SPH GREW ITS REVENUE AND OPERATING PROFIT CREDITABLY IN FY 2008 AMIDST AN UNCERTAIN ECONOMIC ENVIRONMENT BROUGHT ABOUT BY THE US SUB-PRIME CRISIS.

It was an eventful year in which we revamped a number of our print products to address the changing needs of our audiences and advertisers. SPH also launched bold new initiatives in the new media space, to position ourselves for growth in a digital age.

Our print media maintained their dominance in a competitive landscape. Print advertisement totalled $780.1 million, exceeding the previous year’s level by 7.6 per cent. This was the result of robust increases in both display and classified advertisement revenues, a testament to the strong value that our print products provide to advertisers.

The average daily circulation of SPH newspapers grew by 0.7 per cent to 1.04 million copies in FY 2008. This was no small achievement given the secular trends that have challenged the growth of paid print products, such as the growth of internet usage and the presence of freesheets. Several of the group’s papers achieved robust circulation growth – The Business Times registered a growth of 9.2 per cent, The New Paper saw a 2.0 per cent increase following its conversion to a morning paper in November 2007, and a combined growth of 3.9 per cent by Lianhe Wanbao and Shin Min Daily News following an exercise to differentiate the two papers.
SPH newspapers held their ground, despite competition from other media and increasing demands on the reader’s time. FY 2008 was a busy year that saw the revamp of a number of SPH print products, as well as the launch of new products to reach new audiences.

Our flagship newspaper, The Straits Times, was relaunched on 8 August 2008. The paper unveiled a bold new look and major changes to its content. The changes have been welcomed by readers, who say they are now spending more time reading the paper. It remains the most popular newspaper in Singapore, reaching out to 1.44 million readers daily. To underline its commitment to serving its online users, The Straits Times also launched three new products, including ST Breaking News - a free site for breaking news, ST Digital - an online subscription service for those who prefer to read the print product online, and The Straits Times RazorTV - an interactive web TV service, with live original programming and a suite of on-demand video content.

Lianhe Zaobao, the group’s Chinese flagship, celebrated its 85th anniversary. It continues to be an influential newspaper with a daily readership of 637,000. Its web edition, zaobao.com, has also grown its reach to 5 million pageviews and 600,000 unique visitors daily, retaining its position as the most visited Singaporean newspaper website for the past 3 years.
Newspapers

The New Paper also underwent a major redesign, expressing the liveliness of a “streetwise” paper and the zest of its relatively younger readership. It became an early-morning daily from November 2007, with additional noon editions published twice a week. This move has boosted its sales and profit, bringing the average daily circulation to about 117,000 copies.

The Business Times (BT) had an excellent year, with strong growth in daily sales and profit contribution. BT also relaunched its weekend edition as a compact paper aimed at executives on the move. This change was welcomed by both readers and advertisers.

Lianhe Wanbao’s revamp in October 2007, together with the setting up of a Central Integrated Newsroom for the evening dailies, has brought about a more distinct editorial differentiation between itself and Shin Min Daily News. The revamped Wanbao has attracted quality readers, and seen strong advertising revenue growth. Shin Min achieved a substantial jump in its circulation, pulling up the combined circulation of the evening dailies since the revamp.

my paper was relaunched as a full-fledged bilingual paper – the first bilingual free daily in the newspaper industry. The paper offers unique and distinct English and Chinese sections and an accessible mix of news on the go, commentaries and features. Since its relaunch, the paper has received positive feedback from both readers and advertisers, and built up an average daily readership of 470,000 comprising mostly working professionals and other PMIEBs. It also saw a significant rise in advertising revenue.

Another new print product launched by the SPH group was tabla!, a free weekly English language newspaper aimed at the Indian diaspora in Singapore. With its launch in October 2008 by SPH subsidiary, Tamil Murasu Ltd, this paper brings SPH’s stable of newspaper titles to 17. Tamil Murasu, the Tamil-language daily, also enjoyed good growth in circulation.

Besides achieving excellence in print, our newspapers have also moved into adjacent businesses that augment their core newspaper presence. For example, Berita Harian, the group’s Malay-language daily, has also ventured into magazine publishing with Sutra, the first Malay-language magazine to be published by the group in Singapore which focuses on entertainment and lifestyle and has a print run of 30,000. BT was also commissioned by the Singapore Exchange to produce its monthly investment magazine, Pulses.

SPH newspapers won a number of prestigious international awards for editorial and printing excellence during the year. And as part of the continuous efforts to serve readers, advertisers, and third-party printing customers, SPH invested $49 million in a new press in its Media Centre. The new press, which was fully commissioned in July 2008, takes over the printing of some SPH newspapers and other contract newspapers. It provides high quality printing and colour reproduction at a faster speed, enabling our newspapers to reach readers earlier.

SPH continued to enhance its print distribution network by growing its Buzz Pod network from 10 to 35 outlets. These outlets, which represent a new generation of newsstands, come equipped with digital displays and are Wi-Fi enabled, allowing tech-savvy users to access news and location-based information while on the go. We have also forged partnerships with the NTUC and National Library Board to extend the network’s reach into new venues such as retail outlets and public libraries.
17 NEWSPAPER TITLES engaging IN FOUR LANGUAGES
Our magazines subsidiary, SPH Magazines (SPHM), earned market affirmation for its high quality titles and services both in Singapore and the region, strengthening its position as the leading publisher of choice. SPHM titles won a number of distinguished international publishers’ awards for design, layout and editorial excellence.

