

# **Singapore Press Holdings Limited**

**FY2017 Financial Results**

**October 11, 2017**

# Group FY2017 financial highlights

	<b>FY2017</b> <b>S\$'000</b>	<b>FY2016</b> <b>S\$'000</b>	<b>Change</b> <b>%</b>
Operating revenue	1,032,515	1,124,349	(8.2)
Operating profit <sup>#</sup>	205,448	305,169	(32.7)
Fair value change on investment properties	57,386	11,823	NM
Investment income	53,865	51,753	4.1
Gain on divestment of a joint venture	149,690	-	NM
Impairment of associates and a joint venture	(35,459)	-	NM
Profit after taxation	395,216	306,139	29.1
Net profit attributable to shareholders	350,085	265,293	32.0

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

# Group FY2017 financial highlights

Operating Revenue	FY2017 S\$'000	FY2016 S\$'000	Change %
Media	725,427	834,221	(13.0)
Property	244,159	241,310	1.2
Others	62,929	48,818	28.9
	<b>1,032,515</b>	<b>1,124,349</b>	<b>(8.2)</b>

## Media

- Advertisement revenue declined S\$102.5m (16.9%)
- Circulation revenue decreased S\$8.7m (5.1%)

## Property

- Higher rental income from the Group's retail assets

## Others

- Included revenue from Orange Valley Healthcare since acquisition on April 25, 2017

# Group FY2017 financial highlights

Profit/(Loss) before taxation	FY2017 S\$'000	FY2016 S\$'000	Change %
Media	114,472	197,352	(42.0)
Property	162,971	149,586	8.9
Treasury and Investment	47,038	48,833	(3.7)
Others	(4,041)	(18,195)	(77.8)
	320,440	377,576	(15.1)
Gain on divestment of a joint venture	149,690	-	NM
Fair value change on investment properties	57,386	11,823	NM
Impairment charges	(96,024)	(28,358)	NM
	111,052	(16,535)	NM
	<b>431,492</b>	<b>361,041</b>	<b>19.5</b>

## Media

- Revenue declines partially mitigated by lower newsprint, depreciation and staff costs

## Property

- Higher rental income and lower costs
- Contribution from Chinatown Point

## Treasury and Investment

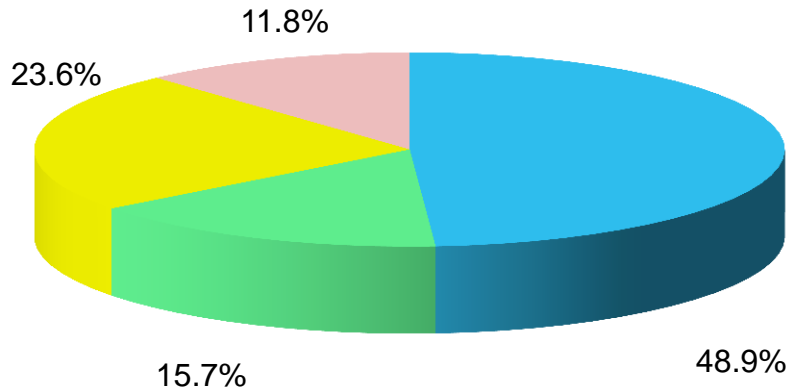
- Fair value losses partially offset by higher gains on disposal of investments

