

# 36<sup>TH</sup> AGM

27 NOVEMBER 2020



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# OUTLINE

- **Introduction**
- **FY2020 Financial Highlights**
  - Segmental Highlights
- **Business Segments**
  - Media, Telecommunications, Technology
  - Retail
  - PBSA
  - Aged Care
- **Strategy and Dividends**

# A CHALLENGING MEDIA LANDSCAPE



## Period of rapid changes disrupting the media industry\*

- Media print ad have been declining in Asia-Pacific
- Print subscription is down as consumers increasingly move to digital
- Digital ad revenue has been increasing

## SPH Board 's strategy to navigate the challenging landscape

- Transformation of media business - To rejuvenate, reinvent and reposition our products, with a focus on digital circulation
- Disciplined approach to capital management and cost
- Invest in digitalising the Media business while diversifying and growing recurring income through investments in defensive, cash-yielding assets

\* Source: S&P Global Market Intelligence, APAC ad spend to fall 8.5% YOY in 2020, social media to lead recovery

# SPH IN 2020: SOME HIGHLIGHTS

## 1) Transforming Media

- Digital circulation has exceeded print circulation
- Integrated marketing solution: Cross-selling of ads across multiple platforms with multi-language messaging
- Investment in new digital and analytics capabilities
- Overall staff costs in FY2020 decreased 6.6% from FY2018

## 2) Unlocked value (S\$293m) from portfolio of investments and legacy assets

Financial Year	Investment Divested	Gain (S\$m)
FY2017	701Search	150
FY2018	T&I portfolio, Qoo10	79
FY2019	Chinatown Point	24*
FY2020	AXA Tower, Media Centre	40

\* Comprised of S\$13.9 million fair value gain and S\$10.4 million divestment gain



# SPH IN 2020: SOME HIGHLIGHTS

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## 3) Geographical diversification and growing recurring income through investments in defensive, cash-yielding assets undergirded by long-term secular trends

- SPH REIT made maiden acquisitions in Singapore and Australia worth over S\$875m since FY2018
- On track to become sizeable PBSA owner-operator with 7,723 beds across 28 assets in UK and Germany worth over S\$1.4b, a portfolio established and scaled since FY2019
- Aged Care expanded beyond Singapore and into Japan with 5 assets (S\$66m) in FY2020



# FY2020 FINANCIAL HIGHLIGHTS



# GROUP FY2020 FINANCIAL HIGHLIGHTS

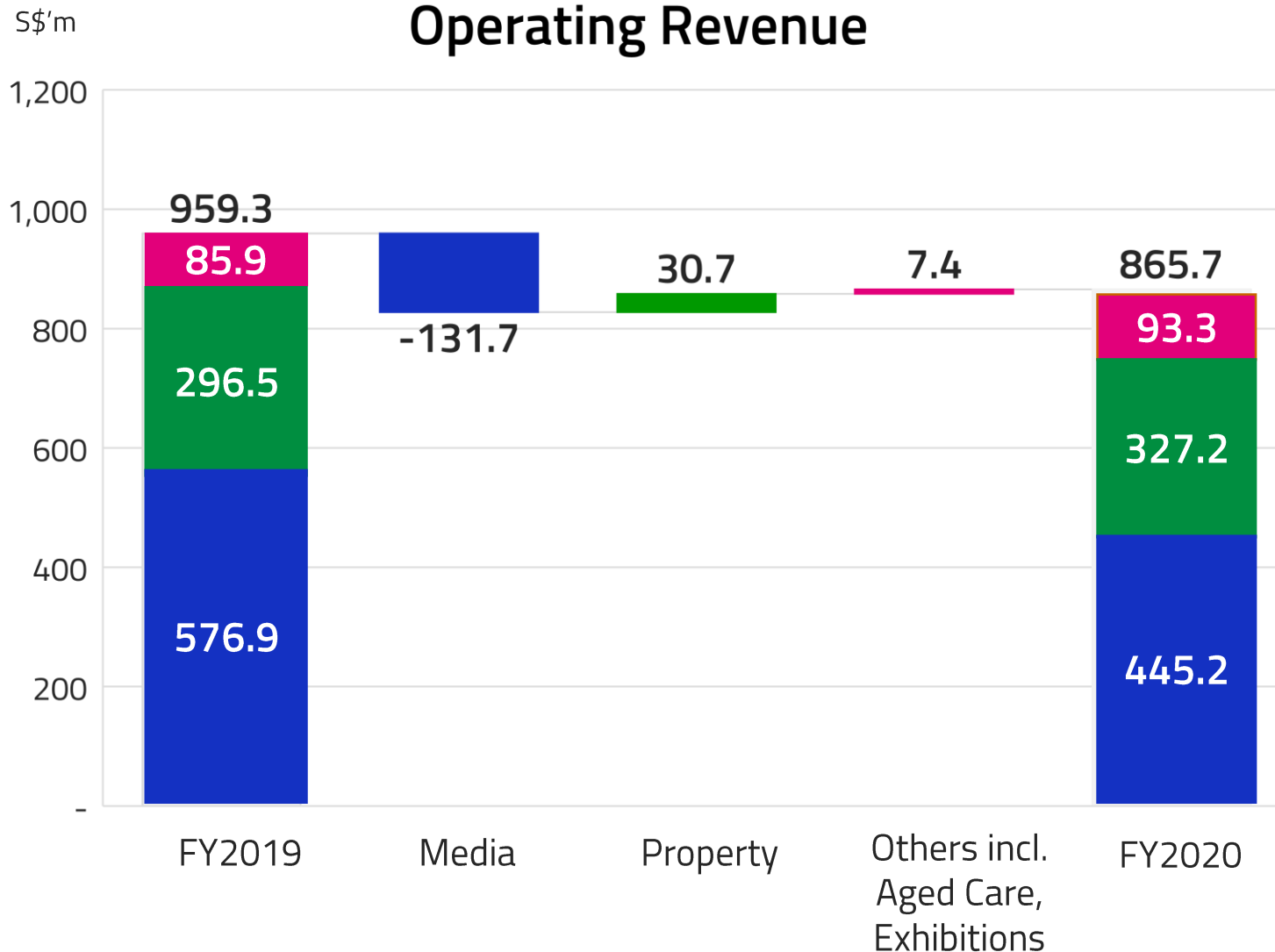
	FY2020 S\$'000	FY2019 S\$'000	Change %
Operating revenue	865,662	959,255	(9.8)
Total costs	(844,402)	(790,747)	6.8
Operating profit	110,247	186,922	(41.0)
FV change on investment properties	(232,013)	82,407	NM
Share of results of associates and JVs	3,418	19,119	(82.1)
Investment income	17,382	9,834	76.8
<b>(Loss) / Profit after taxation</b>	<b>(112,502)</b>	<b>259,546</b>	<b>NM</b>
<b>Net (loss) / profit attributable to shareholders</b>	<b>(83,676)</b>	<b>213,211</b>	<b>NM</b>

