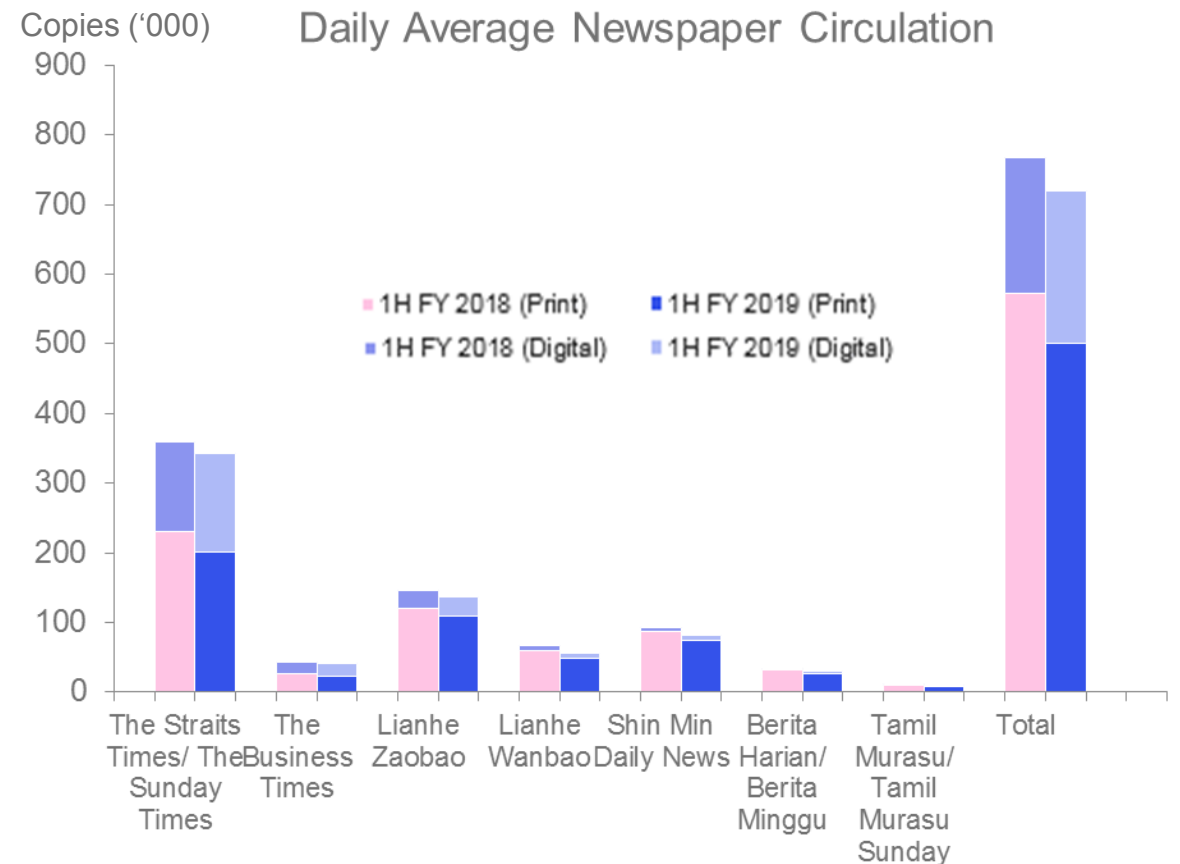
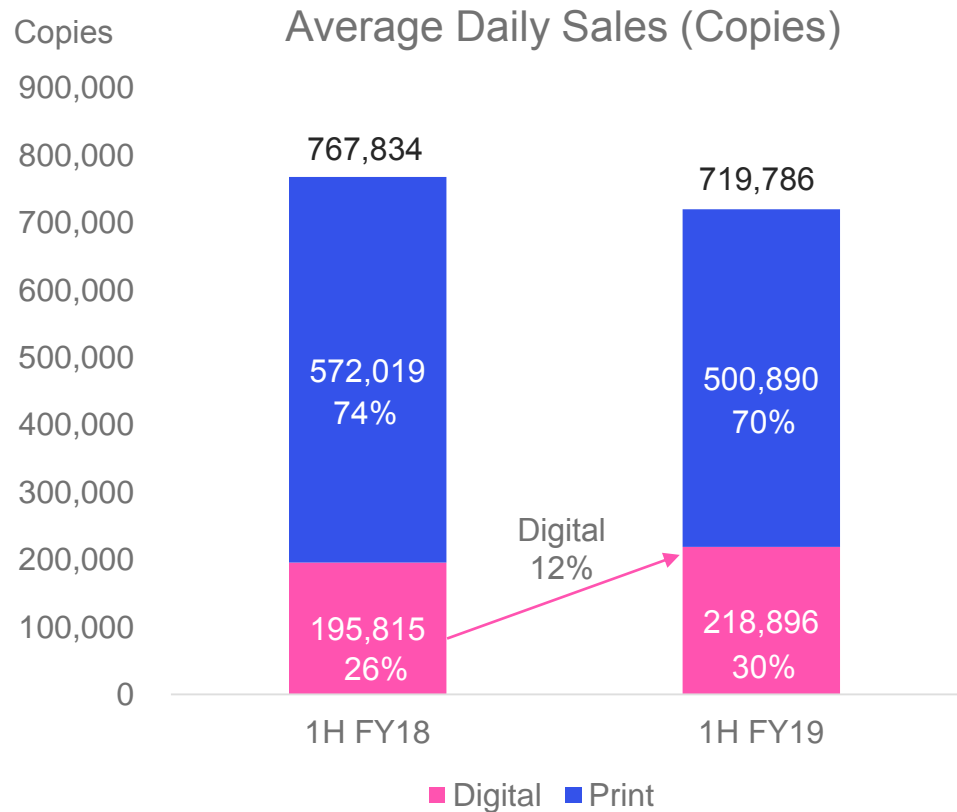
## Flat operating profit despite marginal decline in operating revenue

- **Media**
  - Digital revenue growing steadily
  - Decline in print continues to slow
- **Property**
  - UK PBSA added 380 beds with 2 transactions
  - SPH REIT made first overseas foray in Australia
  - Recycling of capital from Treasury & Investment portfolio to increase recurring income over time
- **Digital**
  - Completed M1 transaction
- **Aged Care**
  - Winning service awards
  - Exploring local and overseas expansion