## Others

- Reduced losses from the online classifieds business

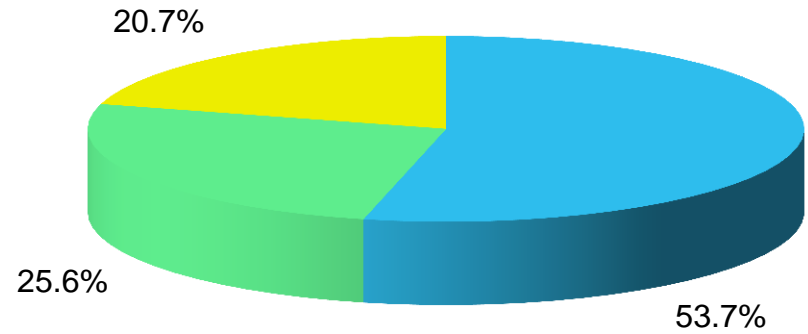
# Group FY2017 highlights

**Operating Revenue Composition**  
**(\$1,032.5m)**



- Advertisements (Media)
- Circulation
- Rental & Services
- Other revenue

**Media**  
**Advertisement Revenue Composition**  
**(\$504m)**

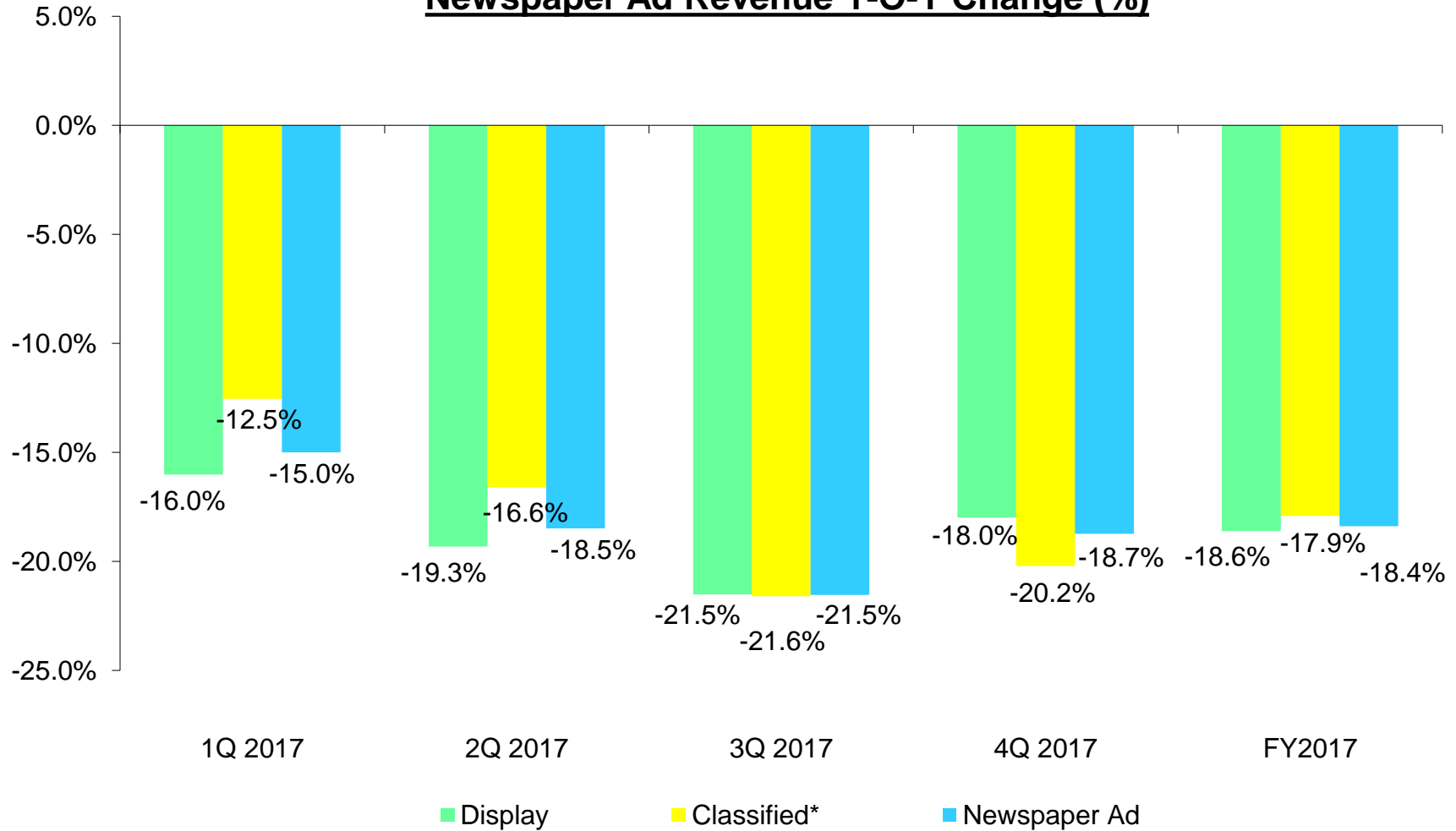