## Net loss of S\$83.7m after taking in S\$232.0m non-cash FV loss on investment properties

- Despite Covid-19 impact, operating profit is still positive at S\$110.2m
- Adverse impact of Covid-19 on main business segments mitigated by government reliefs of S\$68.5m
- Total costs increased 6.8% y-o-y with new acquisitions, rental reliefs and retrenchment costs of S\$16.6m from 2 restructuring exercises



# GROUP FY2020 SEGMENTAL HIGHLIGHTS



## Increased revenue contribution from new acquisitions in Property mitigated decline in Media revenue

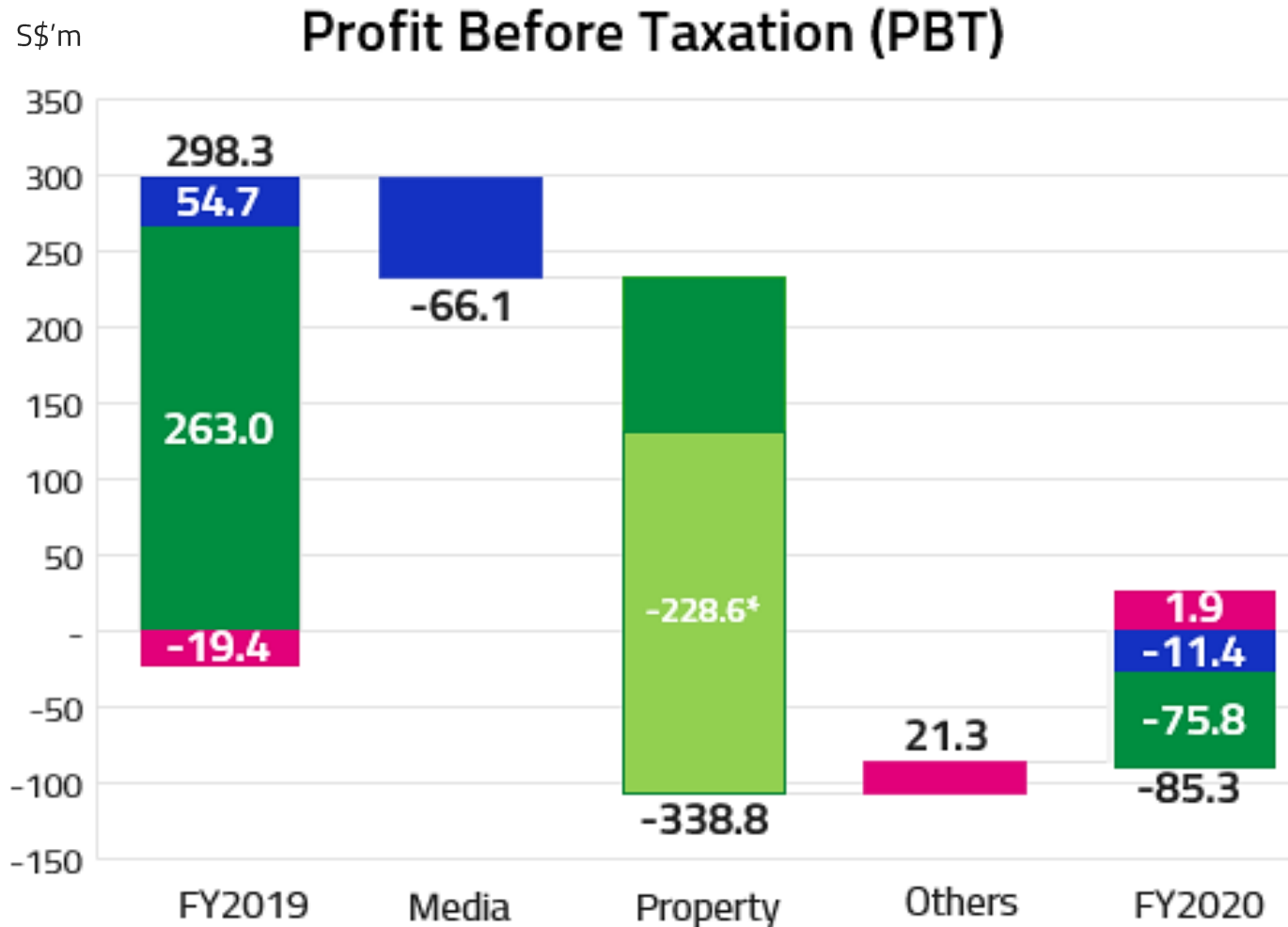
- Media rev. fell 22.8% y-o-y, led by 31.4% y-o-y decline in Media Ad rev.
- Newly acquired Westfield Marion, Student Castle portfolio and Galileo Residenz started contributing
- Aged Care recorded revenue increase of S\$26.3m, offset by decline of S\$17.4m in Exhibitions