# Media: Segment challenged; digital circulation rises

Digital newspaper circulation improved by 23k (12%) <sup>1</sup>

Overall circulation declined 6.2%

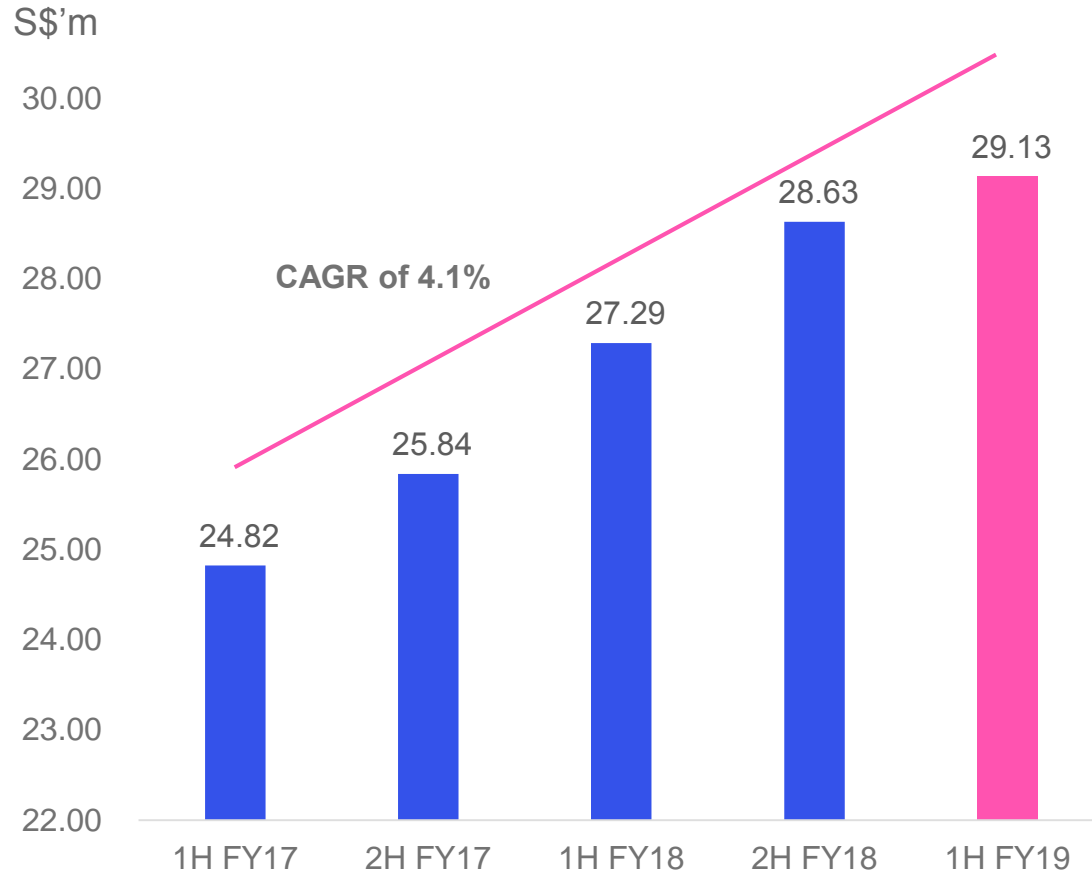


Note:

1. Excluded 170,562 (1H FY18) digital copies provided to Sin Chew as barter agreement has ended.

# Media: Digital Ad Revenue grew 6.7% y-o-y

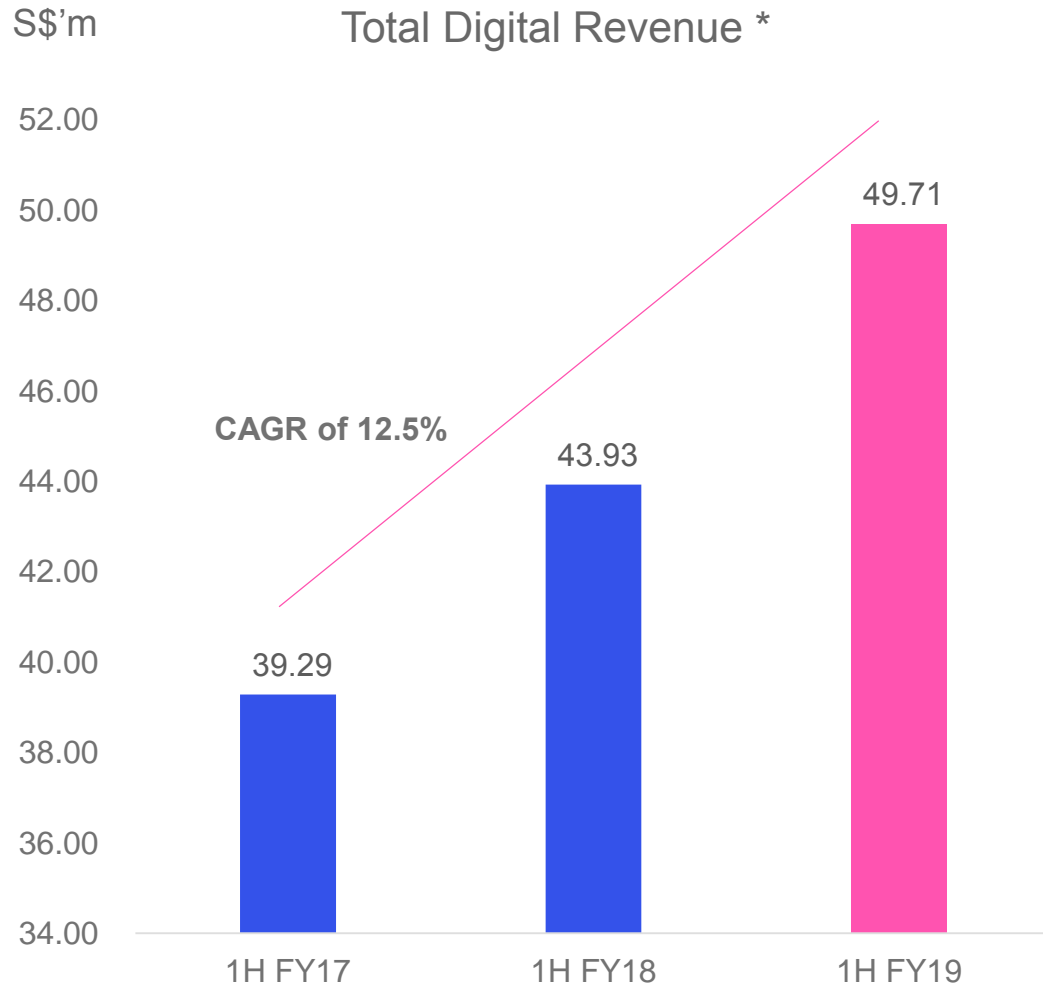
Digital Ad Revenue \*



- Newspaper digital ads rose 15%
- Online classified, mainly FastJobs, improved 13% y-o-y



