



FINANCIAL RESULTS



FY 2018

15 October 2018

Singapore Press Holdings Limited

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Group FY2018 Financial Highlights

	FY2018 S\$'000	FY2017 S\$'000	Change %
Operating revenue	982,555	1,032,515	(4.8)
Operating profit [#]	206,346	205,448	0.4
Investment income	115,175	53,865	113.8
Operating profit and Investment income	321,521	259,313	24.0
Fair value change on investment properties	45,702	57,386	(20.4)
Gain on divestment of a joint venture	-	149,690	NM
Impairment of associates and a joint venture	-	(35,459)	NM
Profit after taxation	323,997	395,216	(18.0)
Net profit attributable to shareholders	281,110	350,085	(19.7)

Steady Operating Profit for FY2018, despite Lower Operating Revenue

Operating profit and investment income improved 24.0% to S\$321.5m

- **Operating Profit** from Media, Property and Others improved by 0.4% to S\$206.3m
- **Investment income** improved 113.8% to S\$115.2m mainly from divestment of T&I portfolio

PATMI declined 19.7% to S\$281.1m

- **Absence of one-off effect in FY2017**
 - Divestment gain of S\$149.7m in FY2017
 - Impairment of S\$22.4m in FY2018 vs S\$96.0m in FY2017
- **PATMI improved 2.4%**, without one-off effects¹

¹Excluding gain on divestment of a joint venture in FY2017 and impairment charges



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

Strengthening the management's bench

Major Changes in the Management Bench

- **Ng Yat Chung** as new CEO on 1 Sep 2017
- **Chua Hwee Song** as new CFO on 1 Apr 2018
- New CTO, CMO, CPO and Chief Digital Business Officer in place



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



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

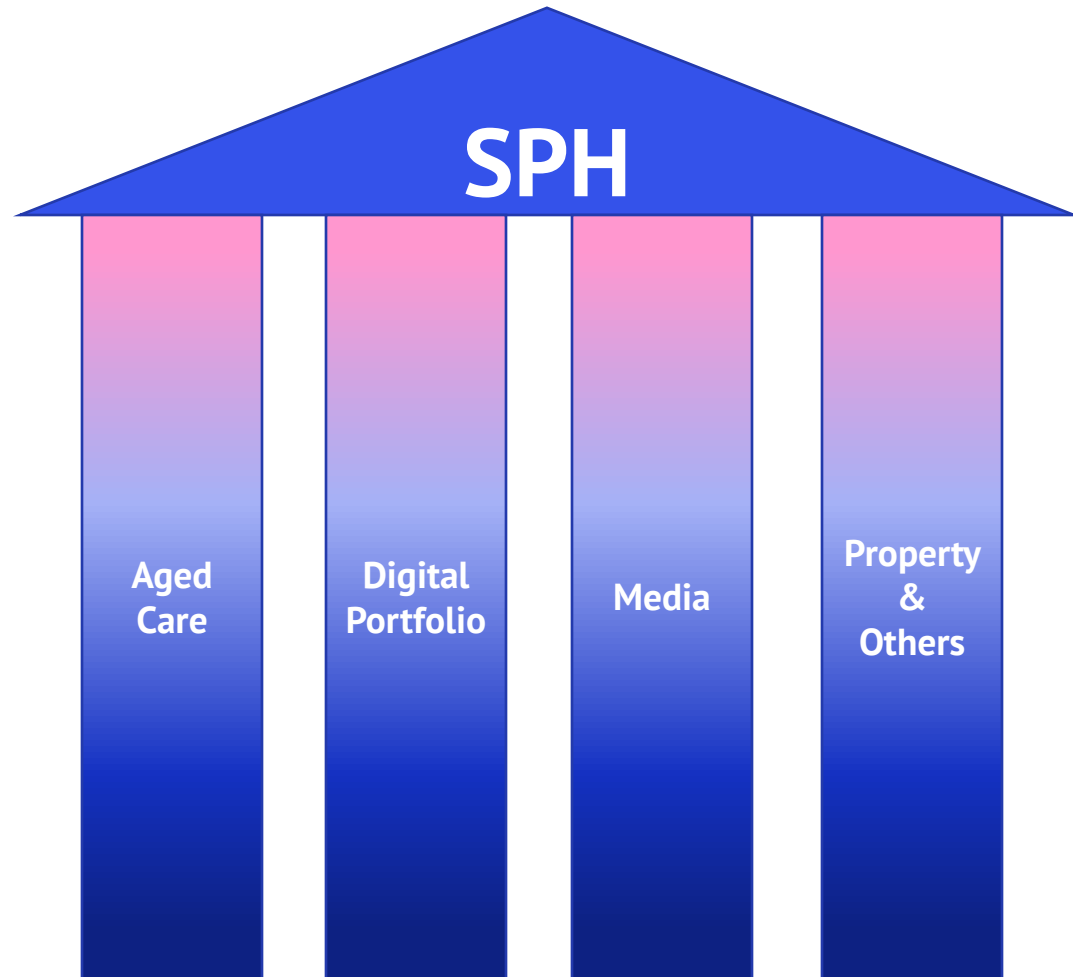
14 May: Joined as Chief Product Officer. Works with Media Group division on vision, design, development; monetisation of its digital media content and products



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

Digitising our core media; Seeking new pillars of growth



Media – Our Core Business:

Accelerate our digital and innovative capabilities to capture new opportunities in the evolving media landscape with agility, from our position of newsprint dominance

Digital Portfolio:

Organised for growth and synergies, to lead in the local online markets by leveraging our offline strength in media. Sense and seek new opportunities, adding to our Media core

Aged Care:

Orange Valley continues to deliver high quality care as Singapore's largest private nursing home group.

Grow the aged care business both locally as well as overseas in the medium term.

Property & Others:

Acquire cash-yielding assets in defensive sectors, with scale and operating capability

Expand Real Estate Asset Management portfolio, beyond SPH REIT

Seek other growth areas

Media: Year in Review

Digitalisation and Innovation – Capturing new Opportunities

Digital Initiatives



Launch of Singapore Media Exchange (3Q2018)



Launch of all-digital subscription (2Q2018)



CXENSE

Adopt Cxense Conversion Engine to personalise customer experience and to boost revenues (Post-2018)

New Partnerships



Launch of new radio stations (2Q2018)

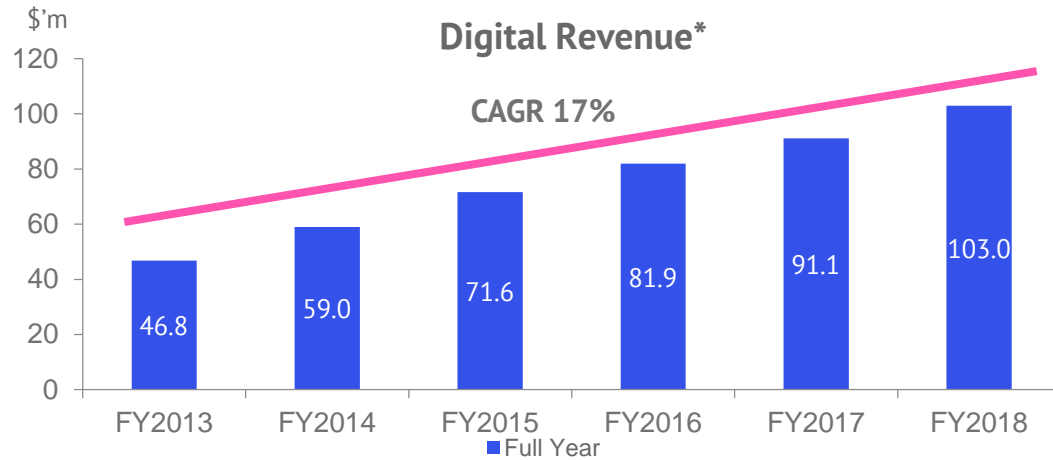


Partnership with Focus Media to develop smart in-lift delivery platform (3Q2018)



