SINGAPORE PRESS HOLDINGS LIMITED
Reg. No. 198402868E
(Incorporated in Singapore)

SPH BRACES FOR PROLONGED IMPACT FROM COVID-19 OUTBREAK AS IT REPORTS A RISE IN FIRST HALF PRE-TAX PROFIT OF 2.6%

- *Creditable performance across all business segments in the first-half, amidst secular decline of core Media business*
- *Early impact of Covid-19 outbreak felt by Media in Feb' 20; retail and student accommodation businesses have since also been affected*
- *Conserve cash in view of uncertainty over the extent and severity of the long-term Covid-19 impact*

SINGAPORE, 7 April 2020 – Singapore Press Holdings Limited (SPH) reported operating revenue dipped 1.3% or $6.2 million to $471.4 million for the first half ended 29 Feb 2020 (1HFY20) mainly due to lower newspaper print advertisement revenue. The ongoing trend decline in the Media segment was cushioned by higher revenue from the expanded UK student accommodation portfolio and SPH REIT.

Total costs edged up 3.4% or $12.3 million to $377.6 million partly due to higher operational costs arising from the enlarged student accommodation portfolio and SPH REIT. Materials and production and distribution costs fell 12.8% or $8.5 million in line with the decline in Media revenue. Other operating expenses rose 7.9% or $4.4 million with the inclusion of $7.2 million retrenchment costs relating to a rationalisation exercise involving the Media sales and content teams in October 2019.

Operating profit was 15.3% or $18.6 million lower at $102.7 million. Excluding the retrenchment costs, underlying operating profit would have been 9.4% or $11.4 million lower at $109.9 million.

Net profit attributable to shareholders fell 9.3% or $8 million to $77.6 million.

1HFY20 Segmental Highlights

Revenue for the Media segment for 1H FY20 shrank 14.3% or $42.3 million to $253.9 million. Although Newspaper print advertisement revenue fell 20.4%, the Group's share of the overall market has been increasing.

Daily average newspaper digital sales increased by 110,355 copies or 50.2%, outpacing the drop in daily average newspaper print sales of 53,109 copies or 10.7%. Circulation revenue fell 5.4% or $3.7 million.

Profit before tax for the Media segment declined 75.4% or $31.7 million to $10.3 million due mainly to lower revenue as well as the retrenchment costs of $7.2 million.

The Property segment reported revenue improved 26.2% or $36.8 million to $177.1 million due to the expanded student accommodation portfolio and SPH REIT. Profit before tax rose 31.4% or $25.1 million to $104.9 million, boosted by a price adjustment of $10.5 million to an asset in the student accommodation portfolio.

1HFY20 Operational Highlights

The Group continues to drive digital innovation in the Media segment with the News Tablet campaign achieving significant success in driving digital subscriptions. As at mid-March, The Straits Times News Tablet secured 9,400 subscriptions of which over half are new sign-ups. Lianhe Zaobao and Berita Harian gained 13,700 and 1,600 subscriptions respectively.

Over the past financial half year, the Property portfolio has grown as part of the Group's strategy to boost recurring income. In November, SPH REIT acquired a 50% stake in Westfield Marion Shopping Centre in Adelaide, Australia for A$670 million.

In December, SPH saw the value of its student accommodation assets increase to around $1.5 billion with a £448 million investment to acquire the Student Castle portfolio. The acquisition involved 2,383 beds across 7 UK cities as well as the operating platform which includes the premier Student Castle brand, its proprietary booking system and employees. SPH's student accommodation presence now comprises 7,726 beds across 28 assets and 18 cities in UK and Germany.

In Aged Care, SPH announced its first overseas investment in February with the acquisition of five high quality assets in Hokkaido, the Osaka Metropolitan region and Tokyo for JPY5.26 billion (S$65.8 million).

Post 1HFY20 – Changes in Financial Reporting Frequency

Going forward, SPH will be adopting the option of semi-annual reporting. The Group believes that this will encourage investors to take a longer-term view of the business. However, the Group will provide a business commentary on the first and third quarter performance, to update investors between the half-yearly reports while continuing to comply with its continuing disclosure obligations.