# Total Digital Revenue grew steadily at 12.5% CAGR



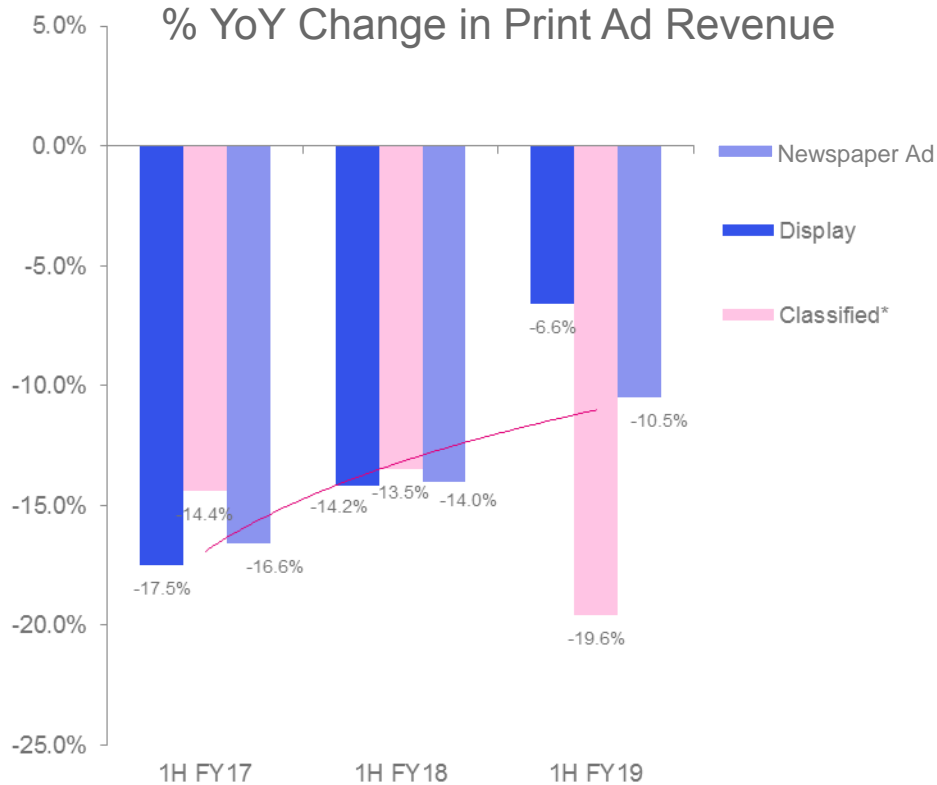
Overall, digital revenue increased 13.1% in 1H FY19 vs 1H FY18

Strong contribution from:

- Newspaper (ads and circulation)
- SgCarMart

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

# Newspaper Print display ad revenue decline tapering



\*Classified includes Recruitment and Notices



Black Friday advertisement by Robinsons in The Straits Times

- Display ad revenue decline more than halved to single-digit
- Shift in advertiser spending pattern to 1Q FY19 with strong advertising spend during Black Friday and pre-Christmas
- Weak 2Q FY19 partly due to early Chinese New Year
- Print classified remains challenged

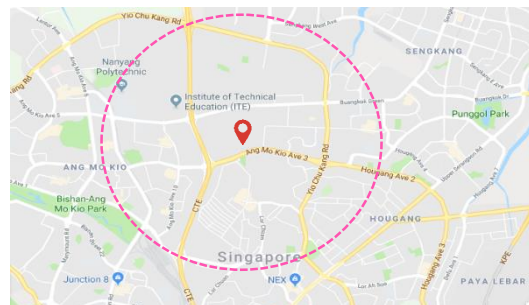
# Media: Innovation in print

## Harnessing physical distribution



### “Concentrated circulation” ad campaign for Gain City

- 30,000 out of 120,000 daily copies of TNP concentrated at HDB 4-room flats and larger within a 5km radius
- Footfall went up 600% over next 3 days, sales surged threefold
- Strong interest in similar campaigns by other retailers



Est 5km radius

Gain city in Ang Mo Kio

## Rejuvenating print format digitally



- 2-year News Tablet subscription package, 2,000 sign-ups within two weeks
- Pre-loaded e-paper version of Lianhe Zaobao, Lianhe Wanbao and Shin Min Daily News, with seamless auto-login feature
- Powered by Samsung Knox Device Management, the tablet can be configured remotely
- Option to add new features to our digital format



# Media: Engaging an overseas audience with quality content

## Engaging an overseas audience

THE BUSINESS TIMES

ASEAN BUSINESS

MARKETS

GUIDES

TRENDING

KEY CONTACTS

### ASEAN BUSINESS

ASEAN **BUSINESS** is the go-to portal for up-to-date business guides, information, and resources for all businesses and investors with an interest in ASEAN.

Digital Economy • Infrastructure • Economy • Government • Companies • Startups • Energy • Services • Trade

## ECONOMY

China demand for palm oil to pick up: analysts  
MALAYSIA / ECONOMY

ANZ trims Thai GDP hopes, on soft exports  
ECONOMY / THAILAND

Asean to continue their domestic reflation policies: DBS  
ASEAN / ECONOMY

- Web portals BT Garage, BT ASEAN focus on startups and ASEAN news
- Meeting market demand for news, analysis on fast-growing businesses and ASEAN
- Tapping growth in ASEAN economy and young demographic

