



FINANCIAL RESULTS

3Q 2018

11 July 2018

Singapore Press Holdings Limited

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 third quarter and nine months ended 31 May 2018 in the SGXNET announcement.

3Q 2018 Financial Highlights

	3Q 2018 S\$'000	3Q 2017 S\$'000	Change %
Operating revenue	250,074	259,963	(3.8)
Operating profit [#]	44,410	34,265	29.6
Investment income	21,895	11,682	87.4
Profit after taxation	56,634	36,776	54.0
Net profit attributable to shareholders	47,443	28,872	64.3

[#] This represents the recurring earnings of the media, property and other businesses.

Rebound in 3Q Performance

Media: Improving digital revenue, with decline of print revenue slowing down

- Digital subscriptions gaining traction
- E-paper well-read with improving reception
- Tapering trend of print advertisement revenue decline

Management bench strengthened for Digital Transformation

- Chief Marketing Officer, Chief Product Officer, Chief Technology Officer, Chief of Digital Business

Real estate asset management progressing

- Established Straits Capitol in the UK, reviewing strong pipeline of deals

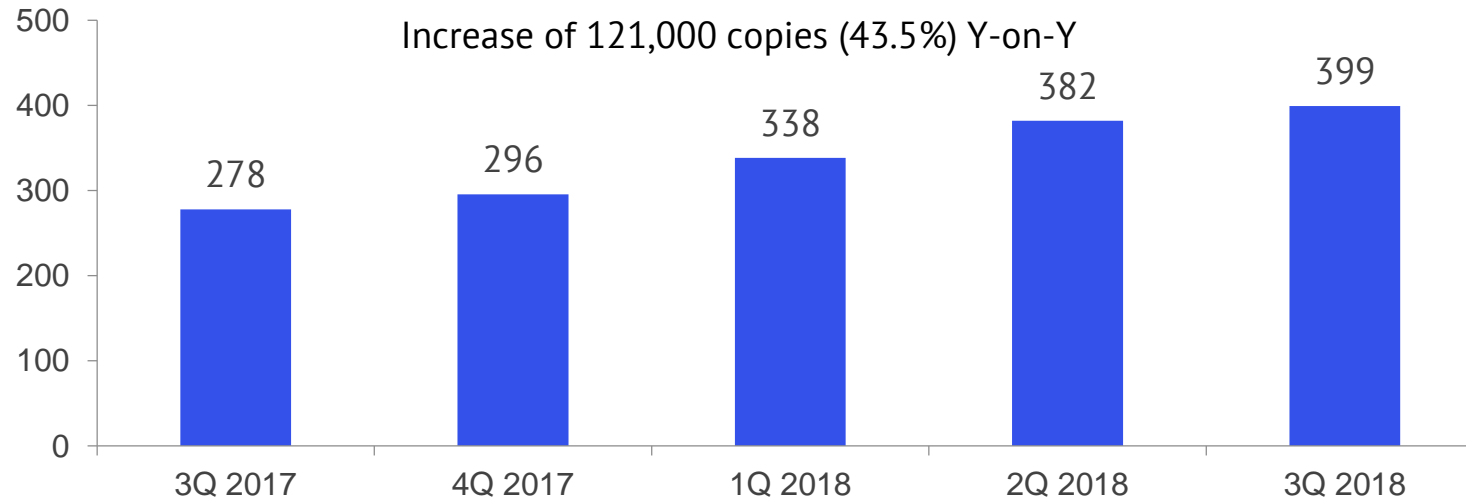
More wins from Digital portfolio

- Exit of Qoo10's Japanese subsidiary

Digital Circulation: Showing **good** traction

Daily Average Digital Circulation Copies ('000)*

*All publications



All-digital subscription launched in Q3 2018, building momentum

- Successful Promotion of digital subscription

E-paper showing healthy readership

- > 37,000 readers or >15% of The Straits Times' print circulation
- Valuable data analytics, to understand readership of print paper
- More promotions and profiling going ahead



SUBSCRIBE TO THE STRAITS TIMES
ALL-DIGITAL or
ALL-DIGITAL + PRINT



and receive a free **Google Home Mini**,
OR top up \$79 to get the **Google Home**.



THE STRAITS TIMES Subscribe now at stsub.sg/mini or call 6388 3838.

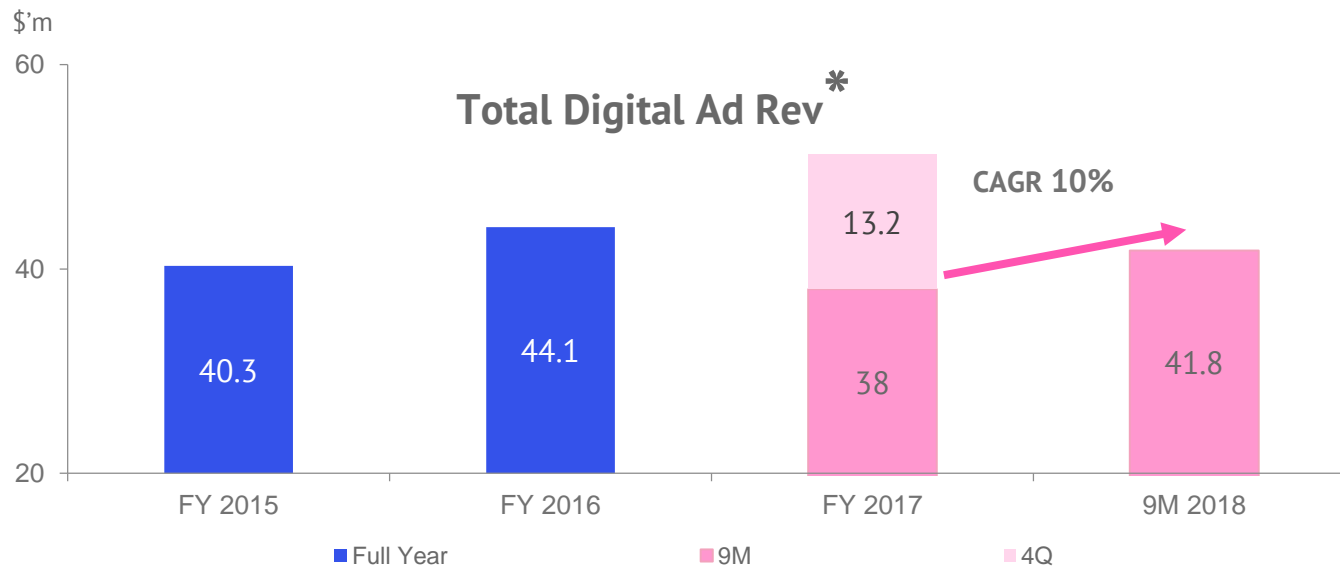
Digital Ad: Good growth and momentum ahead