Partnership with mm2 to grow Asiaone to Asia's top lifestyle and news portal (4Q2018)

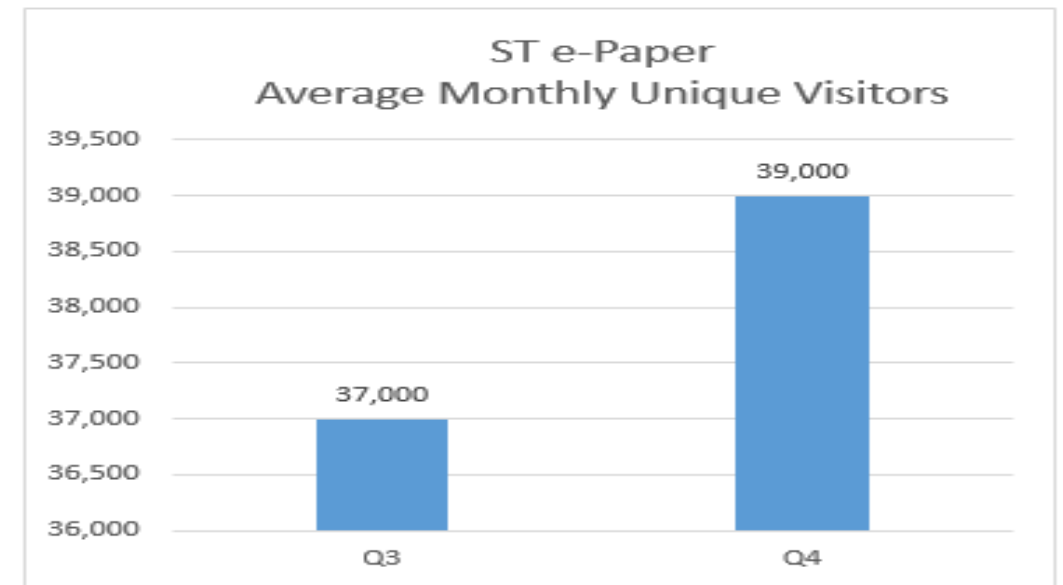
Media: Digital revenue & growing contribution



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



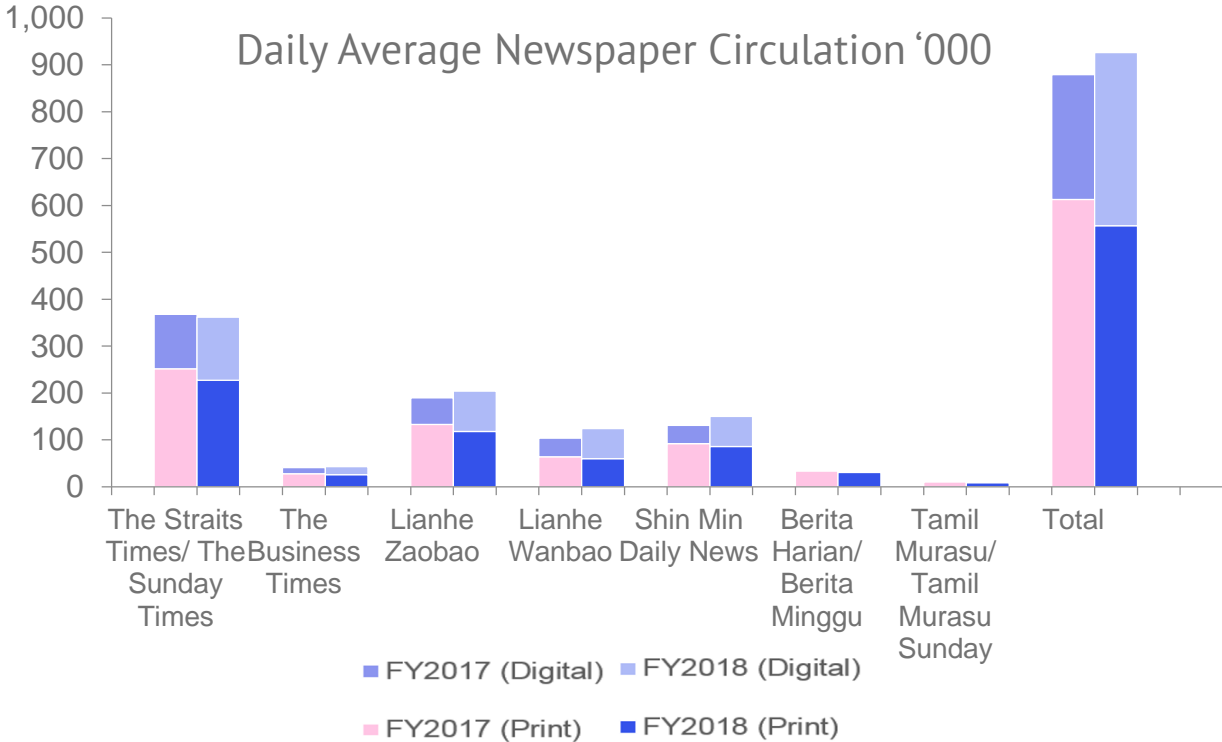
- Digital revenue increased to 15% of media revenue**
- E-paper grew to 39,000, from 37,000 in Q3 2018