# SIGNIFICANT ITEMS IMPACTING PBT IN FY2020

Gain / (Loss)	FY2020 S\$'000	Breakdown of FV Change on Investment Properties	FV Change (S\$m)	FV Change (%)
Jobs Support Scheme	33,411	Paragon	(114.0)	(3.9)
Other Covid-19 related grants: Income	35,097	The Clementi Mall	(14.6)	(2.4)
Gain on divestment of a property	25,712	The Rail Mall	(2.5)	(3.9)
Retrenchment costs	(17,416)	Westfield Marion	(31.6)	(4.6)
Other Covid-19 related grants: Expense	(28,255)	Figtree Grove	(16.0)	(7.7)
Impairment of goodwill and intangibles (OV, PBSA and Exhibitions)	(17,451)	Seletar Mall	(17.8)	(3.6)
Impairment of an associate (MindChamps)	(10,008)	PBSA	(31.9)	(2.2)
Fair value change on investment properties*	(232,013)	Others	(3.6)	(1.7)
<b>Total</b>	<b>(210,923)</b>	<b>Total</b>	<b>(232.0)</b>	<b>(3.5)</b>

\* SPH has registered a net gain of S\$420.7m in fair value change on its investment properties since FY2012

# GROUP FY2020 SEGMENTAL COMPARISON



## Comparison with FY2019

- Media loss of S\$11.4m, mainly due to one-off retrenchment costs (S\$16.6m) and 32.9% y-o-y decline in Newspaper Print Ad revenue
- Property loss of S\$75.8m due to lower operating profit and revaluation decline in Retail and PBSA portfolios
- Others improved due to increase in share of profits from M1 and divestment gain on Media Centre

\*Fair Value Change in Investment Properties for Retail and PBSA (excluding Aged Care)