9M2018 Total Digital Ad revenue grew 10% YOY

- Growth drivers from Mobile Web and Programmatic Ads
- Strong performance from Straits Times, Zaobao, and BT

Launch of Singapore Media Exchange (SMX)

- Data-driven programmatic ads
- Gaining momentum in reaching Singapore's digital population

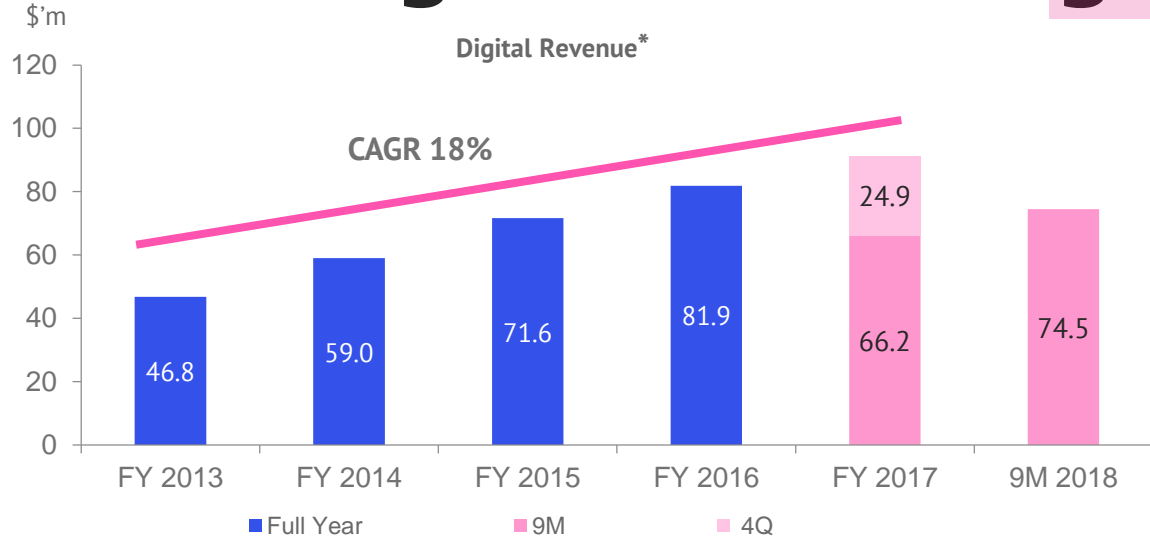


*Total revenue from web, app, online classifieds, magazines, Shareinvestors and other digital portals



Photo: (L-R) SMX CEO Hari Shankar, Julian Tan, SPH chief of digital business and SMX director & Roger Moy, Medicorp head of consumer insights and analytics at Medicorp and Chair of SMX

Total digital revenue: **growing** significance



*Total revenue from circulation, ads, online classifieds, magazines, Shareinvestors and other digital portals

- Digital revenue increased to 14% of media revenue**
- Faster digital-driven growth ahead, with sharper focus on digital capabilities and data analytics
 - New CMO, CPO, CTO and Chief of Digital Business
 - Invested into digital capabilities with >70 digital geeks (data scientist, videographers, UX designers etc)
 - Hackathon events, drive ideas, identify talents

**Includes revenue from media and online classifieds



Ignatius Low
Chief Marketing Officer

11 April: Appointed CMO, in charge of advertisement solutions across print, digital, radio and outdoor platforms; content marketing



Gaurav Sachdeva
Chief Product Officer

14 May: Joined as Chief Product Officer. Works with Media Group division on vision, design, development; monetisation of its digital media content and products



Glen Gary Francis
Chief Technology Officer

21 May: Joined as CTO, initially overseeing digital tech team responsible for SPH's suite of digital media products, takes over IT Division on 1 Aug