# Property: Driving growth & recurring income, overseas

## SPH REIT



**Paragon**  
S\$2.72b



**Clementi Mall**  
S\$586m



**The Rail Mall**  
S\$63.3m



**Figtree Grove**  
(85%)  
A\$175m



**The Seletar Mall**  
(70%)  
S\$342m



**Chinatown Point**  
(30.68%)  
S\$146m



**Woodleigh Mall**  
(50%)  
S\$400m



**UK Student Accommodation**  
(100%)  
S\$369m Post 1H FY19

Property is 2/3 of SPH's PBT, the largest profit segment

- Acquisition of Figtree Grove (A\$206m) in Australia by SPH REIT
- UK Student Accommodation portfolio added 380 beds with 2 new acquisitions; total capacity now 3,816 beds
- Total recurring income in 1H FY19 increased by S\$4.9m to S\$83.2m
- To continue steady growth strategy with more overseas acquisitions, by both SPH and SPH REIT
- May consider new sectors with defensive attributes in line with SPH's operating business segments

# Property: Priming Woodleigh Residences & Mall for launch



- Premium integrated development, centrepiece of Bidadari estate
- Directly connected to Singapore's first underground air-conditioned bus interchange and Woodleigh MRT
- Offering value and unique selling points to discerning buyers
- Official launch targeted by end May 2019

# Property: Reaching scale in UK PBSA

**S\$369m AUM, 3,816 beds and  
17 assets in 8 cities**



- **Building portfolio to sizeable platform**
- **Operationalising asset management and property management capability under Capitol Students' brand**
  - 5-member UK team, 8-member Singapore core team with > 100 employees
  - Centralised marketing & sales office including China
  - Strong online millennial-friendly presence
  - Community portal supported with backend business process and booking systems in place by AY 2019/2020

# Property: Continuing to build the portfolio

## St Marks



- Added 116 beds in February 2019
- Healthy student-to-bed ratio of 1.9:1 and 100% occupied
- St. Marks is located in the city of Lincoln, 8 minutes walk from University of Lincoln



## Clifton & Stewart House



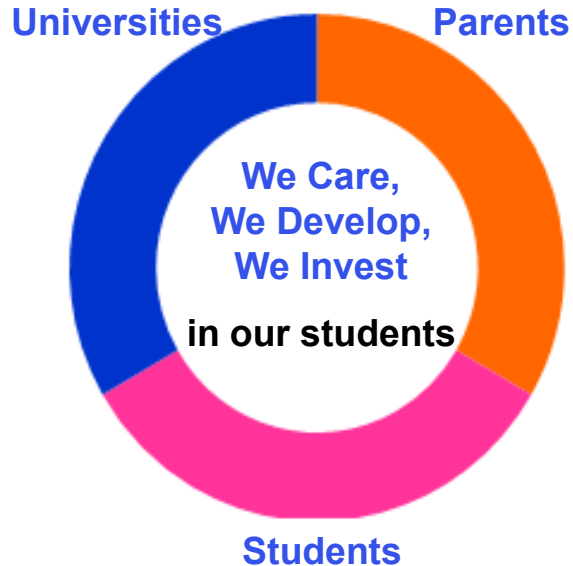
- Added 264 beds in March 2019
- Strong student-to-bed ratio of 2.6:1 and 100% occupied
- University of Glasgow is ranked 17<sup>th</sup>, part of the Russell Group of Universities

# Property: Capitol Students – Aspiring lead player in the UK PBSA



Partnering our students, parents and universities

## Our Partners

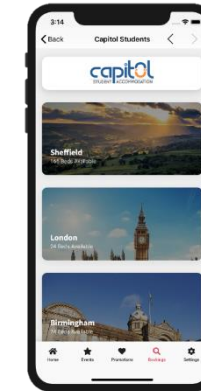


Our students, parents and universities are Our Partners

- Beyond housing, We Care for our students by delivering positive unique experience
- For our parents and universities, We Develop our students with sense of community through fun opportunities and social engagements
- We Invest in our students by creating career opportunities in Singapore and Asia

## Our online capabilities

### Community portal for students



### Convenient booking system



Property Management



Payment services



CRM



Accounting

# Digital: Accelerating our digital transformation



- Closer collaboration with M1 and Keppel Corp to seek synergies
- Potential to tap M1's 2.2 million customer base



## • Enlarged the Exchange with 7 new partners in Asia

- VIU (SG, TH and PH)
- Carousell (SG)
- GMA Network (PH)
- Kaidee (TH)
- Sanook (TH)
- Blaze Digital by Astro (MY)
- Mudah (MY)

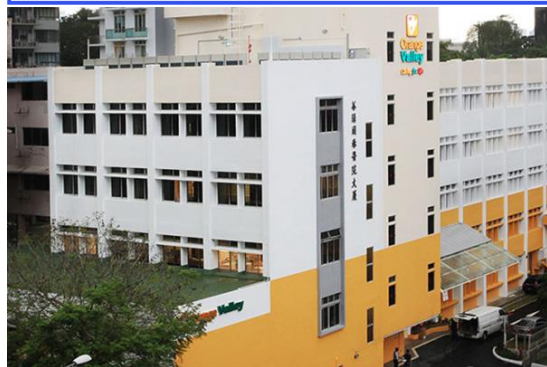
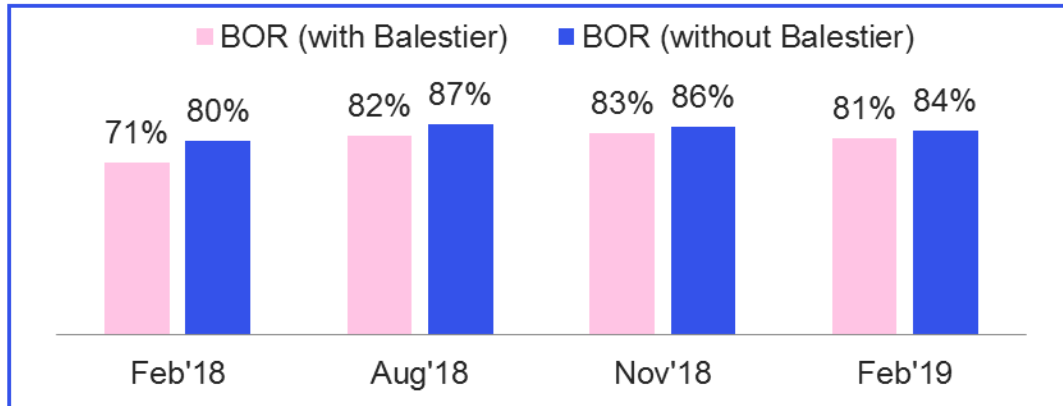
- Growing the scale of brand-safe, premium advertising inventory for advertisers
- SMX now reaches 4 out of 5 internet users in Singapore