**MEDIA**

**TELECOMMUNICATIONS  
TECHNOLOGY**

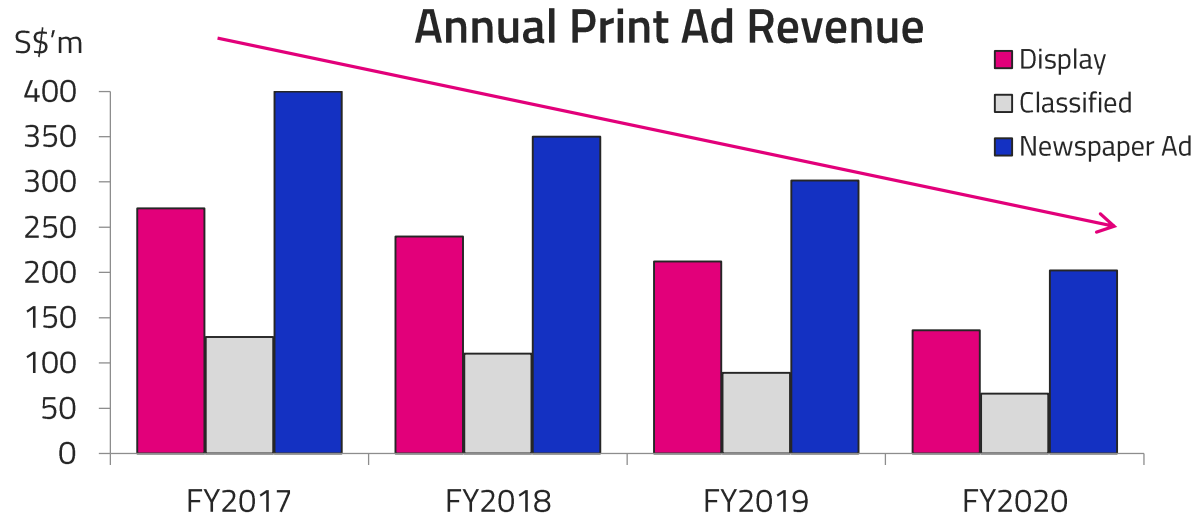


**THE STRAITS TIMES  
NEWS TABLET**



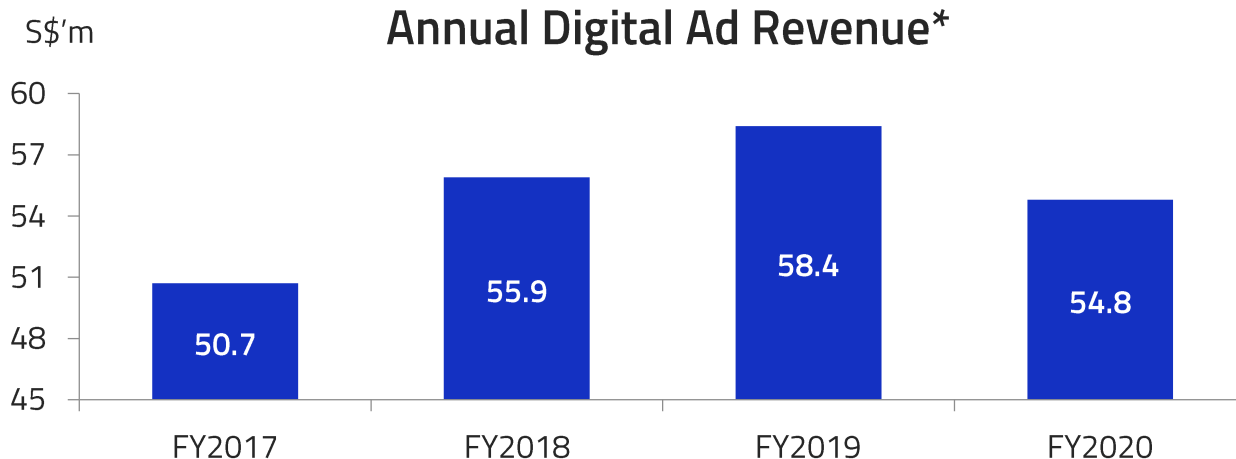


# AD REVENUE SEVERELY IMPACTED IN FY2020



## Newspaper Print Ad down worldwide due to Covid-19 pandemic

- Newspaper Print Ad down 32.9% y-o-y; increase in Government ads unable to replace fall in Travel and FMCG