- Display
- Classified\*
- Magazines & Others

\* Classified includes Recruitment and Notices

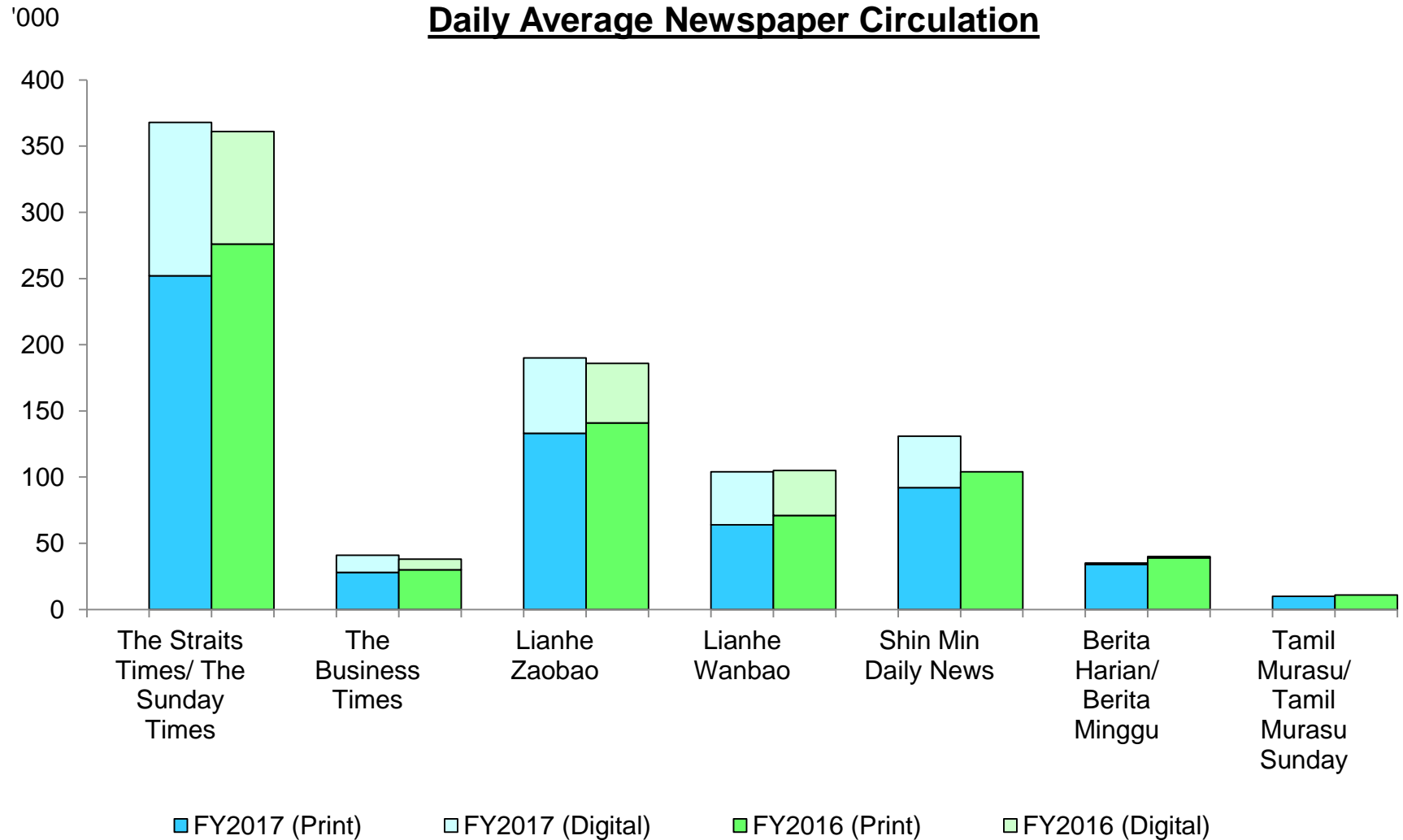
# Advertising market remained weak

**Newspaper Ad Revenue Y-O-Y Change (%)**



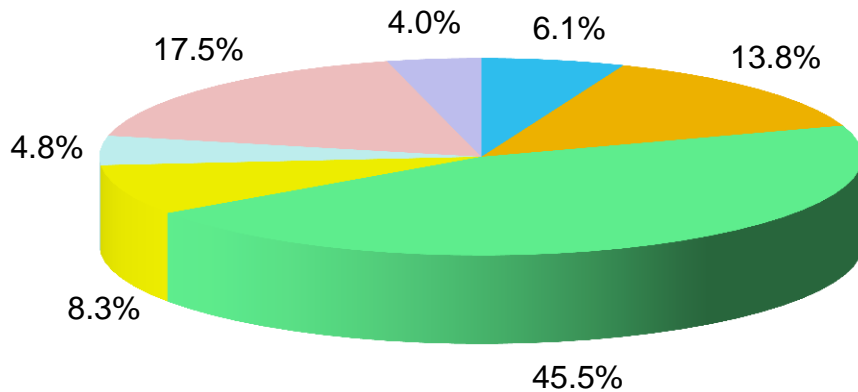
\* Classified includes Recruitment and Notices