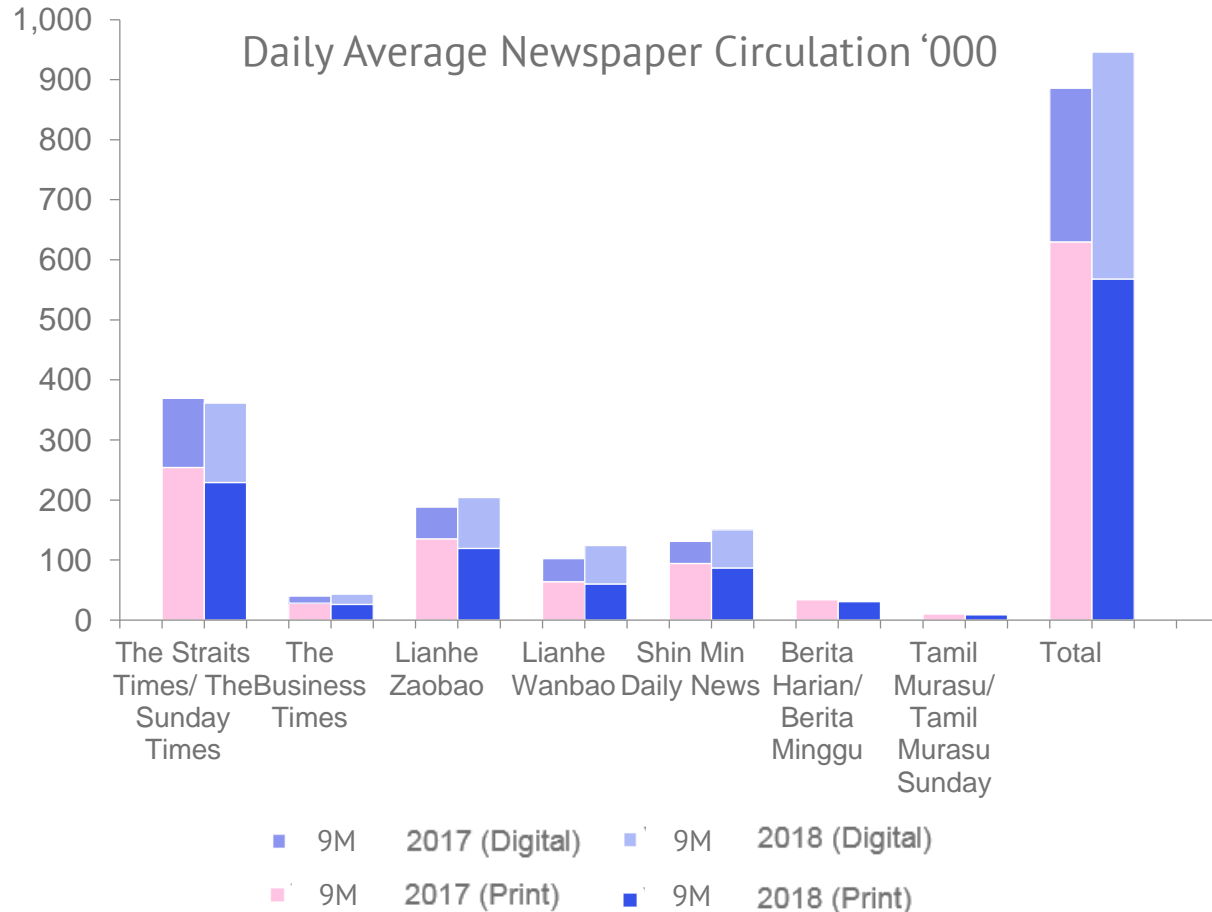


Julian Tan
Chief of Digital Business

Re-designated as Chief of Digital Business to focus on growing SPH's portfolio of investments in digital businesses. Formerly Head of the Digital Division

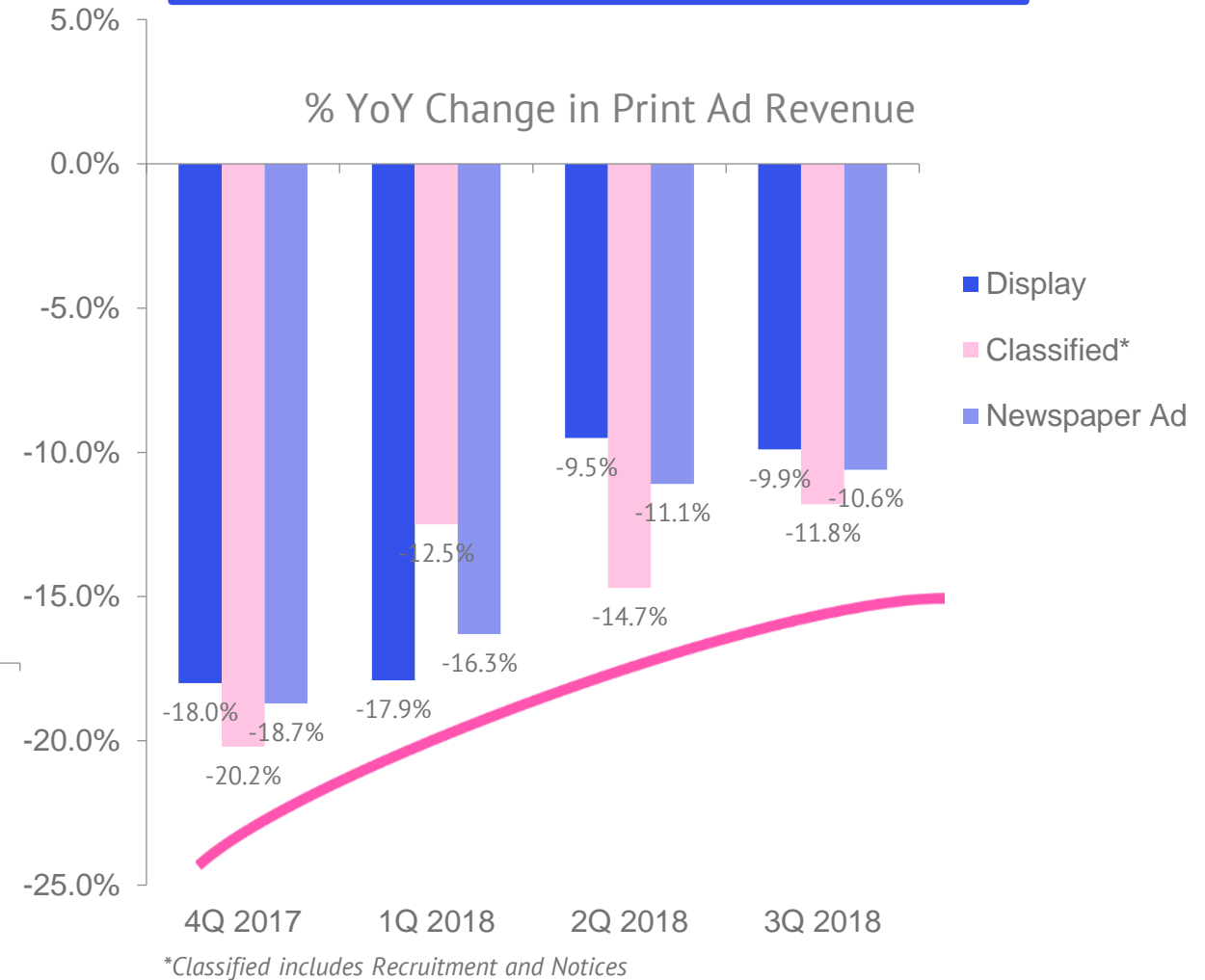
Circulation copies

- Decline in print circulation, **offset** by growth in digital copies



Print ad revenue

- Decline in Print ad revenue **slowing** down



Integrated marketing strategy

– CMO offers **compelling** value, more than just print

Integrated marketing – Steady Results

- CMO secures campaigns, allocates across platform, bundle negotiation, and provides compelling value
- Steady performance in campaigns delivered