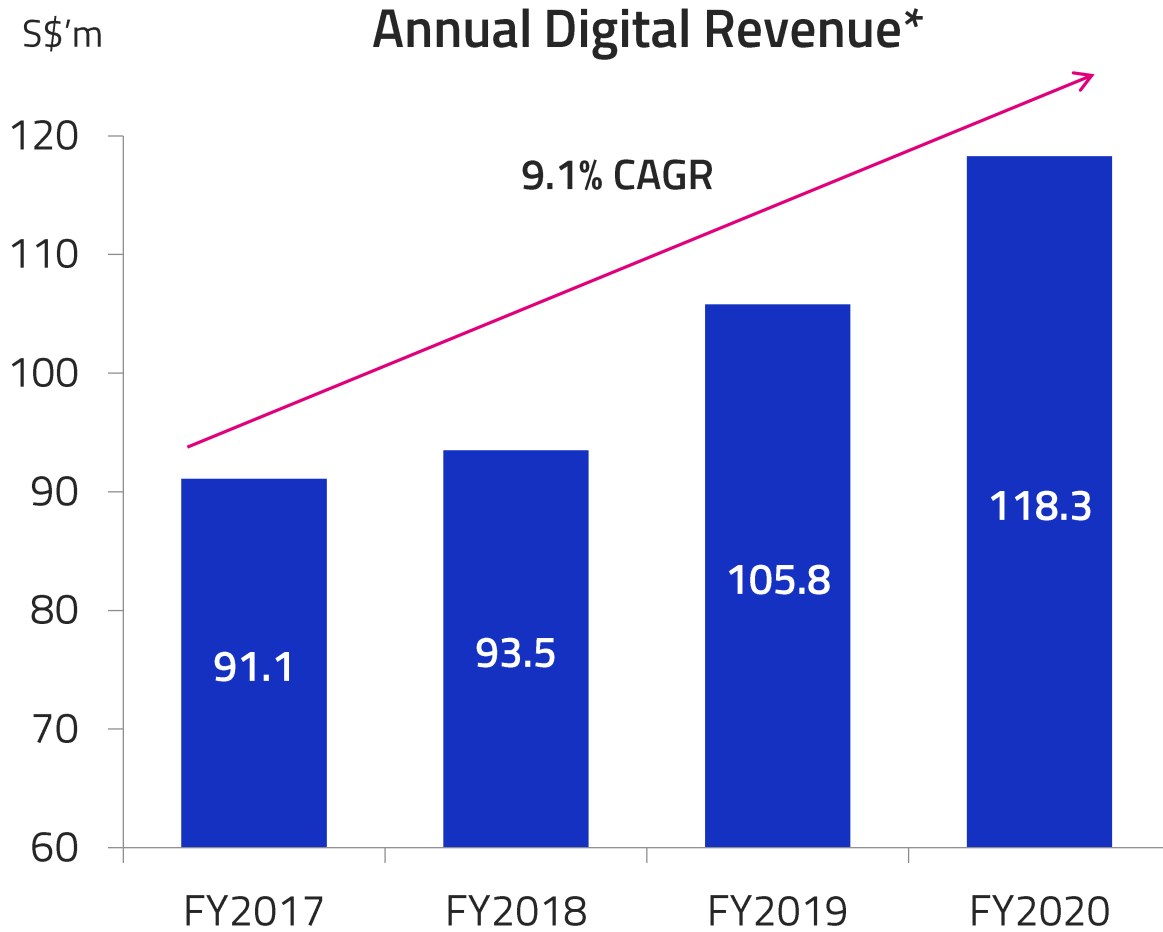
## Digital Ad revenue decreased 6.2% from FY2019

- Digital Ad revenue grew steadily since FY2017 but declined in FY2020 in line with advertisers pull back on Ad spend globally during pandemic\*\*

\*Total digital ad revenue from ads, online classifieds, magazines and other digital portals (excluding ShareInvestor)

\*\*Source: The Straits Times, 'Global advertising faces double-digit decline this year'

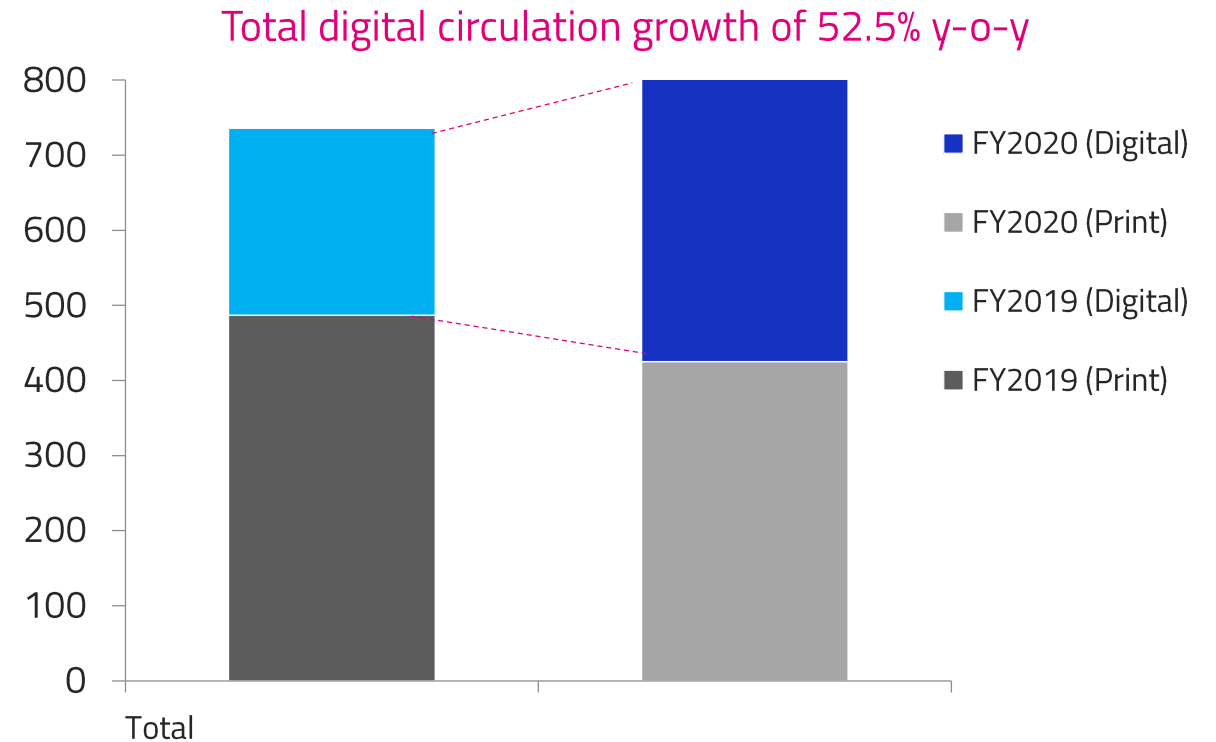
# TOTAL DIGITAL REVENUE REGISTERED GROWTH OF 11.8%