# Circulation maintained by digital



# Operating costs fell 4.1%

**FY2017 Operating Expenditure\***  
**Cost Composition**  
**(\$786m)**



- Newsprint
- Other Materials, Production & Distribution Costs
- Staff Costs
- Premises Costs
- Depreciation
- Other Operating Expenses
- Finance Costs

\* Excluding impairment charges

	S\$m
Newsprint	↓ 9.1
Staff costs	↓ 5.1
Premises costs <sup>#</sup>	↓ 4.7
Depreciation	↓ 6.9
Other operating expenses	↓ 7.5

<sup>#</sup> Last year included additional property tax on the Group's investment property.



## Staff costs contained

	FY2017	FY2016	Change %
Headcount as at end-August^	4,410	4,182	5.5
Staff Costs (\$'000)	357,464	362,551	(1.4)

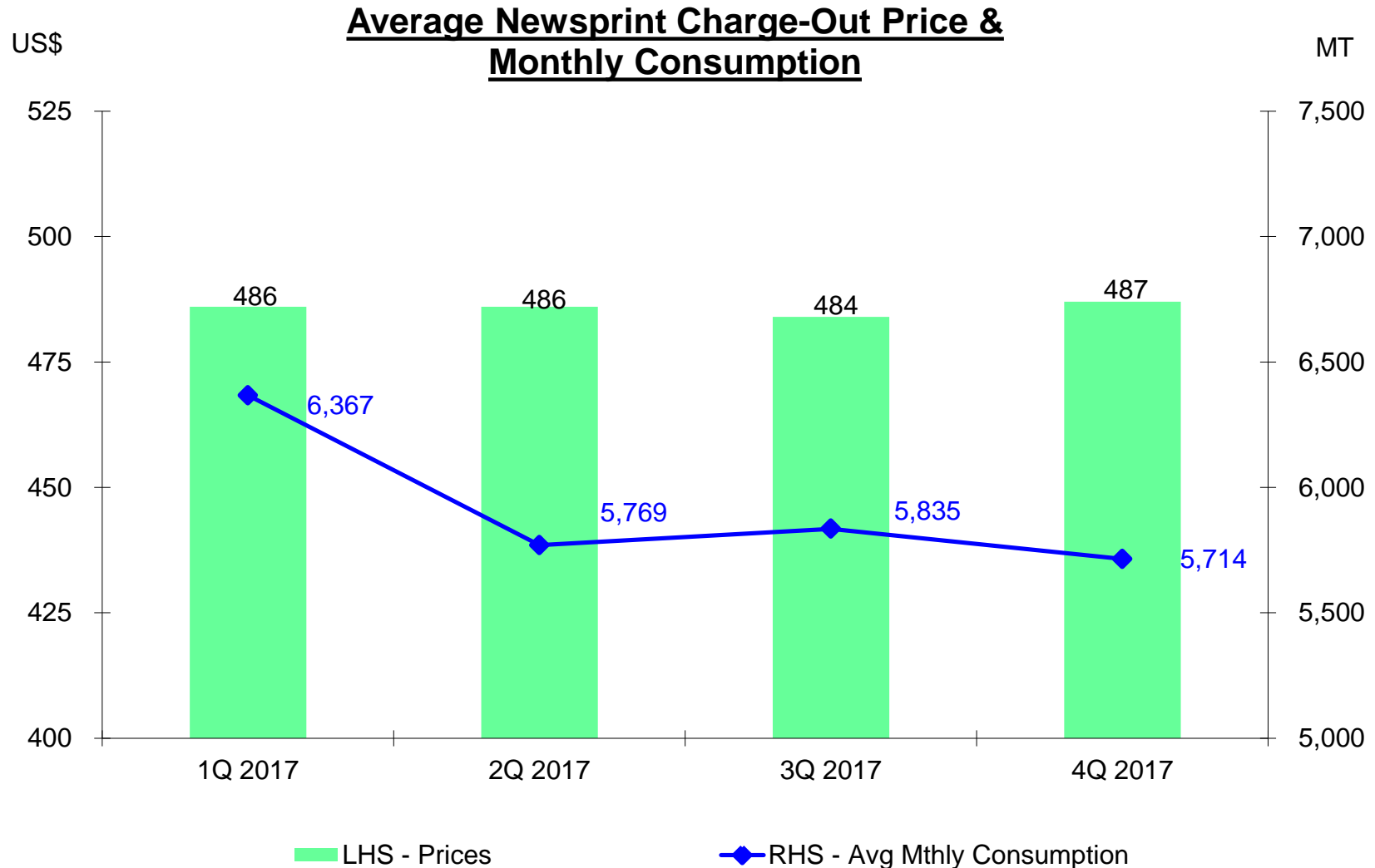
^ Increase in headcount due to acquisition of Orange Valley Healthcare (457)