Integrated campaigns rose 16% YoY

Advertisers (>2 platforms) rose 9% YoY



IKEA's 40 years in Singapore



Samsung Asia S9 & S9+

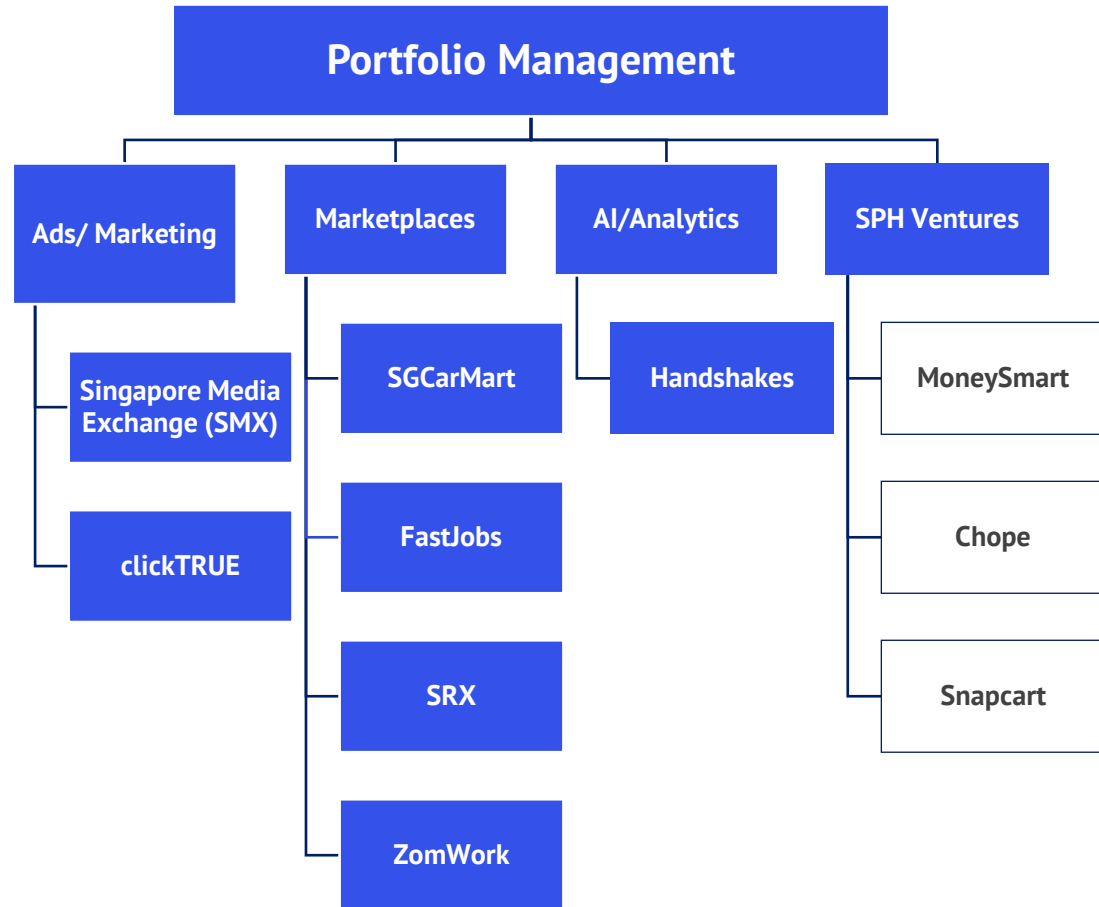


Ministry of Communication and Information

Workplace Integration Campaign



Digital Portfolio **under one roof**



Portfolio Management

- Identify and drive growth in new digital businesses
- Manage performance of portfolio for consistent contribution to SPH's results
- Drive synergies, leverage advertising competitive edge to establish digital presence

Outcomes

- Steady growth for SPH
- Potential upside performance

SPH DIGITAL

– delivering the wins ...

Divestment win

Sale of Qoo10's Japanese subsidiary



Divestment win

Sale of 702 online classifieds in Thailand



... and making the progress



Premium advertising exchange **Joint venture between SPH and MediaCorp**



Expand footprint in ecommerce end-mile delivery

Parcel Santa partnership May 21, 2018

SPH's network More than 3,000 vendors and delivery crew and SPH Buzz Convenience Stores (59 stores used as drop-off/collection point for e-commerce delivery)



Target Media Culcreative **21 % stake in joint venture between SPH and Focus Media**



Property: **Sustained** property performance ...

SPH REIT



Paragon
S\$2.85b



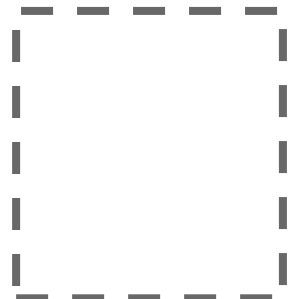
Clementi Mall
S\$583m



The Rail Mall
S\$62.9m



The Seletar Mall
S\$488m



The Woodleigh
Mall

SPH REIT and The Seletar Mall continue to provide earning stability

- Property is the biggest profit driver
- **Acquired The Rail Mall**
 - Accretive acquisition
 - Plan for more acquisitions, using debt headroom
 - Exploring overseas opportunities to build capability and asset base

Real estate asset management: **shifting gear**

Global asset classes

- Cognisant of advanced stage of global asset cycle
- Seeking cash-yielding real estate assets

Reviewing defensive sectors

- Studying recession-proof defensive sectors
- UK market a possibility – Brexit has created opportunities, e.g. favourable exchange rate, demand in certain areas

Building on-the-ground capabilities:

- Incorporated Straits Capitol Ltd
- Developing acquisition and transaction capabilities
- Actively reviewing pipeline of deals



Aged care: Building on Orange Valley brand for growth



- Largest private sector player in Singapore
- Focus on developing efficient capabilities
- Ready for growth
 - Seeking overseas opportunities where the silver market is expanding rapidly
 - Leveraging Singapore's brand in healthcare

Group 9M2018 Financial Highlights

	9M2018 S\$'000	9M2017 S\$'000	Change %
Operating revenue	742,532	776,238	(4.3)
Operating profit [#]	161,673	158,056	2.3
Investment income	43,562	26,597	63.8
Profit after taxation	177,451	156,467	13.4
Net profit attributable to shareholders	148,065	128,109	15.6

15.6% Growth in 9M2018 Performance

- **Operating Profit (recurring earnings) improved 2.3% YOY**
- Impairment charges decreased 40.9%
- Investment income increased 63.8%

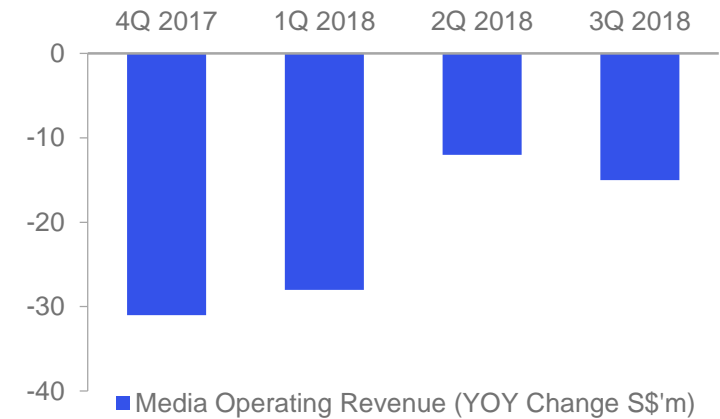
[#] This represents the recurring earnings of the media, property and other businesses.