## 9.1% CAGR since FY2017

- Boosted by digital circulation growth of 52.5% y-o-y; enabling YTD total circulation to grow 9.4% y-o-y in FY2020

## Daily Average Newspaper Circulation '000



\*Total digital revenue from circulation, ads, online classifieds, magazines and other digital portals (excluding Shareinvestor)

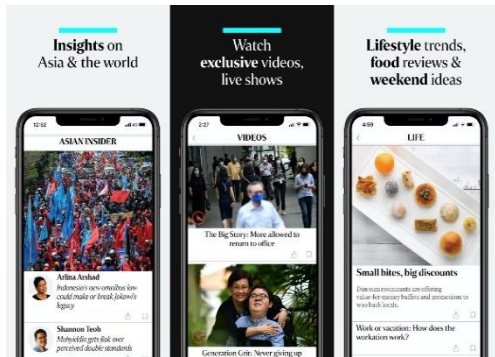
# DIGITAL TRANSFORMATION EFFORTS FOR FY2020



## News Tablet campaign delivers best features of the print product to a digital platform with subscriptions hitting 40k, up 300% y-o-y

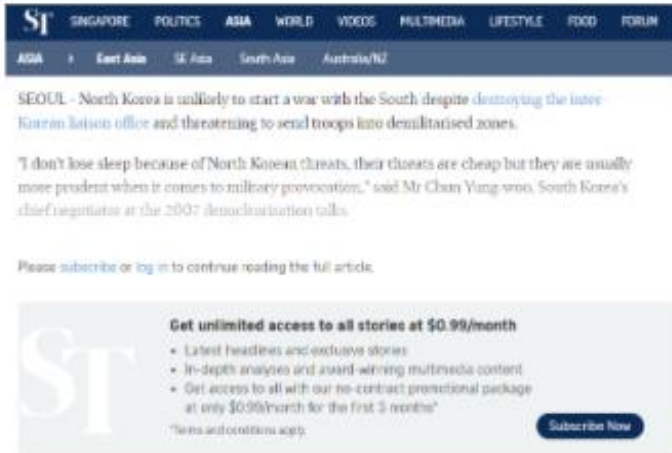
- Straits Times, Berita Harian, Tamil Murasu and Business Times added to News Tablet; Magazines next
- Between 55% and 85% of News Tablet subscribers for these titles are new

## Enhancements to our websites/apps



- **Business Times:** launched redesigned app with a new scalable architecture
- **Berita Harian:** added an auto-translation tool on its website
- **Tamil Murasu:** initiated an in-house developed article recommendation algorithm to improve engagement
- **ZaoBao:** new rewards programme helped increase reader engagement

# IMPROVING DATA ANALYTICS IN FY2020



## Ramping up analytics and machine learning capabilities

- **Subscription propensity:** Built model to identify and serve promotions to readers with highest likelihood to subscribe - resulted in 3x higher conversion rate than vendor model
- **Subscriber value:** Automated estimation of expected revenue for each subscriber, to guide development of new products and optimisation of customer acquisition cost
- **Video analytics:** Object recognition and tracking algorithms to count vehicular traffic in front of outdoor advertising screens





# NEW INITIATIVES IN THE PIPELINE



## New subscription e-shop launched

- Provides more personalisation for promotions and enhanced subscriber self-service option

## Revamp of Straits Times

- Across all platforms: print, website and app

## New Content Management System (CMS) for newsrooms/magazines

- Browser-based to improve productivity of newsroom
- Templated layouts to reduce workload
- Automated metadata tagging for stories, images and videos

## New data capabilities

- Churn model to identify subscribers most likely to terminate their subscriptions, for targeted interventions
- Customer data platform to track unique visitors across SPH sites and activate personalised user journeys

# FOCUS ON QUALITY JOURNALISM TO IMPROVE READERS' ENGAGEMENT

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## SPH was the biggest winner at Asian Media Awards 2020, 30 June 2020

- The Straits Times won 5 awards, recognised for impactful editorial content as well as its infographics and photos
- Chinese Media Group won 3 awards in two categories: Best in Feature Photography and Best in News Photography