- Registered 14% q-o-q increase in Malaysia, marking our successful expansion into Malaysia
- Successful conversion of our print classified audience
- New opportunities to grow beyond

# Aged care: Enhancing scale, service quality and operational efficiency

## Healthy BOR sustained



Orange Valley Balestier branch



Singapore Quality Service Awards

- Improving front end service quality to strengthen our brand name
  - More centres, to be the leader in Singapore
  - Expanding range of services including daycare
- Exploring local and overseas expansion opportunities
- Burnishing our credentials
  - Wins at Singapore Quality Service Awards



# Group 1H FY19 Segmental Highlights

Operating Revenue	1H FY19 S\$'000	1H FY18 S\$'000	Change %
Media	296,162	329,531	(10.1)
Property	140,331	121,676	15.3
Treasury and Investment	-	-	-
Others (including Aged Care)	41,150	41,250	(0.2)
	<b>477,643</b>	<b>492,457</b>	<b>(3.0)</b>

## Media

Media revenue for 1H FY19 declined by 10.1%

- Print ads declined 12.3%
- Newspaper digital ads increased by 15%
- Circulation fell 9.7%

## Property

Property revenue grew 15.3%

- UK PBSA added S\$12.5m
- Figtree added S\$3.2m
- Rail Mall added S\$2.5m

## Others

Others (incl. Digital and Aged Care) remain stable

# Group 1H FY19 Segmental Highlights

Profit / (loss) before taxation	1H FY19 S\$'000	1H FY18 S\$'000	Change %
Media	42,072	43,750	(3.8)
Property	79,781	78,017	2.3
Treasury and Investment	1,959	16,167	(87.9)
Others (including Aged Care)	(3,561)	2,195	NM
	<b>120,251</b>	<b>140,129</b>	<b>(14.2)</b>

## Media

Media's PBT was 3.8% lower

- Decline in revenue (-10.1%) cushioned by reduction in staff costs and bonus provision (+8.6%)
- Absence of retrenchment cost incurred in 1H FY18

## Property

PBT improved 2.3%

- PBSA contributed net operating income of S\$6.2m
- Fair value gain on Chinatown Point of S\$12.9m, offset by fair value write-down of Figtree mainly due to stamp duty

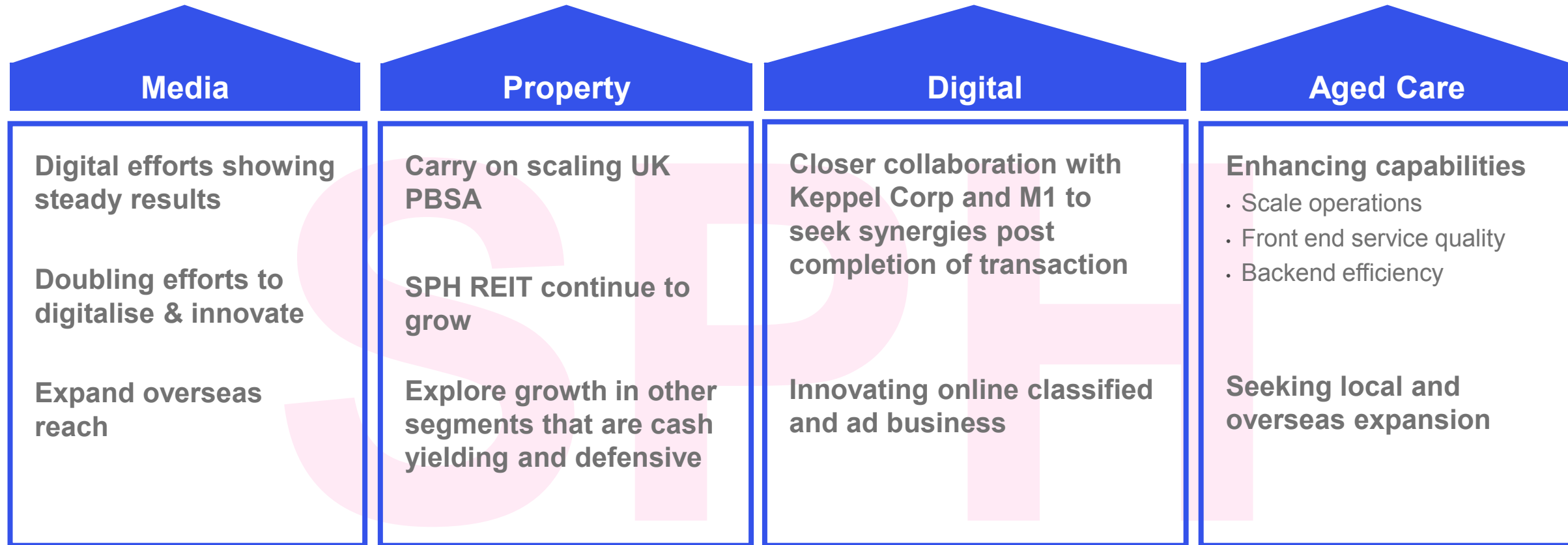
## Treasury and Investment

- T&I was divested in previous FY, as part of efforts to recycle capital to increase recurring income over time

## Others

- Absence of a S\$5.9m gain on divestment from the Mindchamps' IPO in 1H FY18

# Summary: Positive momentum across all segments



Recycling capital to generate stronger recurring income

# **Interim Dividend**

**The Board has declared  
an ordinary interim dividend of 5.5 cents per share.**

# Thank You

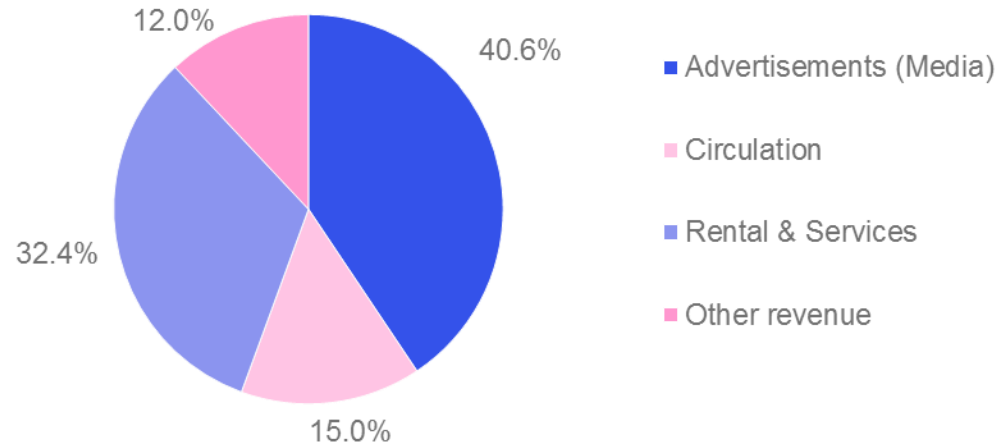
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# Revenue Composition 2Q FY19 and 1H FY19