**Includes revenue from media and online classifieds

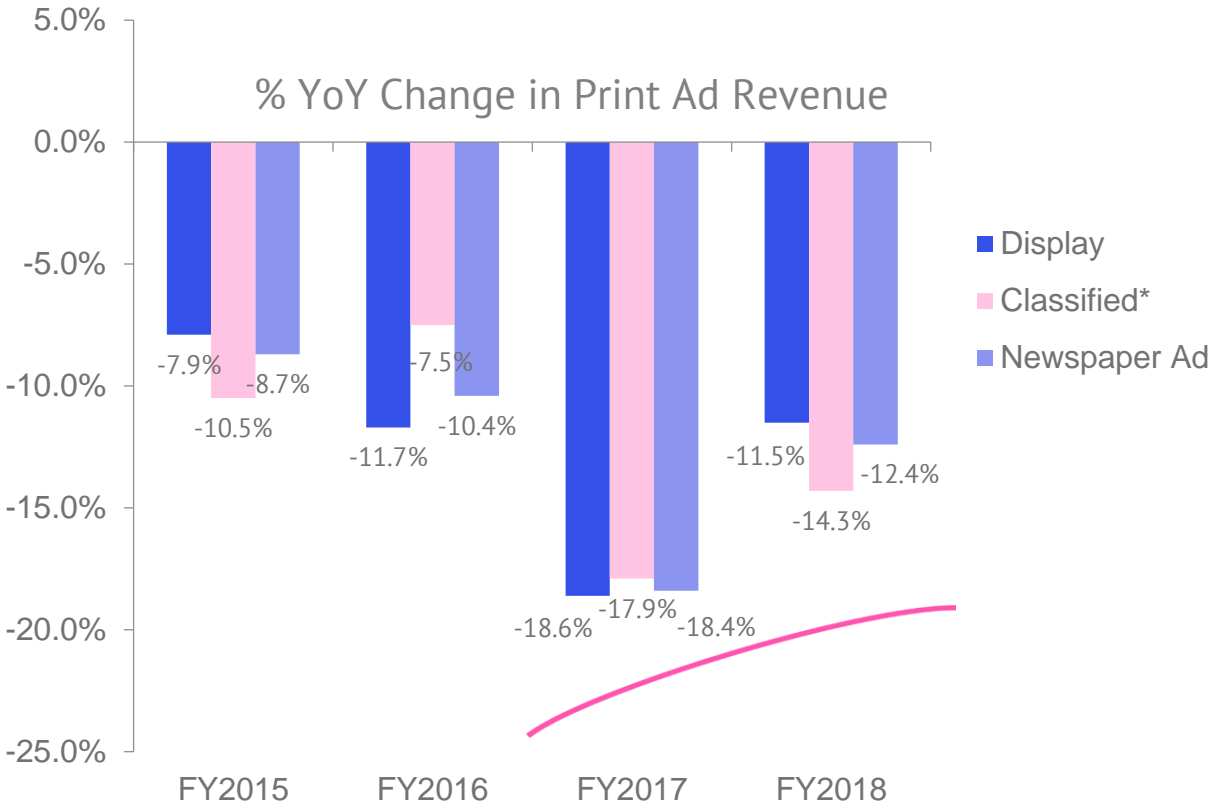
Print Circulation

Overall circulation growth with more digital subscription



Print ad revenue

Slowing decline in print ad revenue



*Classified includes Recruitment and Notices

Media: Key Initiatives going forward

Reaping gains from integrated marketing and enhancing digital analytics capabilities

- Tie-up with Starhub for advertising sales, content creation and distribution, data analytics, and marketing
- Implementing enterprise analytics Google tool Google Analytics 360 to effectively track users' behavior across multiple channels across apps and websites
- Partnering Cxense to personalise customer experience, to allow right content, promotions and offers to be shown at the right time
- Working with A*Star to create a system that optimises news headlines to increase reader engagement



Google Analytics 360 Suite



Property: Enhancing SPH recurring income

SPH REIT



Paragon
S\$2.72b



Clementi Mall
S\$586m



The Rail Mall
S\$63.3m

SPH Property Portfolio continues to grow and provide stable recurring earnings.

- Remains the largest profit segment
- Addition and acquisition in the year:
 - Chinatown Point
 - The Rail Mall
 - PBSA
- Focus on more acquisitions ahead, using debt headroom and others, to expand AUM
- Exploring overseas opportunities to build capability and asset base



Chinatown Point
(30.68%)
S\$136m



The Seletar Mall
(70%)
S\$488m



PBSA UK
(100%)
S\$321m



The Woodleigh Mall
(50%)
TBD

Property: Year in Review

Working to Increase the NPI contributions from cash yielding assets



Increased stake to 30.68% in Chinatown Point (1Q2018)



Acquisition of Rail Mall for S\$63.24m (3Q2018)



Acquisition of PBSA in U.K for £180.5m (Post FY2018)

Increasing the pipeline



Ground-breaking of Woodleigh Mall (3Q2018)

Property: PBSA Acquisition (Post-FY2018)



*“The acquisition of the PBSA Portfolio offered a **unique** entry point into the U.K. PBSA market, enabling access to an ensuite-led portfolio offering affordable rents in good locations.*”

*The portfolio offers **defensive protection** for SPH, with the acquisition price being below replacement cost, and a number of opportunities to **enhance the income profile** of the portfolio through asset management initiatives.”*



– Mr George Dyer of **Cushman & Wakefield**

- Acquired initial PBSA portfolio of 3,436 beds across 6 UK cities
- Focus on the core mid-market segment, targeting local UK students
- Standard amenities (~3-star hotel rating) with attractive pricing for budget-conscious students
- Healthy student-to-bed ratios in all cities, well located to universities
- 30% of Portfolio’s beds under Nomination Agreement with Universities
- Earnings accretive acquisition at cap rate of 6.3% or better
- Rent guarantee of up to £2.5m; Price adjustment mechanism of up to £13.7m
- Appointed industry specialist, Host to actively manage PBSA portfolio

Property: Strong On-ground capability in the UK

Straits Capitol PLC

- SPH wholly owned subsidiary
- Asset Management Unit in UK in-place since Q3 FY2018



David Matthewson
Head, Acquisitions

Experienced surveyor operating in UK real estate since 2000

- Consultant to Knightsbridge Student Housing from 2012 to 2017
- Acquisition of PBSA investments & development sites and experience from design, planning to completion



Murdo Mcilhagger
Head,
Investment Management

Experienced fund manager operating in UK Real Estate since 2004

- Property manager at JLL focusing on acquisition, disposal and strategic advice
- Strong institutional fund management skills with Aberdeen Asset Management

Host

- Appointed Property Manager for PBSA Portfolio



Host is the student-facing brand of Victoria Hall Management Ltd.



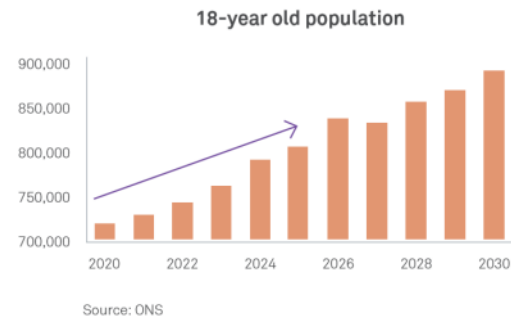
- More than 20 years of industry experience and one of the largest providers of PBSA in the U.K.
- Manages a portfolio of more than 10,000 beds across 24 cities in the U.K. and Europe
- “Best private Halls Provider” and “Quality Mark” for “International Accommodation” in the 2018 National Student Housing Awards done by a survey of 30,000 students.



Property: Why UK PBSA?