## SPH clinched most number of awards (5) at Asian Digital Media Awards 2020, 15 Oct 2020

- The Straits Times won a gold award with a multimedia investigative piece
- Zaobao Rewards Loyalty Programme clinched a gold in the Best in Audience Engagement category
- ThinkChina.sg, launched in Sep 2019, bagged a gold in the Best News Website or Mobile Service category

# STRONGER PERFORMANCE BY DIGITAL PORTFOLIO

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**sgCarMart grew steadily with y-o-y profit growth of 17% in FY2020**

- sgCarMart's car selling auction service Quotz set a new record for number of cars transacted despite Covid-19



**Jobs portal for blue collared workers FastJobs reached over 3 million downloads in Singapore, Malaysia and the Philippines**

- Launched initiatives such as Virtual Jobs Fests 2020, FastGig and FastLearn in response to Covid-19 and impending recession; resulted in 20% y-o-y growth in revenue in FY2020



**M1 granted final 5G network license from IMDA**

- Given joint rights with Starhub to build and operate a state-of-the-art 5G standalone network infrastructure; launched 5G non-standalone network on 24 Sep 2020
- SPH Media leveraged M1's mobile platform to offer a special promotion to subscribers of the recently launched The Business Times News Tablet



RETAIL

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# SEVERE IMPACT ON RETAILERS DUE TO COVID-19 PANDEMIC



## Sustained expansion for SPH REIT with second asset in Australia

- Acquired 50% stake in Westfield Marion for A\$670m in Dec 2019

## SPH REIT's 2H2020 performance greatly impacted by Covid-19

- NPI grew by 1.2% y-o-y despite rental reliefs while portfolio occupancy rate stood at 97.7% as at end FY2020
- Singapore malls registered drop in visitor traffic 27.7% y-o-y and tenant sales 24.4% y-o-y respectively
- Australia malls saw decline in visitor traffic 8.3% y-o-y and tenant sales 7.5% y-o-y respectively
- Fair value loss of S\$196.5m (including The Seletar Mall held by SPH)

## Work closely with tenants to overcome the challenges ahead

- Tenants' assistance scheme (S\$33.8m) in Singapore (incl. The Seletar Mall)
- Allowance for rental reliefs (S\$8.1m) in Australia

# SALES IMPROVING FOR WOODLEIGH RESIDENCES

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Artist impression of Woodleigh Residences and Woodleigh Mall

## Woodleigh Residences was one of the top 5 best selling condominium projects in Aug 2020

- As at 20 Nov 2020, approx. 60% of total units have been sold at an average price of S\$1,908
- Sales have been encouraging with over 190 units sold since the lifting of Circuit Breaker:
  - Aided by a revamped sales and marketing strategy with launch of fresh advertising campaign
  - Buyers continue to seek quality assets amidst record-low mortgage rates
- Construction progress affected by Circuit Breaker, mitigated by government aid in extension of deadline



PBSA

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# OPERATIONALISING KEY OPERATING CAPABILITIES IN PBSA



**On track to become sizeable PBSA owner-operator with 7,723 beds across 28 assets in UK and Germany worth over S\$1.4bn**

- Scaled up with 2 distinct brands (Capitol Students and Student Castle) to capture both domestic and international student demand
- Organic sales and marketing capabilities with comprehensive network of PBSA partners and strong relationship with key stakeholders:
  - 15 university partnerships, 30 international agents and 16 listing sites
- Accelerated integration of operations for higher economics of scale:
  - 13 assets managed in-house, progressively taking over the rest in FY2021
- NOI increased 29% y-o-y despite Covid-19 disruption



# UK UNIVERSITIES WELCOME AY20/21 ON CAUTIOUS NOTE



Student Castle Durham  
Reception and Check-In Area



Student Castle Oxford  
(Now Open for AY20/21)

## UK Universities commenced AY20/21 but remain watchful over second wave of Covid-19

- Major universities have opened in Sep 2020 with blended teaching approach and a commitment to offer face time teaching

## Healthy bookings for AY20/21

- Achieved 88% of target revenue for AY20/21 as at 20 Nov 2020, up from 83% as at 14 Aug 2020
- Bookings to continue into early 2021 to cater to students arriving later due to visa delays, and whose postgraduate courses start in Jan 2021

## Delivered 2 greenfield assets for AY20/21

- In-house development team delivered SC Oxford in time for AY20/21
- Completion of SC Brighton slightly delayed due to Covid-19 pandemic but was successfully delivered in Nov 2020



# AGED CARE & OTHERS

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# IMPROVED OPERATING PERFORMANCE AND CAUTIOUS EXPANSION

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## Aged Care revenue improved by S\$26.3m (93.6% y-o-y) in FY2020

- Boosted by sale of Personal Protective Equipment at Life Medic

## Operations stable for OV assets

- OV Changi Care Village reopened on 21 Sep 2019 after renovation
- BOR increased from 75% in Sep 2019 to 80% in Aug 2020