Group 9M2018 Segmental Highlights

Operating Revenue	9M2018 S\$'000	9M2017 S\$'000	Change %
Media	497,472	552,433	(9.9)
Property	181,777	183,978	(1.2)
Treasury and Investment	-	-	-
Others	63,283	39,827	58.9
	742,532	776,238	(4.3)

Media

- Revenue decline tapering



Property

- Steady income stream

Others

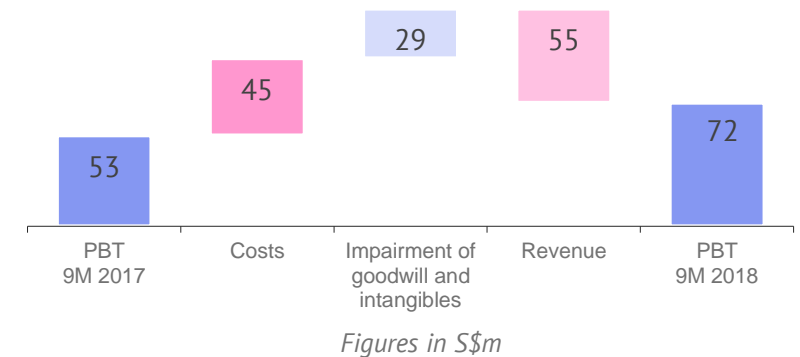
- Increased contributions mainly from the aged care business

Group 9M2018 Segmental Highlights

Profit/(Loss) before taxation	9M2018 S\$'000	9M2017 S\$'000	Change %
Media	71,868	52,771	36.2
Property	120,550	122,641	(1.7)
Treasury and Investment	28,154	19,955	41.1
Others	(12,310)	(9,906)	24.3
	208,262	185,461	12.3

Media

- Revenue decline cushioned by lower costs and impairment charges



Property

- Largest profit contributor
- Stable income stream

Treasury and Investment

- Increase due to forex gain on hedges

Others

- Gain on partial divestment of Qoo10

Summary

Media and Property engines, complemented by growth in Digital, Real Estate Asset Management and Aged Care



Media

- Core business
- Sharper digital capabilities
- Tapering media decline towards a new level

Property & Real Estate Asset Management

- Largest profit segment
- Generate greater immediate cash-yielding improvements
- Actively reviewing pipeline of deals

Others: Aged Care

- Largest private sector player in Singapore
- Prepare to grow in regional markets
- Leverage Singapore's healthcare brand

Others: Digital Investments

- Digital portfolio: Managed for growth and synergies
- Provide consistent contribution with potential upside performance



**THANK
YOU**

3Q 2018

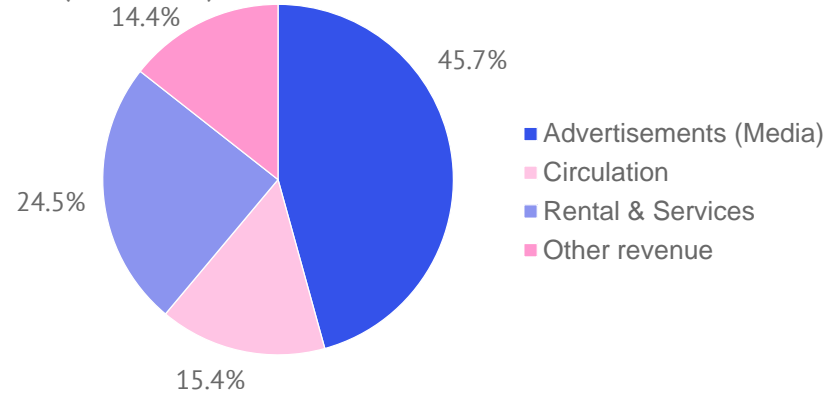
11 July 2018

Visit www.sph.com.sg for more information

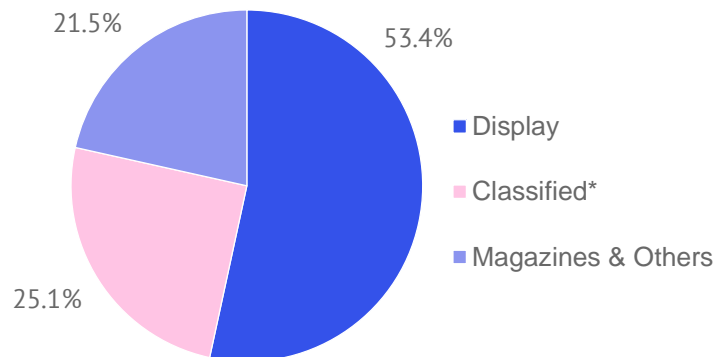
Annexe

Revenue Composition 9M 2018

9M 2018 Operating Revenue Composition
(S\$742.5m)



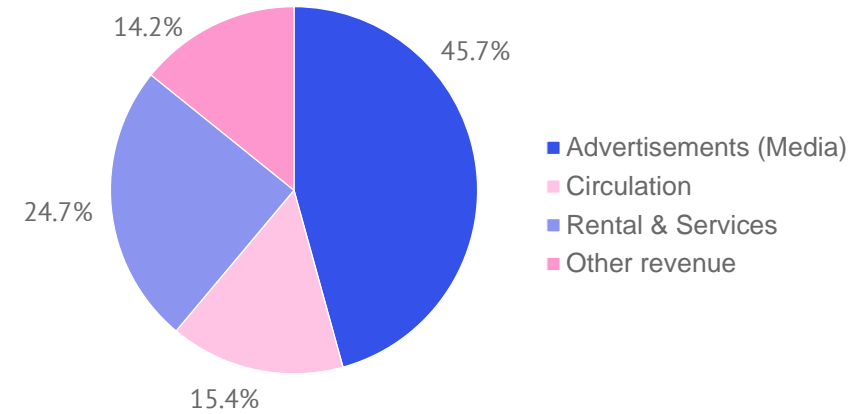
9M 2018 Media Advertisement Revenue Composition
(S\$339.2m)



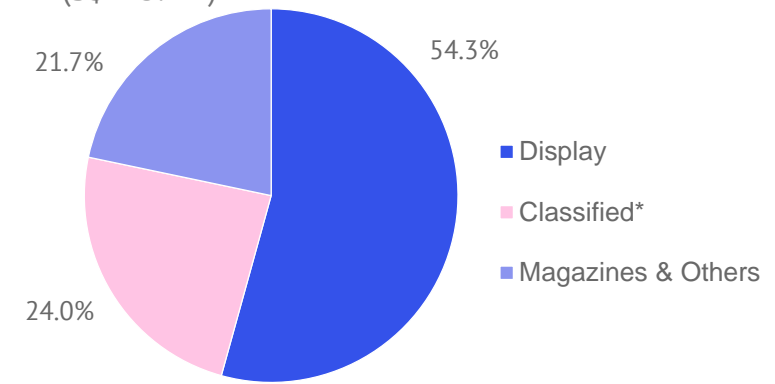
* Classified includes Recruitment and Notices