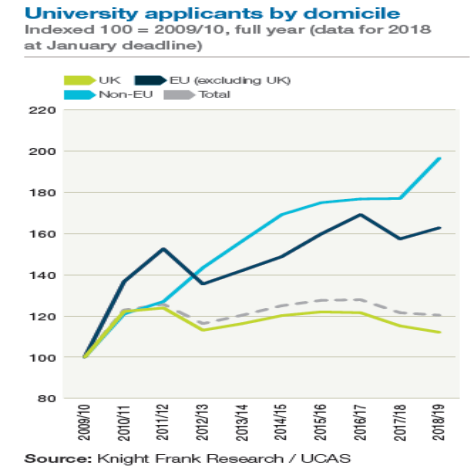
1. STRONG DEMOGRAPHIC FUNDAMENTALS

- The UK's 18-year old population, a **key demand indicator**, is forecast to materially grow by over 170,000 between 2020 and 2030, reflecting an average growth rate of 2% per annum
- Additionally the overall population and level of wealth has steadily been increasing, leading to a rise in those who are most likely to pursue further education



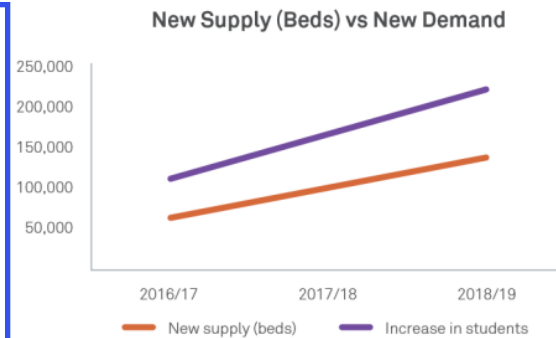
3. QUALITY OF UK EDUCATION

- International student numbers grown by 70% from 2005/2006 to 2015/2016
- Relatively weaker pound will attract non-EU students' applications and overshadow fall in EU applications

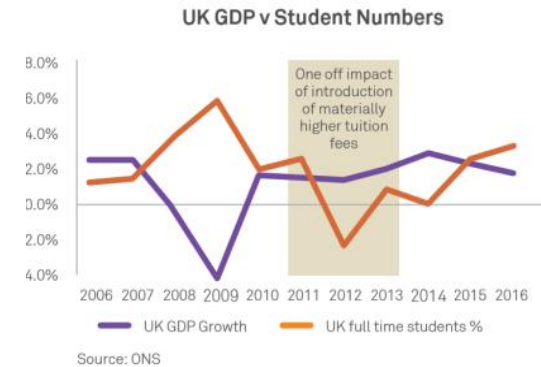


2. DEMAND GROWTH FORECAST TO OUTSTRIP SUPPLY 4. DEFENSIVE CHARACTERISTICS

- Existing undersupply will deepen with growth in student numbers forecast to **outstrip growth in supply by 30,000 per annum**
- UK-wide student numbers are forecast to grow twice as fast as new supply



- Student numbers continued to grow during the global financial crisis and ensuing recession
- Listed student sector specialist propcos proved resilient following the Brexit vote



Property: Growing PBSA portfolio and capabilities

- **PBSA will be established as a more sizeable platform**
 - Seeking more opportunities, active reviewing deal pipeline
 - Strengthen and deepen our capabilities in the PBSA class
- **Building on SPH strong track records in asset management**
 - Established track record with SPH REIT and working with capital partners (Seletar Mall and Woodleigh Mall)
 - Establish more investment vehicles for other asset sectors in the medium term
 - Strong ground capabilities as key criteria to enter each new market
- **Recycling of capital from T&I portfolio**
 - Reallocate capital to the asset management segment
 - Focus on defensive, cash-yielding asset class
 - In well developed and transparent markets
 - Target to achieve double-digit returns in each asset class, inclusive of income from management platforms



New initiatives by SPH Digital to lead in local online markets

- Cements No.1 position in Singapore's job portal market
- Nov 2017: Expanded regionally into Malaysia and Philippines



- Apr 2018: Launched website with Chongqing's Zhubajie Network
- Gig economy portal for companies to engage creative agencies and freelancers online



- Nov 2017: JV with Mediacorp to set up an online data-driven digital advertisement exchange
- Gaining momentum with widest reach to Singapore's digital population



- Apr 2018: Partners Chongqing's Social Credits, to provide China business info with live API
- Financial AI firm in business intelligence and surveillance



& delivering the wins ...

Divestment

Sale of Qoo10's Japanese subsidiary



Divestment win

Sale of 702 online classifieds in Thailand

Kaidee

Investment

Third-party investor



SPH Ventures

June 2017: Moneysmart.sg raised S\$14m in Series B funding

Oct 2017: Invested in consumer analytics start-up Snapcart, which launched in Singapore



- Total gain on divestment of Qoo10's Japanese subsidiary was S\$9.4m, and Kaidee, S\$2.2m.
- Revaluation gain of SPH Ventures portfolios, which goes to fair value reserve amounted to S\$22.2m.

Aged care: Building the brand for overseas growth

- One of the largest private sector players in Singapore
Focus on building operational capabilities
- Seek overseas growth opportunities in the retirement village and aged care sector to capture aging population markets

Leverage on Orange Valley's and Singapore's reputation in healthcare

- **Milestones**

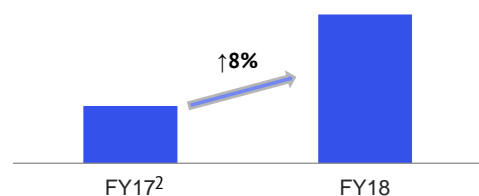
Officially launched Balestier Care Centre in May 2018¹

Signed Memorandum of Understanding with strategic partners to explore opportunities in Asia-Pacific

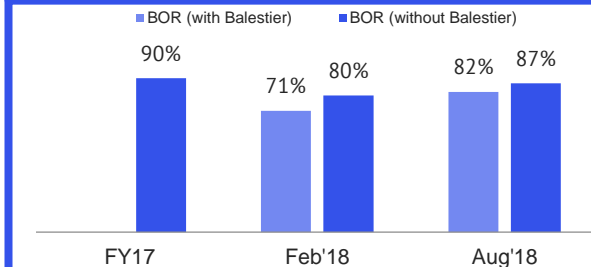


Continues To Be Leading Elderly Care Company In Singapore

Expanding Bed Capacity

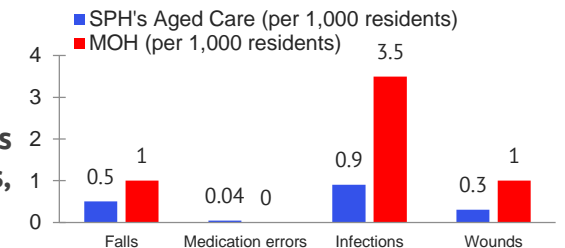


Healthy Bed Occupancy Rate ("BOR") Despite Challenging Environment



Delivering Quality Care

- In 2018, won Singapore Health Quality Service Award – 23 silver awards.
- Awarded 3 certifications for Business Excellence – Singapore Quality Class, Service Class and People Developer
- High clinical quality standards



¹Soft-opening of Balestier Care Centre in January 2018

²FY17 comprises period post-acquisition from 25 April to end August 2017

Others: Year in Review

Sensing and Incubating potential pillars of growth

Education

Increased stake and IPO of MindChamps (Post-IPO stake of 20%)
(1Q 2018)



Acquisition of 75% stake in Han Language
(1Q 2018)



Media with 5G

Transforming M1 with Keppel (total stake of 33%)
(Post FY2018)



- Joint-Offer with Keppel, roll-over of existing shares
- Precon VGO to gain majority control of M1
- Collaboration with Keppel to support management in undertaking business transformation of M1
- Allow SPH to leverage M1's mobile platform to offer on demand and ready digital content
- Earnings accretive transaction*