Post 1HFY20 – Covid-19 impact

The 1HFY20's results reflect the initial impact of the Covid-19 outbreak on the Group's business segments. In the Media segment, advertising was affected across most sectors with the exception of government spending.

Since then, the Group's other business segments have been similarly disrupted. In the Property segment, tenants in the retail malls in Singapore and Australia have been affected by lower footfall due to strict social distancing measures. The latest 'circuit breaker' measures in Singapore are the most recent examples. SPH REIT has responded with the offer of rental rebates to tenants as well as targeted assistance. It will also be fully passing on the total property tax rebates given by the Inland Revenue Authority of Singapore to its tenants.

The PBSA business has also been affected by UK university closures and students returning home. Students who leave do not have to pay rent for the remainder of the AY19/20. The duration of the university closures is unknown.

The world is still in the early stages of the Covid-19 pandemic, with the number of infections yet to peak. The full economic and market impact of the pandemic have yet to be seen, but they are likely to be worse than that of 2008 Global Financial Crisis.

Board members have taken a voluntary 10 per cent reduction in directors' fees. Mr. Ng Yat Chung, Chief Executive Officer of SPH is taking a pay cut of 10 per cent while other senior management staff will see a salary reduction of 5 per cent. The cuts will be effective from April 2020 and will be reviewed at the end of the year.

In view of the challenging business environment, the Group's priority is to conserve cash to sustain its businesses and continue with the digital transformation of the Media segment. Other investment activities have been put on hold. SPH recently terminated the proposal to buy five Aged Care assets in Canada.

SPH CEO Mr. Ng said: "SPH will continue to provide reliable reporting on the Covid-19 situation and to progress our digital transformation initiatives. With the uncertainty over the depth and duration of the Covid-19 pandemic, we will need to adopt a prudent approach in managing our cashflows and our investment activities."

After careful consideration, the Directors have decided to reduce the amount of the interim dividend in view of the uncertainty over the Covid-19 impact on the Group's businesses. The Board seeks shareholders' understanding and wishes to express its thanks for their support during these challenging times.

The Directors have declared an interim dividend of 1.5 cents per share which will be paid on 22 May 2020.

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Financial Highlights

	1H FY20 S$'000	1H FY19 S$'000	Change %
Operating revenue	471,434	477,643	(1.3)
Total costs	(377,556)	(365,276)	3.4
Operating profit#	102,733	121,303	(15.3)
Fair value change on investment properties	10,527	(12,864)	NM
Share of results of associates and joint ventures	2,479	9,379	(73.6)
Net income from investments	7,588	2,433	211.9
Profit before taxation	123,327	120,251	2.6
Net profit attributable to shareholders	77,638	**85,614**	**(9.3)**

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

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About Singapore Press Holdings Ltd

Incorporated in 1984, main board-listed Singapore Press Holdings Ltd (SPH) is Asia's leading media organisation, engaging minds and enriching lives across multiple languages and platforms.

SPH's core business is in the publishing of newspapers, magazines and books in both print and digital editions. It also owns other digital products, online classifieds, radio stations and outdoor media.

On the property front, SPH owns approximately 65% in SPH REIT whose portfolio comprises three properties in Singapore, namely Paragon, The Clementi Mall and The Rail Mall. In Australia, SPH REIT holds an 85% stake in Figtree Grove Shopping Centre and a 50% stake in Westfield Marion Shopping Centre.

SPH also owns and operates The Seletar Mall and is developing an integrated development consisting of The Woodleigh Residences and The Woodleigh Mall. It also owns a portfolio of Purpose-Built Student Accommodation (PBSA) in the United Kingdom and Germany.

It is in the aged care sector in Singapore and Japan, and owns Orange Valley, one of Singapore's largest nursing homes.

SPH runs a regional events arm and a chain of Buzz retail outlets. It also invested in the education business.

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