1H 2018

1H 2018 Operating Revenue Composition
(S\$492.5m)



1H 2018 Media Advertisement Revenue Composition
(S\$225.4m)

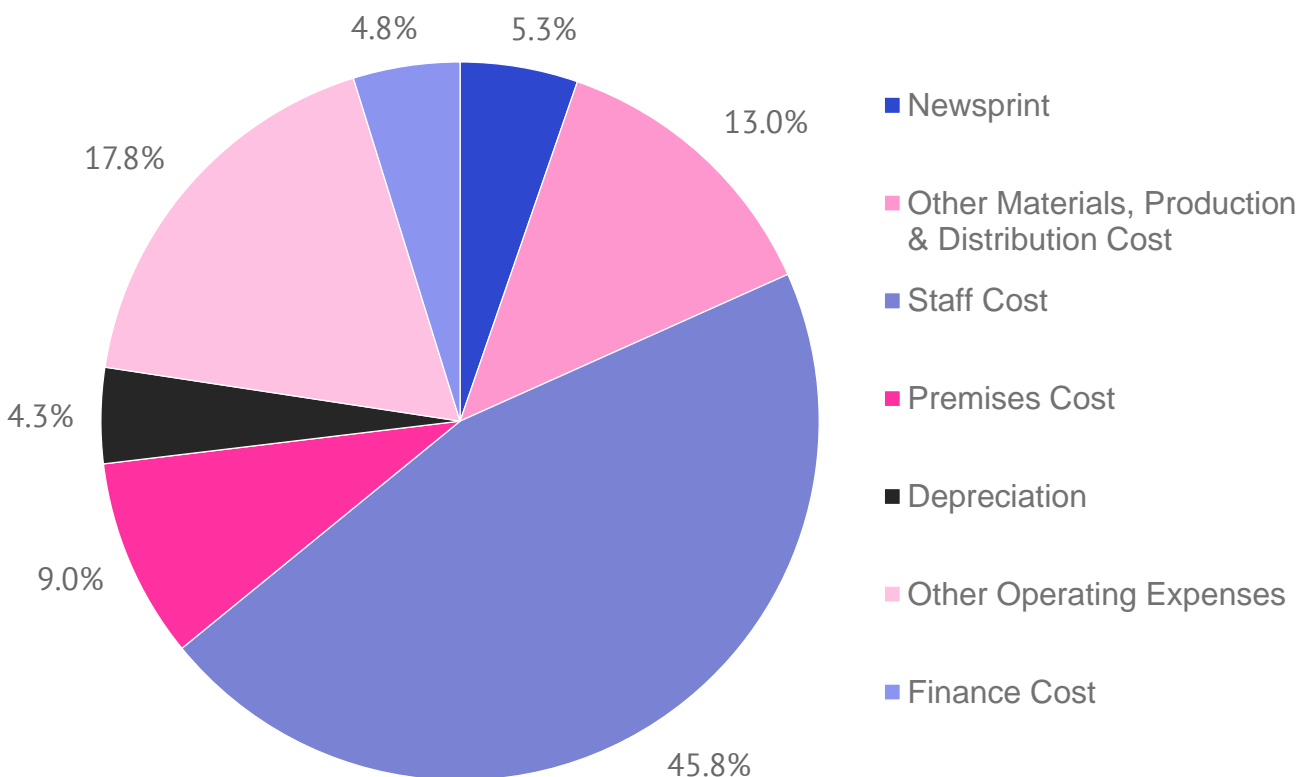


* Classified includes Recruitment and Notices

Operating costs fell 2.5%

9M 2018 Operating Expenditure*
Cost Composition (S\$578.5m)

S\$ m



Newsprint	▼	5.4
Other Production costs	▼	4.3
Staff Costs	▼	10.8
Premises Costs [#]	▲	3.8
Depreciation	▼	3.8
Other Operating Expenses	▲	1.0
Finance costs [^]	▲	4.5