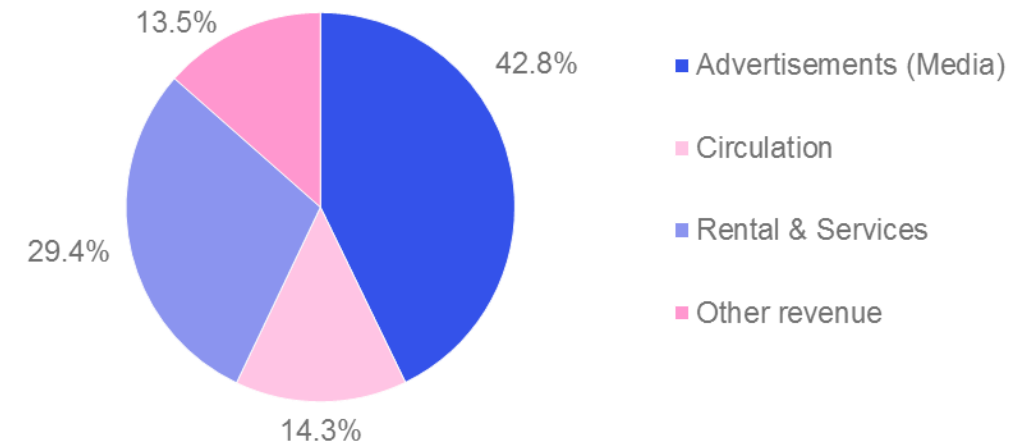
## 2Q FY19

Operating Revenue Composition (S\$223.3m)

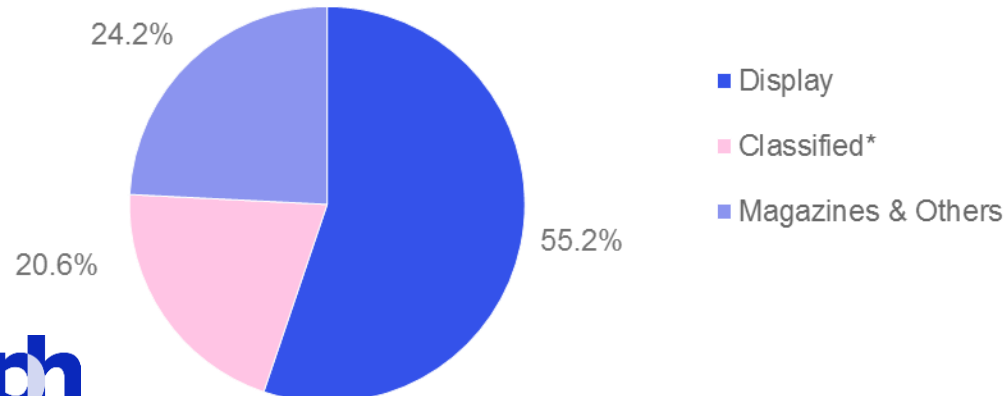


## 1H FY19

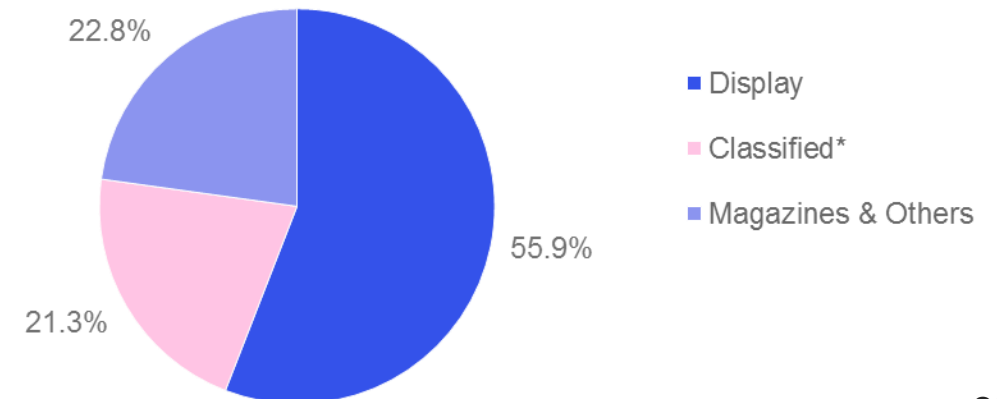
Media Advertisement Revenue Composition (S\$477.6m)



Media Advertisement Revenue Composition (S\$90.7m)