## Diversify into new regions undergirded by secular trend of an aging population

- Acquired 5 assets in Japan for approximately S\$66m
- Cancelled acquisition in Canada; to observe impact of Covid-19 on Aged Care segment before any further action

# LEGACY ASSETS: RECYCLE CAPITAL FOR HIGHER YIELDS

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## Media Centre at Genting Lane recycled to maximise economic returns and improve return on capital

- 40:60 JV between SPH's Times Properties and Keppel Data Centres Holding to develop data centre facilities
- Partner a seasoned player in the industry with proven data centre development expertise and operational track record
- Re-develop underutilised property to capture secular growth trend toward digitalisation and movement of data into the cloud

## Divestment of 5.29% stake in AXA Tower for approx. S\$33.2m

- Realised a profit of approx. S\$13.9m on initial investment of S\$19.3m
- SPH as part of a consortium led by Perennial, entered into JV with Alibaba Singapore for the redevelopment of AXA Tower



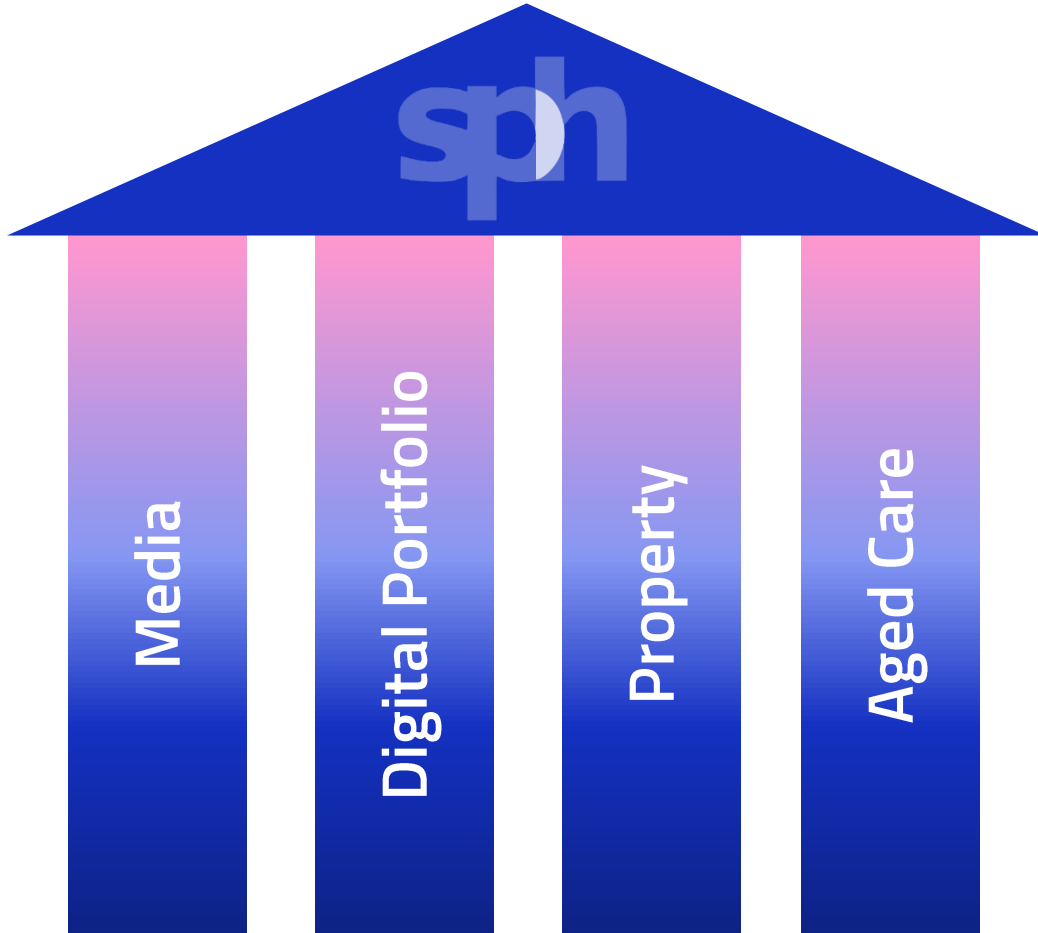
# STRATEGY

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# STRATEGY: DIGITALISE MEDIA & SEEK NEW RECURRING INCOME

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- Invest in transformation of Media business and change the way we sell advertising
- Increase recurring income from the Property segments, complemented by growth in Digital and Aged Care
- Manage costs and balance sheet
- Seek new growth in defensive income producing assets

# FINAL DIVIDEND - PRUDENT TO CONSERVE CASH

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## Sustainable dividend payout from operating profit

The Board has declared a final dividend of 1 cent per share

Full year dividend distribution of 2.5 cents per share  
(Including interim dividend of 1.5 cents)

# THANK YOU

Visit [www.sph.com.sg](http://www.sph.com.sg) for more information