## Restructuring update

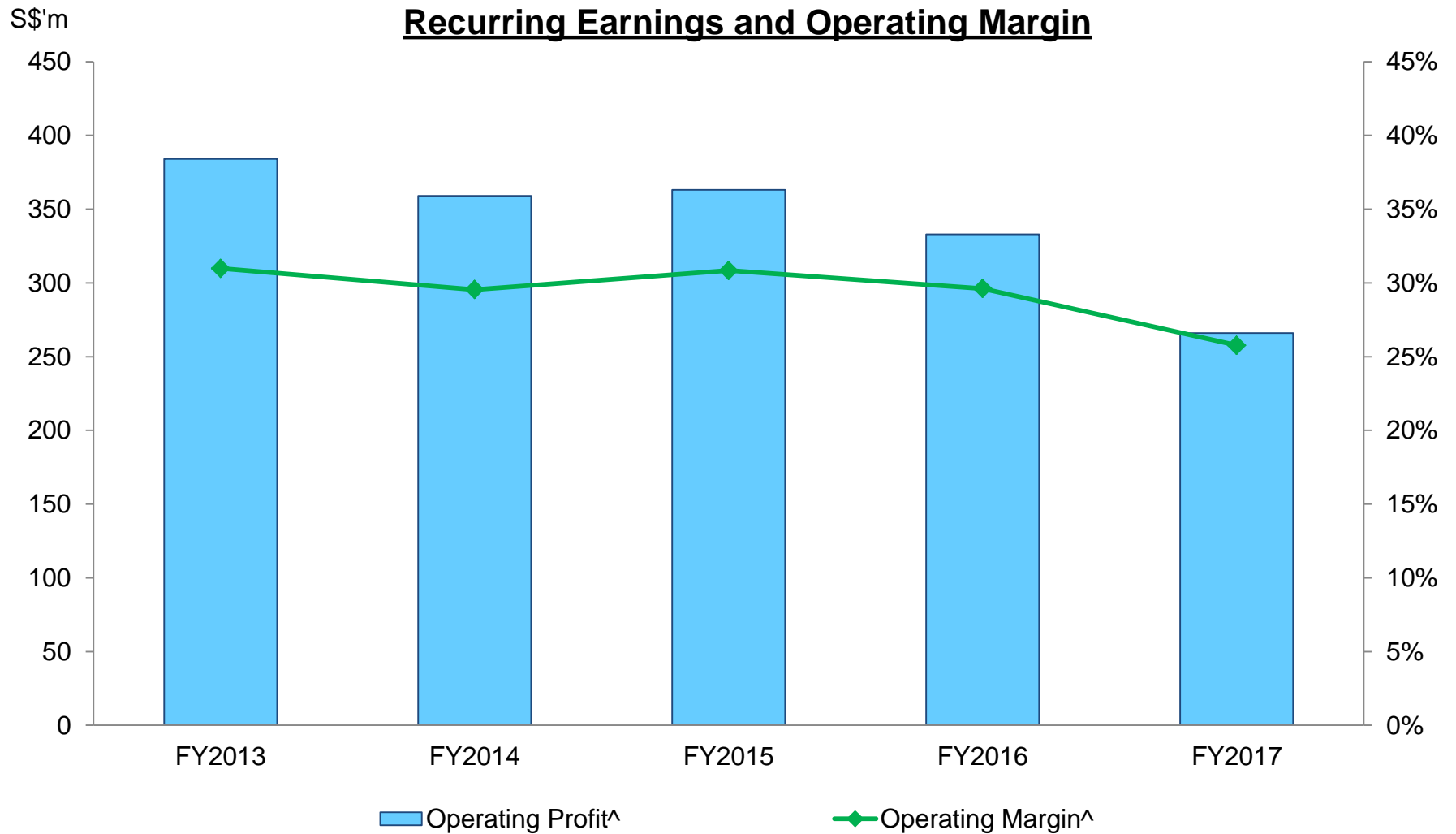
- Oct 2016 : announced up to 10% headcount reduction over 2 years
- Aug 2017 : 5.5% reduction achieved
- Oct 2017 : full 10% reduction targeted  
(15% from Newsroom and Sales Operations)