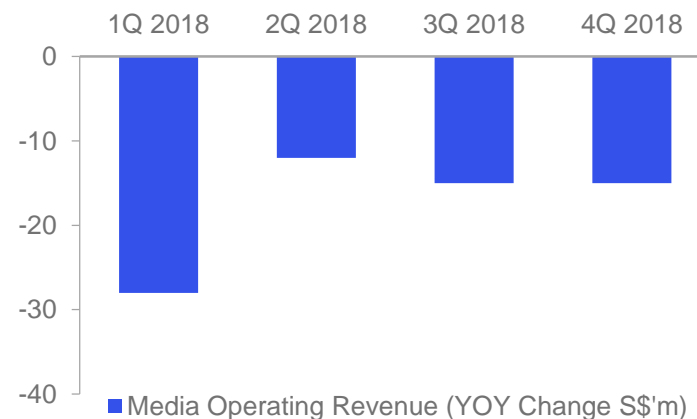
**Based on proforma historical financial health (See Chapter 10 Announcement)*

Group FY2018 Segmental Highlights

Operating Revenue	FY2018 S\$'000	FY2017 S\$'000	Change %
Media	655,782	725,427	(9.6)
Property	242,417	244,159	(0.7)
Treasury and Investment	-	-	-
Others	84,356	62,929	34.0
	982,555	1,032,515	(4.8)

Media

- **Media revenue** continue to decline Y-on-Y, but at slower pace



Property

- **Property income** held steady, with slight decrease arising from lower rental income from Paragon (negative reversion but has since stabilised)

Others

- Increase due to first full year **contribution from the aged care business**

Group FY2018 Segmental Highlights

Profit/(Loss) before taxation	FY2018 S\$'000	FY2017 S\$'000	Change %
Media	92,795	114,472	(18.9)
Property	151,755	162,971	(6.9)
Treasury and Investment	98,980	47,038	110.4
Others	3,629	(4,041)	NM
PBT (exclude RID*)	347,159	320,440	8.3
Fair value change on investment properties	45,702	57,386	(20.4)
Impairment charges	(22,356)	(96,024)	(76.7)
Gain on divestment of a joint venture	-	149,690	NM
	370,505	431,492	(14.1)

PBT (excluding RID) improved 8.3% to \$347.2m

Media

- Media Revenue decline cushioned by lower staff costs, newsprint costs and depreciation charges
- Remains a highly profitable business

Property

- Property maintains as the largest profit contributor, with steady income stream
- Decline in property are due to additional financing costs for the Woodleigh project and increased professional fees for acquisition projects

Treasury and Investment

- Sharp gain on divestment of treasury investment funds for redeployment into the property asset management sector

Others

- Digital Portfolio continues to deliver with gain on partial divestment of Qoo10 in Q3 FY2018

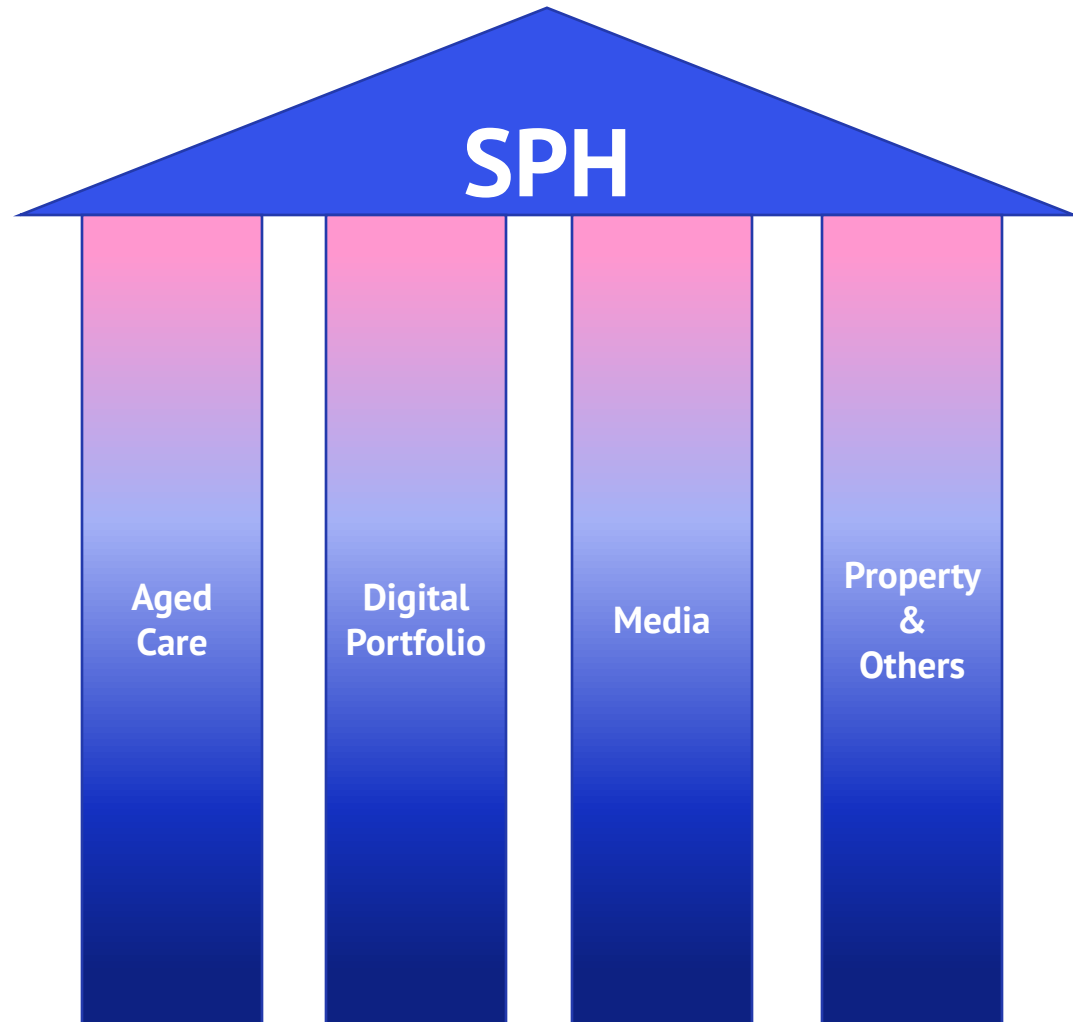
Dividend

The Board has declared a final dividend of 7 cents per share comprising
3 cents of ordinary dividend; and
4 cents of special dividend

Dividend yield = 4.6%*

*Including interim dividend of 6 cents per share and based on the closing price on 31 Aug 2018 of S\$2.80/share

Conclusion:



**Media as Core Business,
Complemented by growth in Digital and Aged Care
Strong recurring income provided by Property
Seeking new growth areas**