* Excluding impairment charges

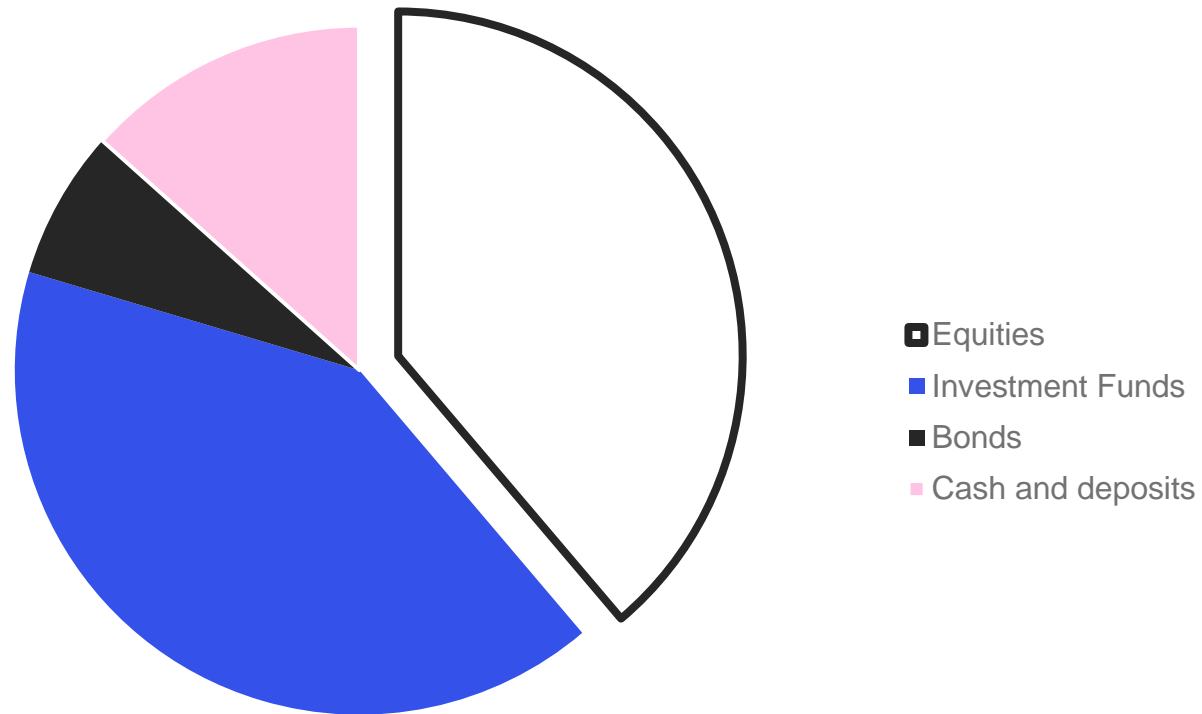


[#] Increase attributable to aged care business

[^] Increase due to borrowings for the Woodleigh project

Strong balance sheet

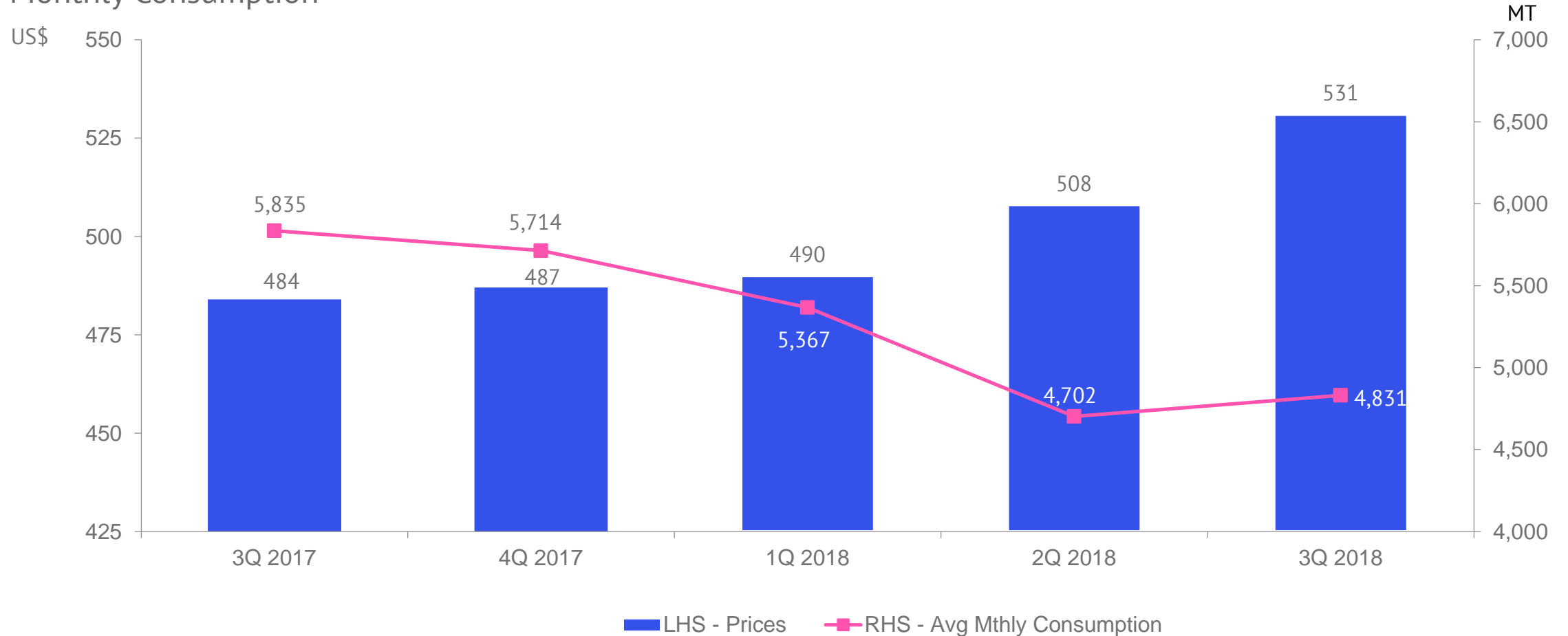
Group Investible Fund (S\$1b)
As at 31 May 2018



Balance sheet continues to be healthy
Able to fund new growth sectors

Newsprint prices expected to strengthen

Average Newsprint Charge-Out Price & Monthly Consumption



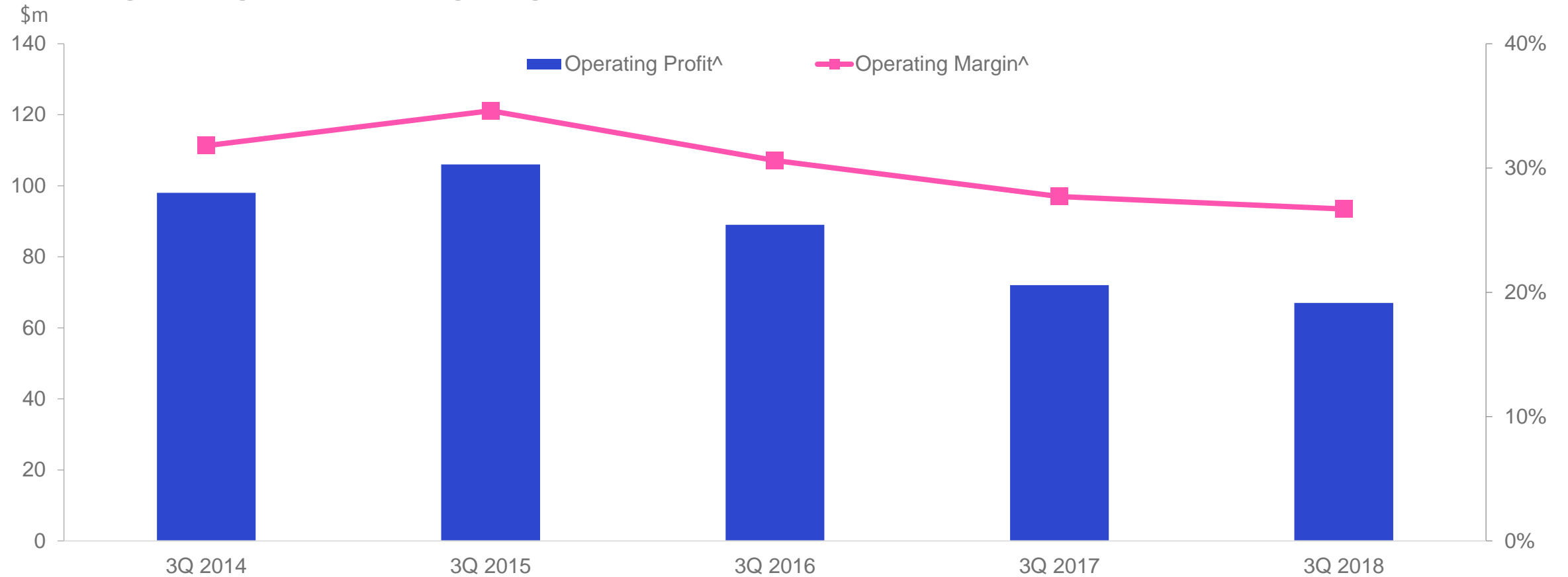
Staff costs well-contained

	9M 2018	9M 2017	Change %	1H 2018	1H 2017	Change %
Headcount as at end-May*	4,130	4,473	(7.7)	4,198	4,041	3.9
Staff Costs (S\$'000)	264,810	275,631	(3.9)	177,450	182,402	(2.7)