**10% headcount reduction achieved**

# Newsprint prices expected to strengthen



# Good operating margins



<sup>^</sup> Excluding impairment charges on goodwill and intangibles, and property, plant and equipment

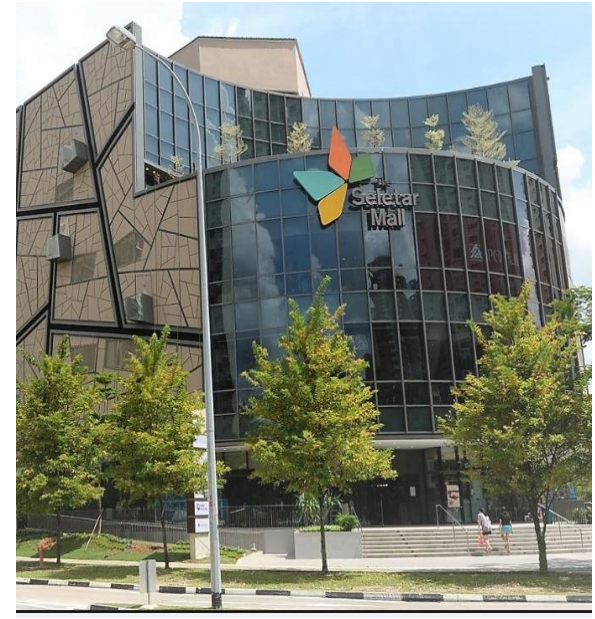
# Sustained Property performance



**Paragon**



**The Clementi Mall**

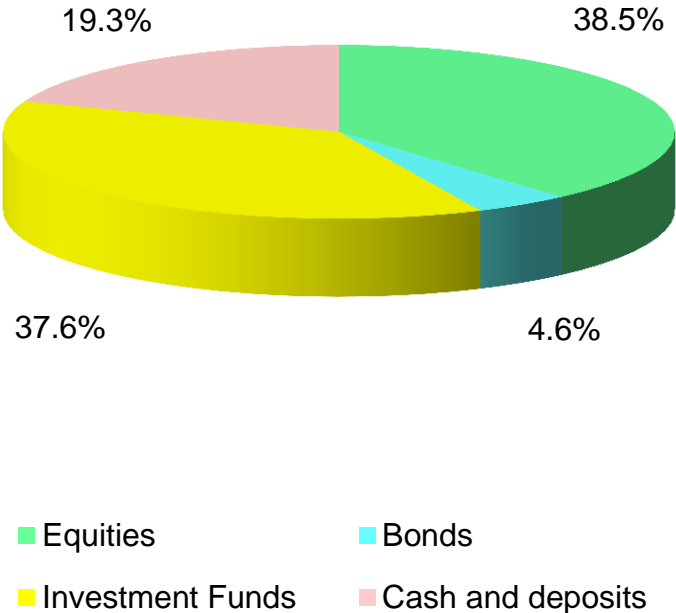


**The Seletar Mall**

- Net Property Income (NPI) grew 4.9% to S\$188.3m.
- All 3 malls continue to provide recurrent income stream.
- Market value for Paragon (freehold), The Clementi Mall and The Seletar Mall at S\$2.85b, S\$583m and S\$490m respectively.