Thank You

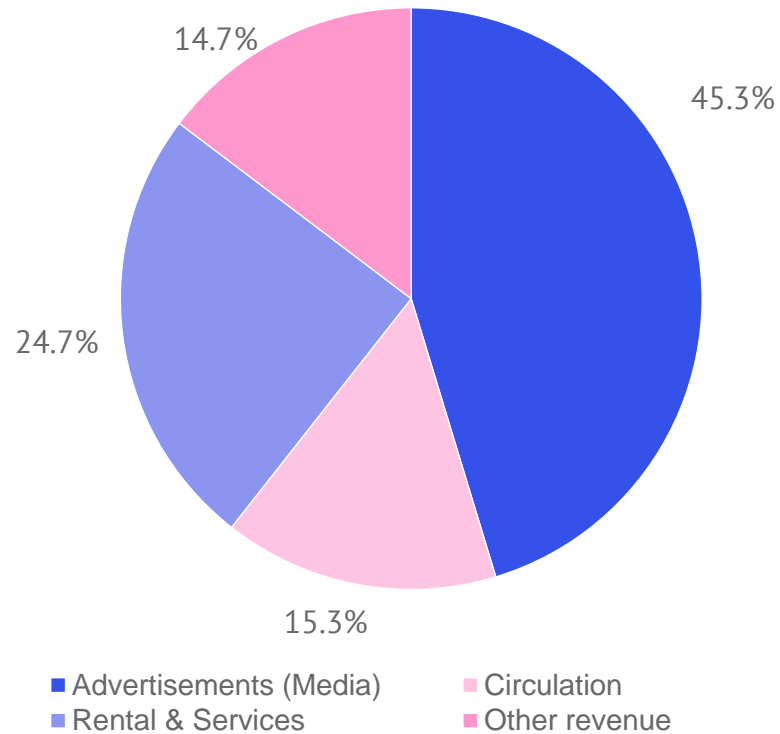
Visit www.sph.com.sg for more information



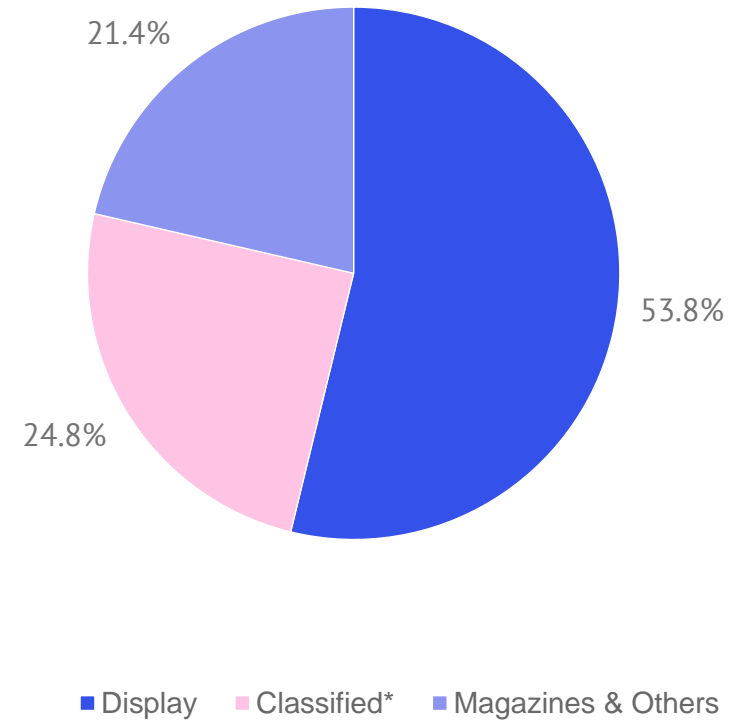
Annexe

Revenue Composition FY2018

Operating Revenue Composition (S\$982.6m)



Media Advertisement Revenue Composition (S\$445.4m)

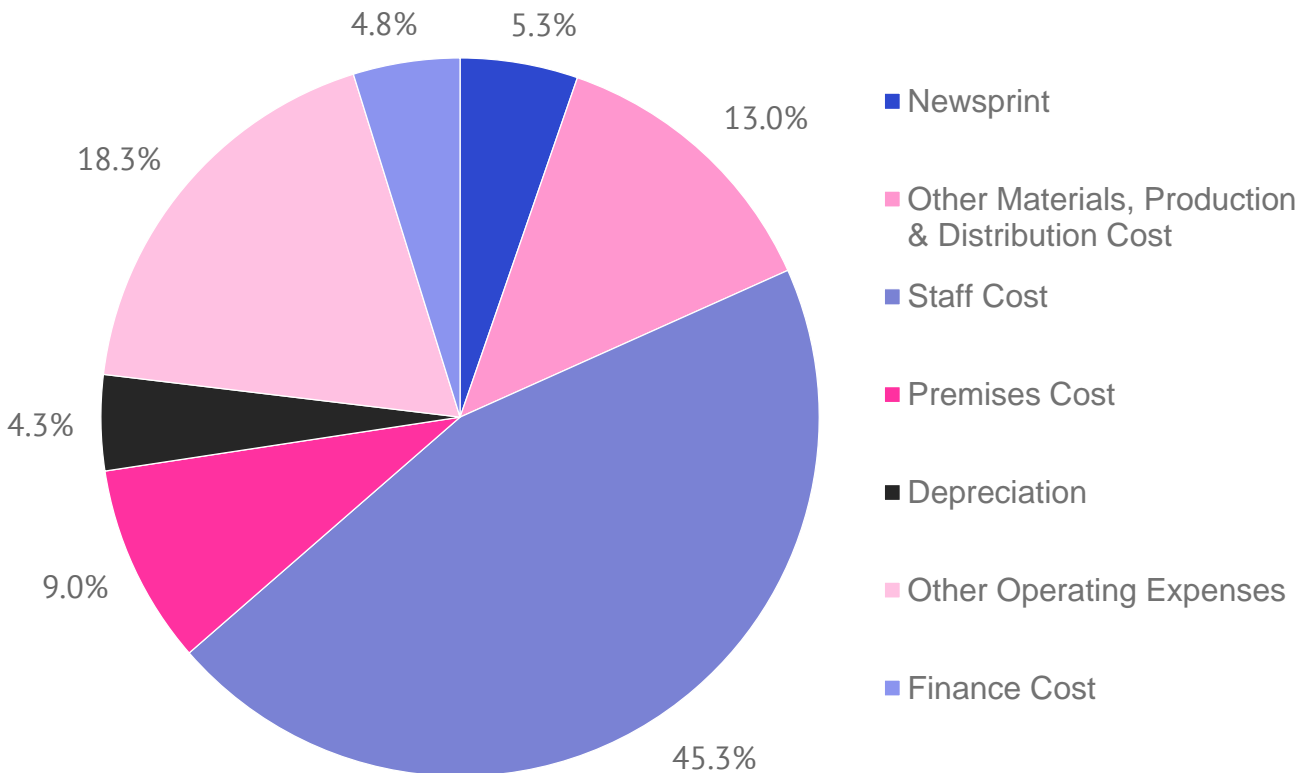


* Classified includes Recruitment and Notices

Operating costs fell 1.1%

S\$ m

FY2018 Operating Expenditure*
Cost Composition (S\$777m)



