



SINGAPORE PRESS HOLDINGS LIMITED

Reg. No. 198402868E

(Incorporated in Singapore)

SPH REPORTS EASING OF OPERATING REVENUE FOR 3Q FY19; GROWS STUDENT ACCOMMODATION PORTFOLIO TO BOOST RECURRING INCOME BASE

- *Media segment's decline mitigated by growth in digital circulation revenue;*
- *Property segment's recurring income base growing with the enlarged student accommodation portfolio and SPH REIT;*
- *Successful issuance of \$150 million perpetual securities, increasing capacity to make further investments*

SINGAPORE, 12 July 2019 – Singapore Press Holdings Limited (SPH) reported operating revenue easing 1.6% to \$246.1 million for the third quarter ended 31 May 2019 (3Q FY19) mainly due to lower print advertisement revenue. The decline in print advertisement revenue was cushioned by the growing contribution from the student accommodation portfolio and from SPH REIT's retail asset Figtree Grove Shopping Centre in Australia.

Operating profit declined 36.6% or \$16.9 million to \$29.2 million, partly due to the lower media revenue as well as higher operating expenses. Operating expenses were 5.5% or \$11.6 million higher in line with higher operational costs arising from the enlarged student accommodation portfolio and SPH REIT. There were also increased financing costs and professional fees.

Investment income fell 81.9% or \$17.9 million to \$4.0 million as the Treasury & Investment portfolio was largely divested towards the end of the previous financial year. Overall, net profit attributable to shareholders fell \$20.7 million or 44.1% to \$26.2 million.

Revenue for the Media business for 9M FY19 fell by \$57.7 million or 11.6% to \$439.7 million. Newspaper print advertisement revenue fell 12.3% while media circulation revenue was 8.9% lower. Profit declined 32.2% or \$24.7 million to \$52.1 million.

The digital side of the Media business remains on the upswing with newspaper digital ad revenue rising 11% compared with a year ago. Daily average newspaper digital sales increased 12.8%.

The Property segment saw revenue growing significantly by \$39 million or 21.4% to \$220.7 million boosted by additions to the UK student accommodation portfolio. Profit rose \$17.1 million or 14.8% to \$132.8 million. The overall Property segment's contribution to the Group's profits has now grown to about 80%.

Mr Ng Yat Chung, Chief Executive Officer of SPH, said: "The Media business continues to be challenged on various fronts including the ongoing trade tensions and the slowing of the Singapore economy, but we remain focused on our digital transformation strategy. We see improved recurring income from the Property segment which has expanded its portfolio following recent acquisitions."

Mr Ng added: "With our recent issuance of perpetual securities, we are well-placed to take advantage of growth opportunities."

Operational Highlights

The Group continues to focus on digital innovations to address the challenges in the Media business. On the back of a successful news tablet campaign to drive circulation, the campaign is being expanded to include the Straits Times, Business Times, Berita Harian and Tamil Murasu in the coming months.

In May 2019, The Straits Times Asia Report magazine won two awards at the prestigious INMA Global Media Awards. The monthly report curating analyses and features about Asia offers a platform for the Group to leverage on its reputation for quality journalism and expand its audience reach overseas.

In the Property segment, SPH and its joint venture partner Kajima Development officially launched The Woodleigh Residences for sale in May 2019. Sales have been encouraging with around 17% of the units sold as at the end of June.

The student accommodation portfolio added 1,243 beds in the fast-growing UK student cities of Southampton, Sheffield and Leeds with a £133.7 million acquisition in April 2019. This followed an acquisition of 264 beds in Glasgow in March 2019, marking the first asset in Scotland for the portfolio. With these latest acquisitions, the portfolio comprises 5,059 beds across 10 cities in the UK with assets under management of more than \$600 million.

In the Aged Care segment, the recent increase in build-own-lease (BOL) nursing home bed capacity coming on stream has impacted the original business projections of Orange Valley. As such, the Group has decided to take an impairment amounting to \$21.5 million in the quarter. Notwithstanding the impairment, the occupancy rate of Orange Valley and the average bill size continue to grow steadily. SPH will continue to strengthen its presence in Singapore while upholding quality standards and expanding the range of services on offer.

In June 2019, SPH issued \$150 million of perpetual securities with a coupon of 4.5%. The proceeds are to be used for additional working capital, refinancing of borrowings as well as for acquisitions and investments. The issue was well-received by investors, with a subscription rate of more than 5 times.

In June 2019, it was announced that SPH will be a cornerstone investor in the IPO of KBS Prime US REIT, committing US\$55 million for a 6.8 per cent stake. SPH also plans to take a 20% stake in the REIT manager. KBS Prime US REIT holds a portfolio of Grade A office properties in the US. The investment will add to SPH's stream of recurring income and provide opportunities for the Group to build up partnerships and capabilities in the US market.

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Financial Highlights

	3Q FY19 S\$'000	3Q FY18 S\$'000	Change %
Operating revenue	246,102	250,074	(1.6)
Operating expenses	(220,381)	(208,810)	5.5
Operating profit [#]	29,204	46,061	(36.6)
Share of results of associates and joint ventures	10,795	255	NM
Net income from investments	3,956	21,895	(81.9)
Profit after taxation	36,380	56,096	(35.1)
Net profit attributable to shareholders	26,200	46,905	(44.1)

[#] 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 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 70% in a real estate investment trust called SPH REIT which comprises Paragon, a premier upscale retail mall and medical suite/office property in Orchard Road, The Clementi Mall, a mid-market suburban mall and The Rail Mall, a stretch of shopping and dining outlets along Upper Bukit Timah Road. SPH REIT also holds 85% equity stake in Figtree Grove, a freehold sub-regional shopping centre in Wollongong, New South Wales, Australia. SPH owns and operates The Seletar Mall and is developing a new commercial cum residential site, The Woodleigh Residences and The Woodleigh Mall. It also owns a portfolio of Purpose-Built Student Accommodation (PBSA) in the United Kingdom.

It is in the aged care sector and owns Orange Valley, Singapore's largest private nursing home operator.

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

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