# Group investible fund

## Group Investible Fund (S\$1.1b)



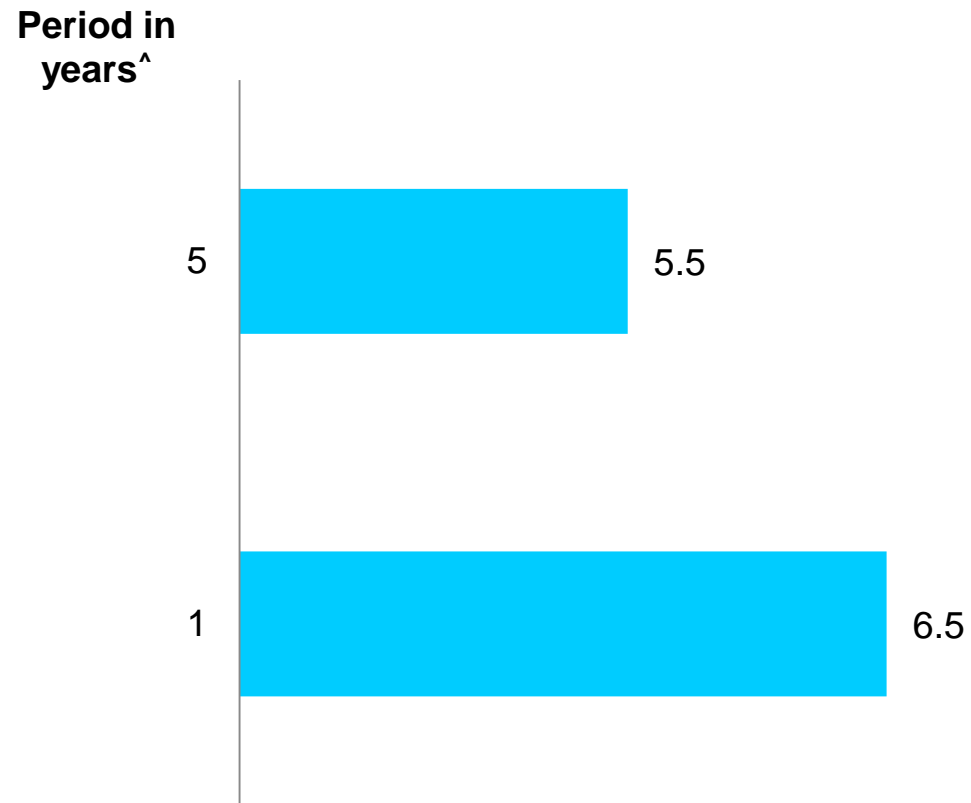
- Conservative stance maintained on investment allocation, focused on capital preservation
- Returns are expected to be commensurate with low risk-return profile to mitigate against volatility

(As at August 31, 2017)