* Excluding impairment charges

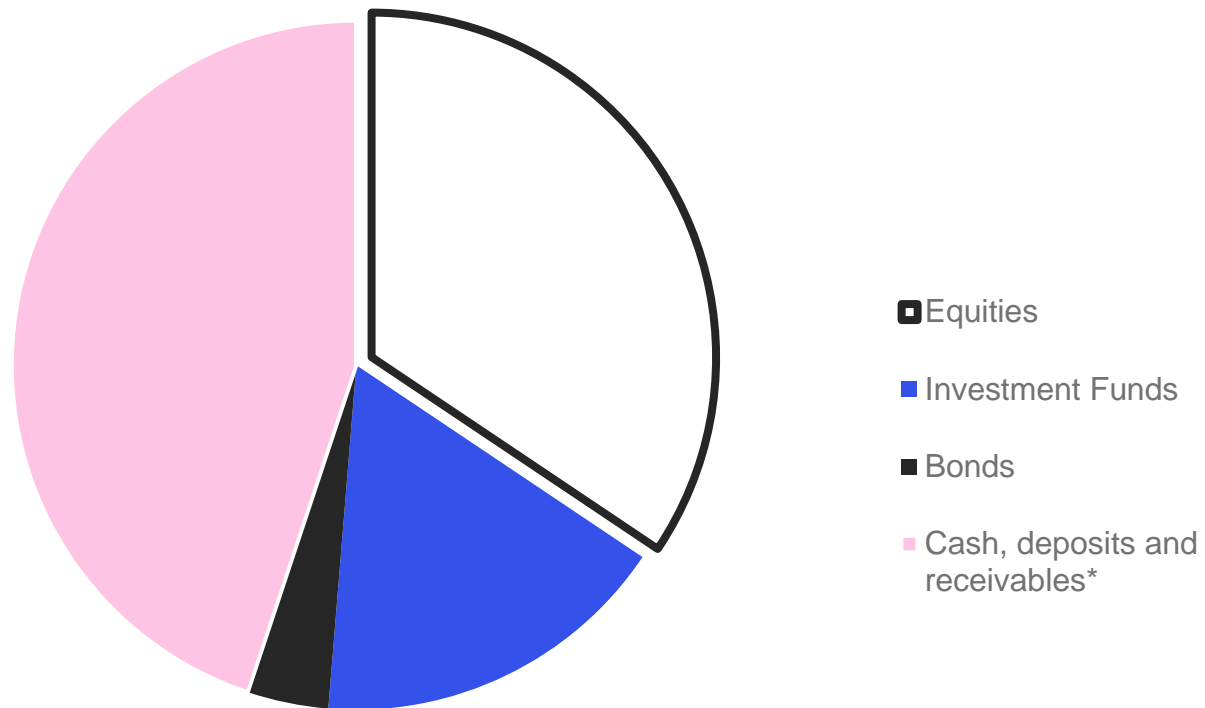


Newsprint	▼	6.4
Other Production costs	▼	7.0
Staff Costs	▼	5.7
Premises Costs [#]	▲	4.9
Depreciation	▼	4.6
Other Operating Expenses	▲	3.5
Finance costs [^]	▲	6.2

[#] Increase attributable to aged care business
[^] Increase due to borrowings for the Woodleigh project

Strong balance sheet

Group Investible Fund (S\$1.04b)
As at 31 Aug 2018

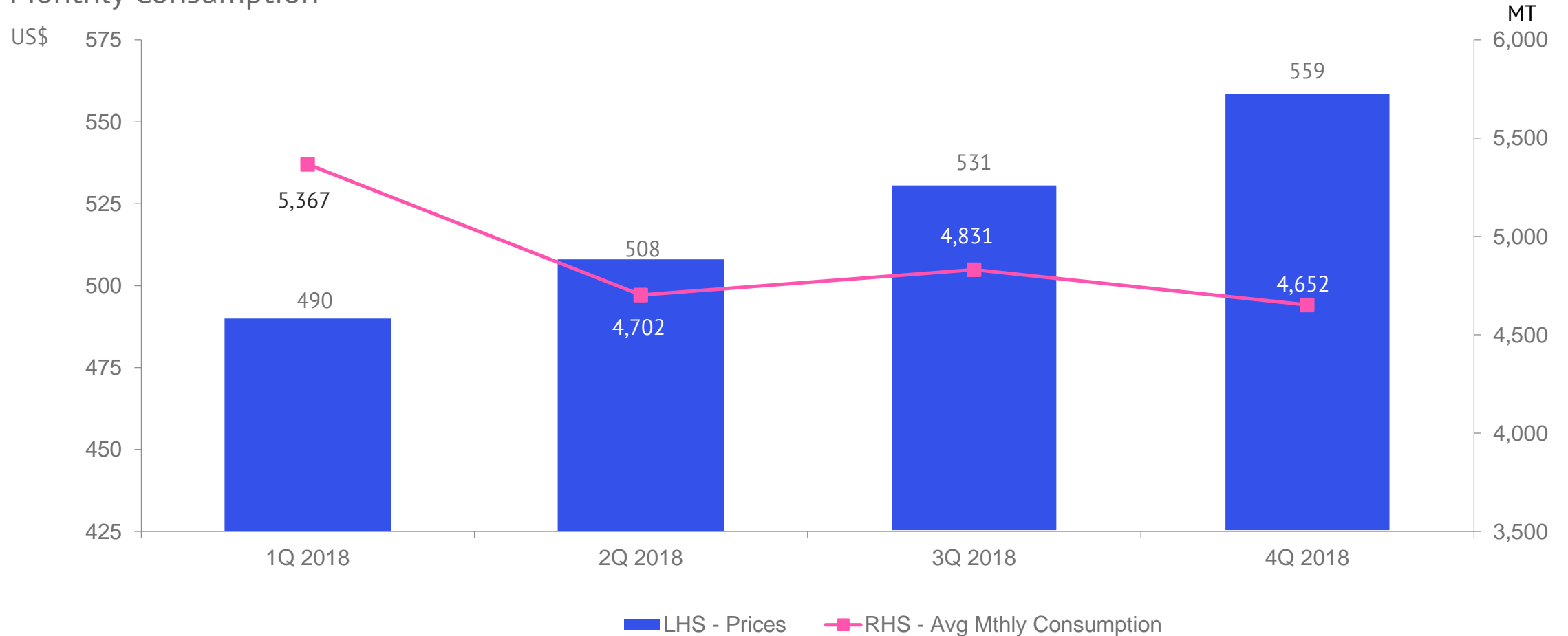


Capital from Treasury & Investments will be allocated to property and asset management segment