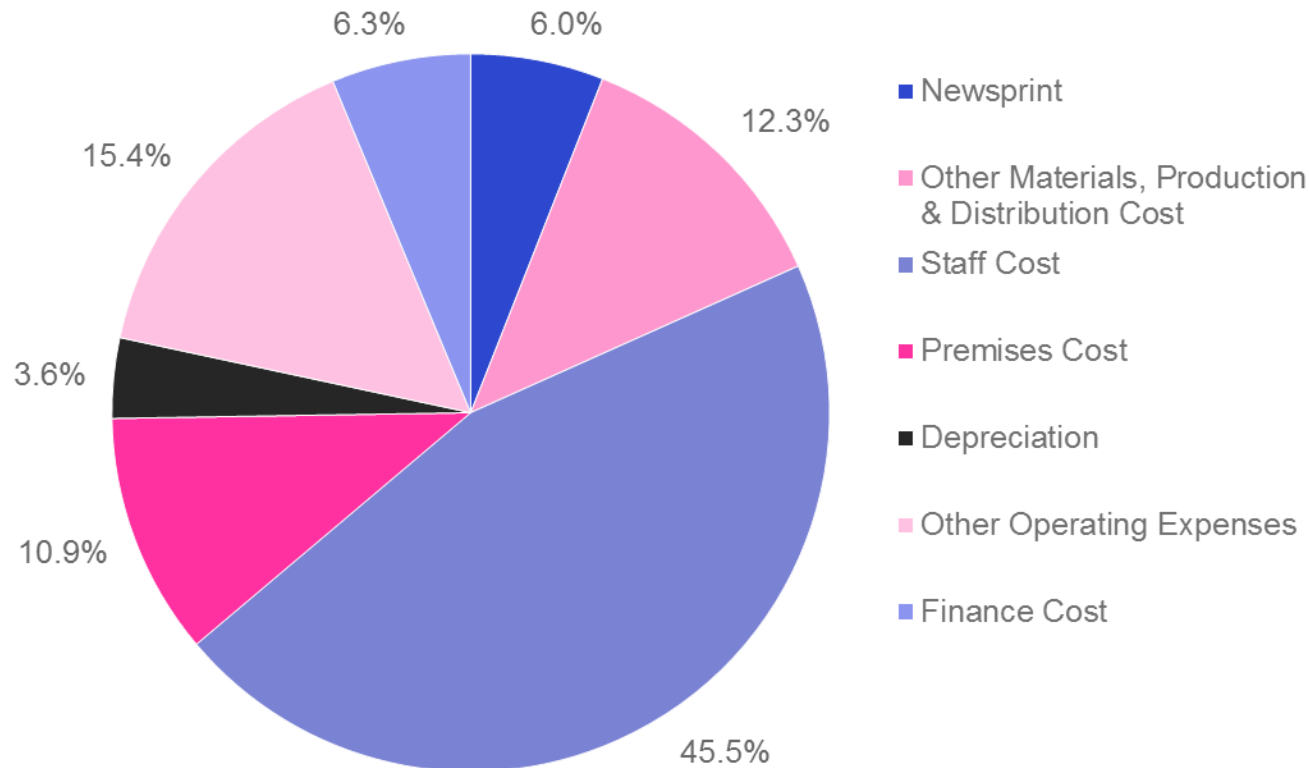


Media Advertisement Revenue Composition (S\$204.7m)



# Operating costs fell 5.6% compared to 1H FY18

1H FY19 Operating Expenditure  
Cost Composition (S\$365.3m)



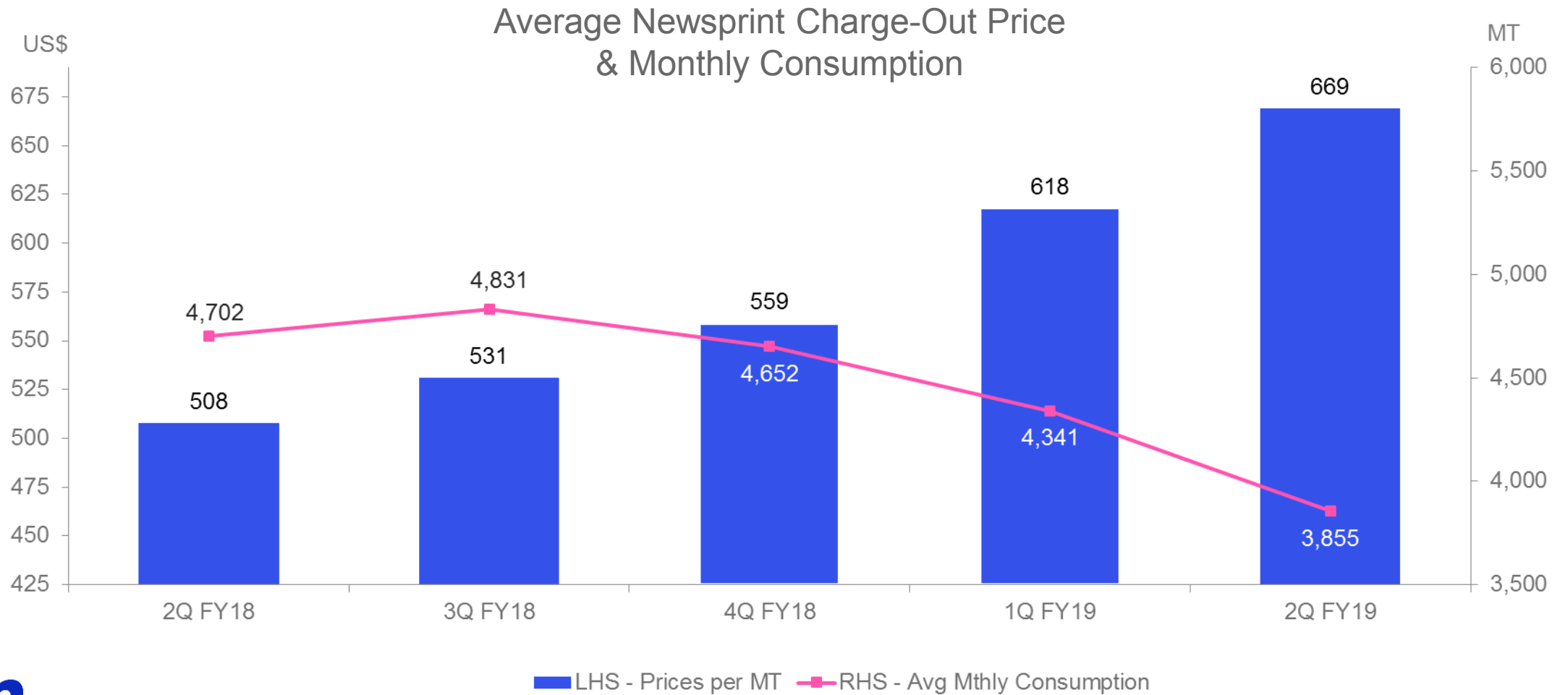
S\$m

Newsprint	▲	1.4
Other Production costs	▼	5.7
Staff Costs	▼	11.1
Premises Costs	▲	4.8
Depreciation	▲	0.1
Other Operating Expenses*	▼	16.3
Finance costs	▲	5.1