# Portfolio Investment Performance

# 4.3%

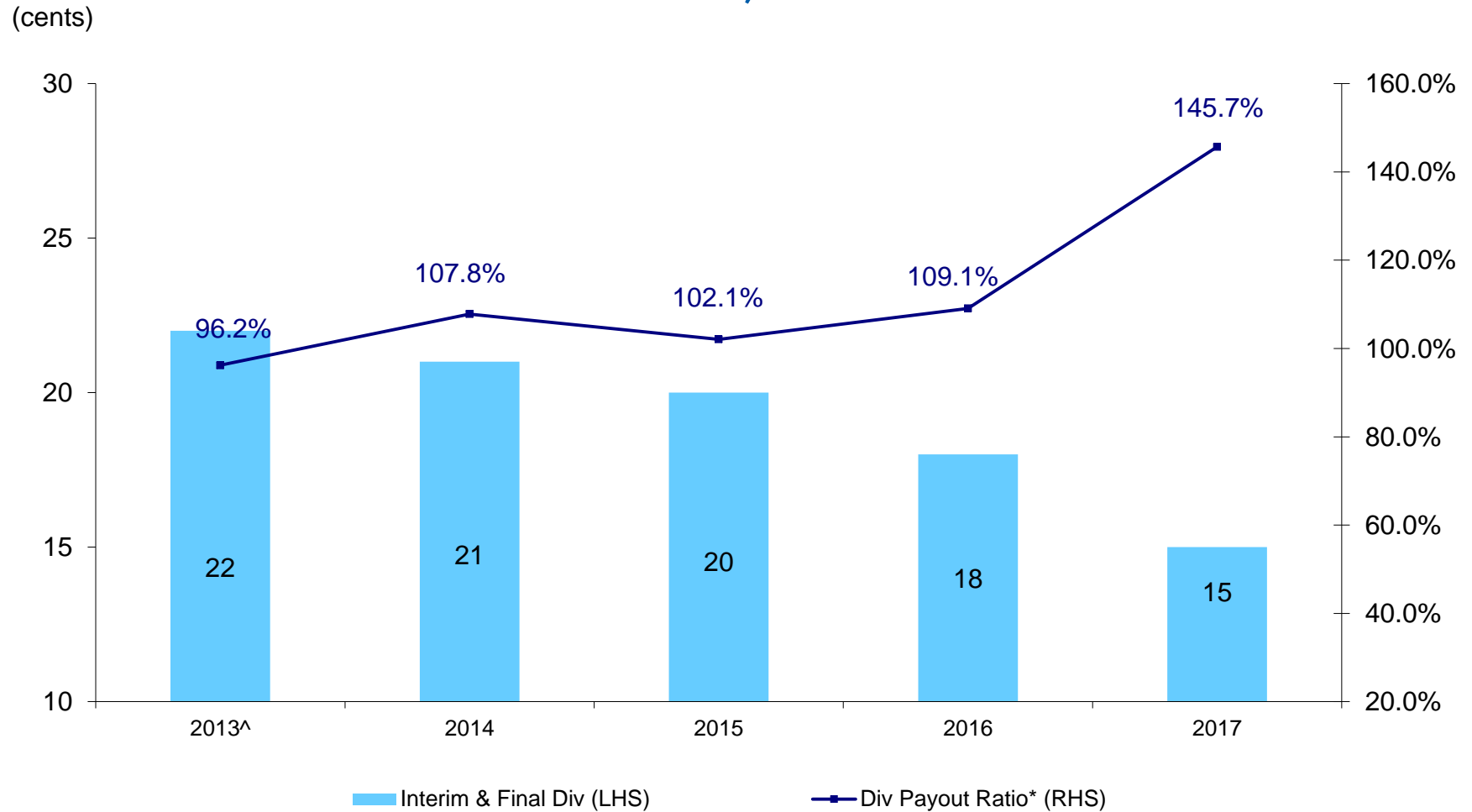
annualised return since inception



<sup>^</sup> As at August 31, 2017

# Declared dividend per share of 15 cents

6 cents interim, 9 cents final



\* Computed based on Group recurring earnings net of non-controlling interests of the Property segment

<sup>^</sup> Excludes special dividend of 18 cents paid pursuant to the establishment of SPH REIT

# Some initiatives to enhance capabilities

## Investing in new capabilities

- ✓ Digital
- ✓ Data analytics
- ✓ Radio
- ✓ Video
- ✓ Content Marketing

## Enabling new growth



- Extending international reach of flagship through digital subscription

## Expanding our product portfolio

- ❖ Radio has performed well
- ❖ Launch of 2 new radio stations in early 2018



# Orange Valley at a Glance

- **Top 3 nursing home operator <sup>(1)</sup> in Singapore**
- **5 homes with 900 beds** (not including Balestier)
  - 600+ beds located in optimally sized purpose built facilities located on 30-year leasehold properties
  - Remaining av. bed tenure > 15 years
- **Average occupancy of 90%**
- Only private nursing home fully run by professional managers
- Vertically integrated operations
- **Employs c.460 people**



**Marsiling**  
234 beds  
Purpose Built



**Changi**  
120 beds  
Retrofitted



**Clementi**  
267 beds  
Purpose Built



**Simei**  
242 beds  
Purpose Built



**Balestier**  
116 beds  
A&A



**Sims**  
46 beds  
Retrofitted

(1) By # of beds

## Orange Valley has **Won a Range of Awards/Certifications** in Recognition of its Clinical and Service Quality and Innovations



### ISO 9001-certified since 2002

Successful re-certification of ISO:9001 (Quality Management System) and conversion to 2015 Standard



### Enterprise 50 Award

Ranked 4<sup>th</sup> and 8<sup>th</sup> in 2015 and 2016



### Singapore 1000 Award

Presented with the Singapore 1000 Award in 2016 which recognises the most outstanding business performances in the country

SINGAPORE 1000  
SINGAPORE SME 1000  
INTERNATIONAL 100



### Singapore Health Quality Service Award

Garnered 8 silver awards in 2016; 23 silver awards in 2017



### Intermediate and Long-Term (ILTC) Excellence Awards 2016

Awarded "Team Award (Merit) for Clinical Quality Improvement" for the Kampong Project at Sims Avenue.



# Thank you

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