** Include proceeds of S\$189.3m from the disposal of investments due after financial year-end*

Newsprint prices expected to strengthen

Average Newsprint Charge-Out Price & Monthly Consumption

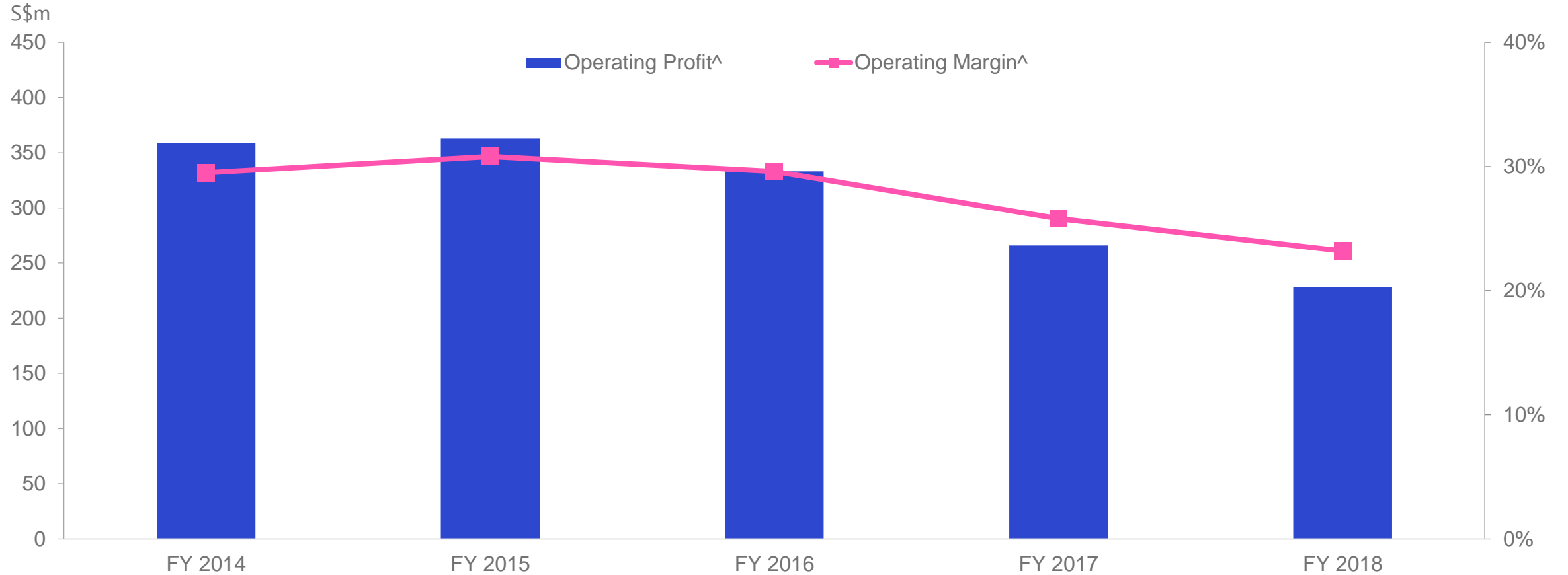


Effective control of staff costs

	FY2018	FY2017	Change %
Headcount as at end-August	4,137	4,410	(6.2)
Staff Costs (S\$'000)	351,785	357,464	(1.6)

Stable operating margins

Operating Profit and Operating Margin[^]



[^] Excluding impairment charges on goodwill and intangibles, and property, plant and equipment

Addendum: PBSA Acquisition (Post-FY2018)

City	Assets	No. of beds	Occupancy rate*	Student to bed ratio	Nomination Agreement
Sheffield	¹ Central Quay	767	95.8%	1.6:1.0	26%
	Sub-total:	767	95.8%	1:6:1.0	26%
Plymouth	¹ Alexandra Works	246	63.4%	2.2:1.0	-
	¹ St Thomas' Court	237	37.5%		-
	¹ St Theresa House	112	37.5%		-
	Central Point	235	100.0%		76%
	Discovery Heights	281	99.6%		100%
	Sub-total:	1,111	72.0%		2.2:1.0
Huddersfield	Firth Point	200	98.0%	1.4:1.0	-
	Snow Island	427	97.9%		-
	Saw Mill	378	98.4%		-
	Sub-total:	998	98.1%		1.4:1.0
London	Bernard Myers	123	100.0%	2.2:1.0	95%
	Sunlight Apartments	24	100.0%		-
	Sub-total:	147	100.0%		2.2:1.0
Bristol	Transom House	134	100.0%	2.2:1.0	100%
	Culver House	97	100.0%		-
	Sub-total:	231	100.0%		2.2:1.0
Birmingham	Londonderry House	175	97.1%	1.9:1.0	-
	Sub-total:	175	97.1%	1.9:1.0	-
Grand Total		3,436	89.1%		27%

*As at 27 September 2018

¹These assets are subject to repricing. The others are topped up via rent guarantee for any shortfall.

Unite's poor occupancy performance in Plymouth due to:

- Brought to market late in cycle in hope of nominations
- Demotivated operations team due to uncertainty of disposal
- Lack direct let capabilities – all were on nominations prior

Confident to achieve good occupancy level, with Host's team operating in Plymouth

We are confident of the Plymouth market recovering as the university has invested heavily in its academic facilities and seek to improve their recruitment levels. Host will generate sales ahead of the historic sales cycle by acquiring new students from University and retain existing students. With improved recruitment efforts by the university, student numbers are expected to recover from 2019/20 onwards and translates to higher occupancy.

- Mr Kevin Williamson,
Investment Director
of HOST

Addendum: Highlights of the PBSA Acquisition

Earnings accretive acquisition

- Cap rate at 6.3% or better
- Net Property Income contribution in excess of £11m for AY18/19
- Assuming a LTV of 55-65%, COC yield near double digit %

Rent guarantee of up to £2.5m

- Covers the income shortfall, for settlement on 30 Nov 2018 after student arrival window
- Mechanism to ensure that Unite continues to market the property diligently
- Historical performance does not give concern of occupancy voids

Price adjustment mechanism of up to £13.7m

- For assets in Sheffield and Plymouth coming off nominations
- Price adjustment based on NOI achievement at settlement on 30 Nov 2018, at portfolio cap rate

Appointed industry specialist, Host to actively manage PBSA portfolio

- Management oversight by SPH's asset management team in the UK, Straits Capitol

*“The acquisition of the PBSA Portfolio offered a **unique** entry point into the U.K. PBSA market, enabling access to an ensuite-led portfolio offering affordable rents in good locations.*”

*The portfolio offers **defensive protection** for SPH, with the acquisition price being below replacement cost, and a number of opportunities to **enhance the income profile** of the portfolio through asset management initiatives.”*

*– Mr George Dyer of **Cushman & Wakefield***

Addendum: Brexit Implications on PBSA

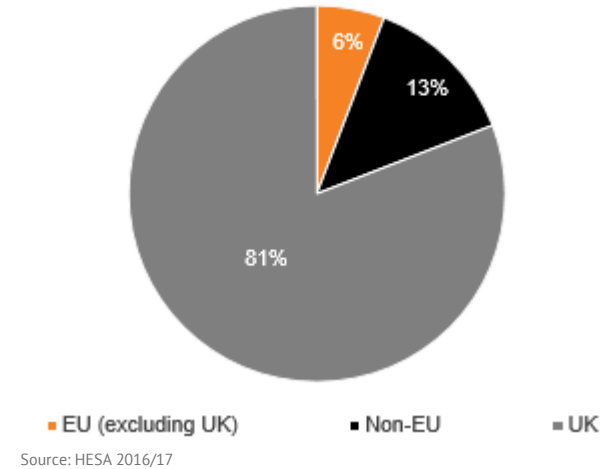
Student Numbers

- The total percentage of EU students in the UK is at 6%
- Loss of EU students would have a limited impact on the PBSA market
- Mitigated by UK study grants for EU students enrolling up to academic year 2019/20
- Increase in university spaces to mitigate loss of funding

Currency Exposure

- Benefit from demand for UK's university spots:
 - Weaker pound: Increase in demand from international students due to greater affordability
 - Stronger pound: Drop in student applications unlikely to be significant

Share of International Students in UK Universities 2016/17⁴



Source: IndiaToday