* Orange Valley was acquired on 25 April 2017, and has 455 headcount as at 31 May 2018

Healthy operating margins

Recurring Earnings and Operating Margin[^]



[^] Excluding impairment charges on goodwill and intangibles

Innovating: Digital media content and products

Thinking/Aloud

When a media giant learns to innovate like a start-up

Singapore Press Holdings seeks ways to better engage audiences



Lydia Lim

As a veteran journalist whose current job includes innovation training, Lydia Lim, 51, still feels like the rookie in the room you know, the one struggling to keep up with the lesson?

But that's exactly how I felt during a six-day innovation project my colleagues at Singapore Press Holdings (SPH) and I undertook recently.

The point of this column though, is to let someone hear difficult innovation is but to make a case for trying to do a craft — a craft that can be learnt over time, in a disciplined fashion, with lots of practice.

So that was the goal of the SPH innovation project? It was to foster a more innovative culture company-wide and put in place structures to turn that into products.

We kicked off Project Storm, after the while, dubbed X-Men super hero who can manipulate the weather.

About 500 people stepped forward to audition for spots in a start-up accelerator programme, giving fielding questions about their "innovation super power" and what innovation meant to them.

A typical start-up accelerator provides education, mentorship and financing for early stage companies. In this case, though, the accelerator was an in-house programme to spread these teams through the process of coming up with and testing product ideas around the innovative challenge of "How might SPH better engage audiences".

The teams were designed to include people with different skill sets who were chosen from different parts of the company. So each of the teams had two journalists, a marketer, a software engineer, plus one person either

from the division in charge of subscriptions or from production, which gets the press/newspapers printed every day.

They were coached by consultants from Venusteam, an innovation firm that runs like a start-up. Three members of SPH's senior management team also pitched in and it was during one of those coaching sessions that I realised how much I had to learn.

Proceed as in a small conference room as two members of Accelerator Team 10 led SPH chief product officer Ganair Sachdev about their experiments to test three product ideas for multimedia career advice website, a subscription service for career tips, articles, and a sleep pod service for young working adults to catch power naps during the work day.

I remember Mr Sachdev asking the teams one question after another and challenging them to grow organic traffic to their website without spending money. He then gave them a bunch of pointers on how to plan meetings in a logical way, come together more data on the desirability of their offerings and gain a deep understanding of their customers.

I sat there trying to listen to all he was saying, stressed that my brain could process at best half of the teaching points he was downloading. Later, when the mental strain had eased somewhat, I realised the session was not so different from the way I would coach younger colleagues who wanted to improve their writing.

I started to think then about approaching innovation as a craft, a thought I found appealing because as a journalist, I understand craft skills. After all, I've spent the last 20 years struggling to master one of them — writing.

Many people have a mistaken belief that writing is an art form which only those born with a special talent can hope to do well.

Not so, in my view. I would argue instead that writing is a skill most people can get better at — with the right coaching and practice.

I hope the same applies to innovating.

For me, the best part about innovating is that it is a process that helps them find their own voice. Because when someone grows confident enough to write in her own voice, that's when her pieces gain emotionally unlocked, just by letting him know he was free to pursue what he believed in.

That is not to say innovation is about passion alone. In innovation, as in most other pursuits, practice and persistence matter more in the long run than simply being passionate about your work. But passion is the spark that gets most of us going in the first place.



SPH ILLUSTRATION CEL DURAN

he was personally passionate about.

Given that this conversation took place mere weeks before the end of SPH's 100-day innovation pilot, I did the project, think and hold him to know it down and see the project through. Our innovation consultant from Venusteam took a different tack. Why not encourage the young journalists to form a team and pursue his own idea?

I was not sure how that would pan out but when I received the news to the young man, he was so excited and excited he promised to work on both his own idea and that of his team. And he not only kept his word, he also inspired many others in the newsroom — who had not previously expressed an interest in innovation — to join his new team. I was amazed by the energy I had quite naturally unlocked, just by letting him know he was free to pursue what he believed in.

That is not to say innovation is about passion alone. In innovation, as in most other pursuits, practice and persistence matter more in the long run than simply being passionate about your work. But passion is the spark that gets most of us going in the first place.

To innovate well means mastering certain disciplines, such as how to talk to customers in a way that builds empathy, design experiments to test products, keep good records of experiments and the data collected, and build a viable business model around a product. The key to success is not to be an expert but to be a learner. It is not about having a full time job that involves that other than innovation. That's why innovators need to have enough conviction to keep going even when the going gets tough. A hundred days is obviously too short a time to learn any more than the basics of how to innovate. My colleagues and I are beginning taking baby steps. And I find experiences with writing is any guide, it will take us a while to find our feet.

What is clear even at this early stage is that soft skills matter as much as technical and business ones, because innovating is not an activity one undertakes alone but in teams. One aspect I find challenging is working with people of different skill sets and backgrounds. Journalists, it seems, speak a different language from engineers, and sales and business professionals.

On the surface, we all seem to be speaking English but we do so in ways that reflect different world views and ways of working. So each side has to work hard to stay open to the other's point of view and seek to understand one another. There are also issues of how to resolve differences of views and how to do so with team members who seem to be slacking off.

Innovation teams are also expected to be self-managing, not reliant on persons higher up in the corporate hierarchy to tell them what to do. It can be tough under such circumstances to stay focused and meet self-imposed deadlines.

Finally, members of innovation teams need to summon the courage to leave their comfort zones, take risks and learn from failure. None of these is an activity that people working in long-established businesses are either familiar or comfortable with. What's needed is practice, lots of it.

Still, innovating can be fun, and though challenging, is also often exciting and exhilarating. Life, writing, it is a skill worth learning and a craft worth swearing to master.

lydia@sph.com.sg

- Innovating like a start-up
- Under the strengthened management bench