\* mainly due to absence of retrenchment costs of S\$11.6m incurred in 1H FY18

# Lower monthly consumption mitigates rising newsprint costs

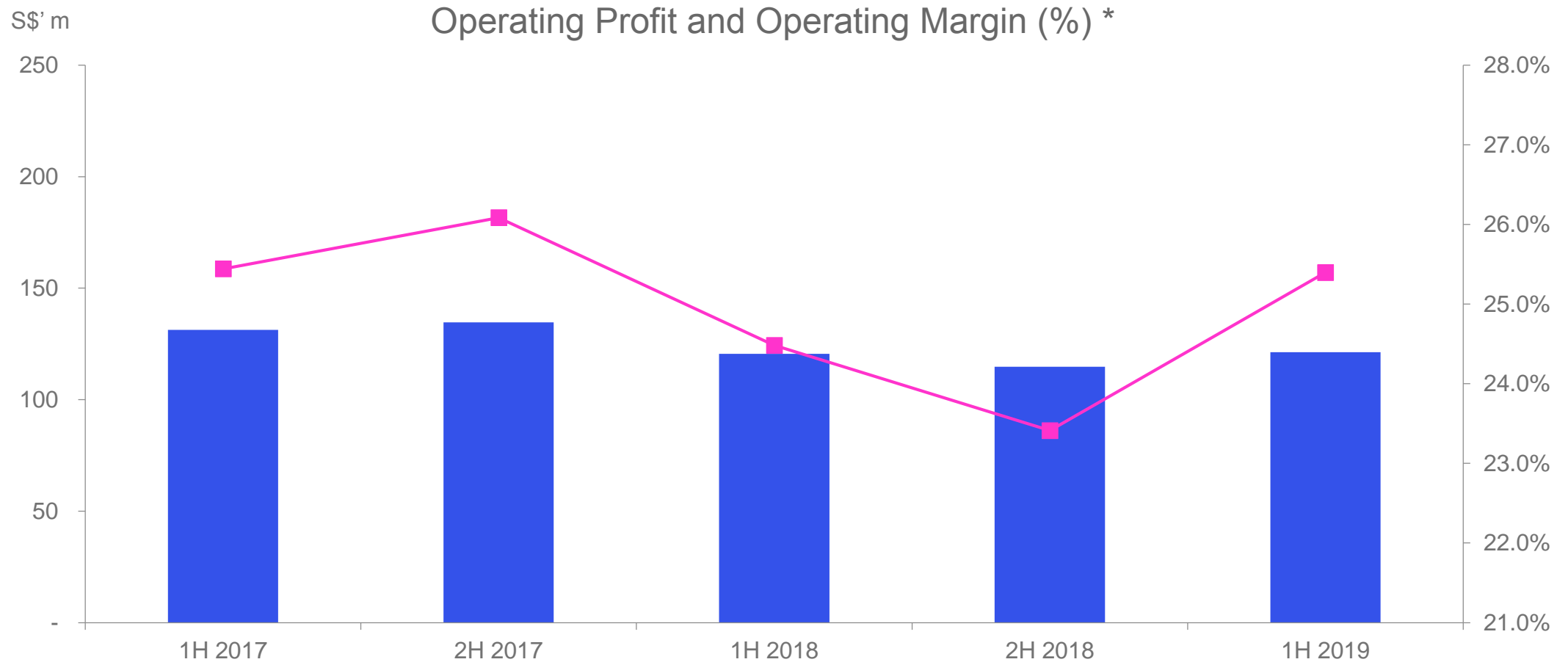




# Staff costs shaved off 6.3% compared with 1H FY18

	1H FY19	1H FY18	Change %
Headcount as at end of each period	4,069	4,198	(3.1)
Staff Costs (S\$'000)	166,345	177,450	(6.3)

# Better operating margins with cost control



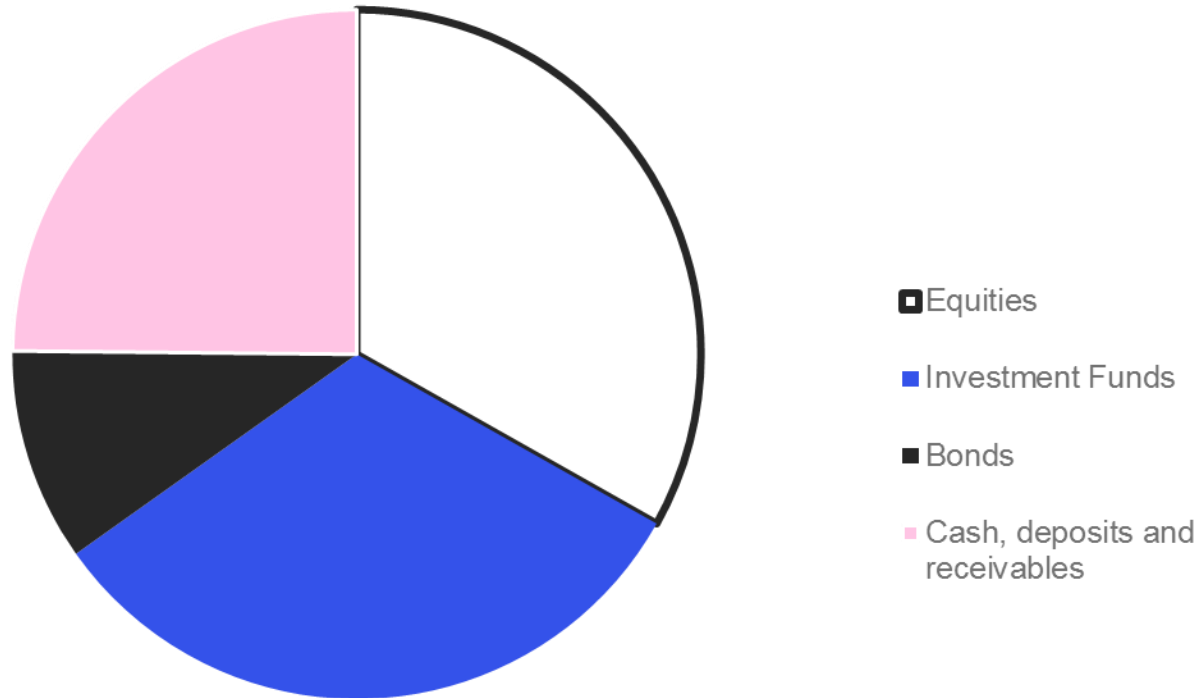
\*Excluding impairment charges on goodwill and intangibles, and property, plant and equipment

Operating Profit

Operating Margin

# Balance Sheet

Group Investible Fund (S\$463m)  
As at 28 February 2019



Funds recycled to focus on investments in property, digital and other areas.

M1 investment is reclassified under the digital segment as an associate.

Cash redeployed towards UK student accommodation investments.