During the year, SPHM added new titles to its stable, including the Singapore edition of the internationally renowned Golf Digest. SPHM also built up its regional presence by acquiring the businesses of Hong Kong and Shanghai-based Adkom Group in January 2008, with its portfolio of magazine titles targeted at the North Asia luxury market. Another subsidiary, Hardware Zone, became the sole and exclusive agency in Singapore for Advertlets, a leading global blog network, while continuing to win awards for its website, www.hardwarezone.com.

SPHM hosted and participated in a number of events to showcase its product portfolio, cement relationships with advertisers and readers, and create inroads for partnerships and collaboration. One highlight was its participation in the World Magazine Marketplace event in January 2008, which provided a platform to gain recognition among international publishers.
MORE THAN 100 refreshing TITLES
New Media

In the fast-changing world of new media, SPH has kept abreast of developments by offering a suite of new and improved products and services.

Online Classifieds, Search and Directories
SPH strengthened its presence in the online classifieds, search and directories business not only in Singapore but also the region, through a number of new ventures during the year.

In Singapore, SPH’s online Classifieds portal, ST701, has launched new verticals for cars, property and shops, growing from a job-matching website to a full-fledged e-marketplace. ST701 Spree was also created to cater to online shoppers who buy from US websites.

SPH Search, a joint venture between SPH and Norwegian media group Schibsted ASA, launched rednano.sg to be the premier local search and directory engine. This is a significant development as search revenues are expected to be the key driver of online revenues in major developed markets.

In Malaysia, we launched an online classifieds website mudah.com.my which has seen steady growth in traffic and popularity to become the number one classifieds site in Malaysia since July 2008. We have also established a joint venture with the Star Publications (Malaysia) Bhd to provide digital media services in Malaysia.

In North Asia, we have set up a joint venture called 701Sou (Hong Kong) to provide digital media services, including online and mobile search services out of Hong Kong. Another subsidiary, 701Sou (Beijing) Information Technology, was set up to provide similar services in China.

Internet TV
One bold new initiative was The Straits Times RazorTV, a free access, interactive web TV service, with 8 hours of live original programming a day and a suite of on-demand video content. With delivery of videos over the Internet the most significant feature of the Web 2.0 phenomenon, The Straits Times is now one of the few mainstream newspapers to embrace these new technologies to better engage its audience. The service proved to be a hit and immediately captured new eyeballs and visitors, especially among the young and tech-savvy.

Online Portals
SPH’s websites enjoyed healthy growth with rising pageviews and visitor numbers. For example, Stomp - a platform to connect The Straits Times readers across online, mobile and print - has now more than 12 million pageviews. omy, Singapore’s first bilingual-friendly news and interactive web portal which was launched in September 2007, has reached the milestone of 6 million pageviews and 200,000 unique visitors in July 2008 after only ten months of operation. Unique visitors at AsiaOne, which is being revamped to improve content, increased 55 per cent over the previous year. The first vertical to be revamped - SoShiok.com, a food website, has achieved pageviews of 600,000 since its launch in May 2008.

Overall, SPH online advertising revenue has seen robust growth over the previous year, a reflection of advertisers’ confidence in our product offerings and the websites’ reach to quality audiences. We have also enhanced our offering to advertisers. In January 2008, we launched our targeted video commercial service, which delivers videos to visitors of SPH websites, thus expanding the reach of advertisers who advertise on our sites.

Operations for our English online content products are now housed in the new Multimedia Centre, which was launched by SPH Chairman Dr Tony Tan in February 2008. Entailing a multi-million dollar investment and with more than 80 staff, the Centre represents the group’s commitment to forge ahead in creating an exciting interactive multimedia environment encompassing print, online and mobile platforms. With the team housed under one roof, the combined expertise and energies will facilitate the emergence of more cutting-edge ideas and offerings.

Mobile Services
SPH has launched innovative new services to better engage its audience in the mobile space. For example, it partnered MobileOne and StarHub to start mobile location-based advertising, which enables retailers to target customers directly via SMS. Separately, the “SPH Breaking News SMS alert” service was launched in February as an extension of our WAP news service, giving subscribers business, local, world and sports news.
MORE THAN 9 MILLION USERS

interacting THROUGH DYNAMIC PORTALS
Other Businesses

Next Generation National Broadband Network
SPH is part of OpenNet - a consortium with Axia NetMedia Corporation, Singapore Telecommunications Limited, and SP Telecommunications Limited as partners - that was selected by the Infocomm Development Authority in September 2008 to provide passive fibre grid services for Singapore’s Next Generation National Broadband Network. Expected to be ready by 2013, the high-speed broadband network will not only benefit Internet users but also open up innovative customer services and new business opportunities, from virtual reality 3-D games to high-definition video conferencing services.

Events and Exhibitions
A highlight of the year was SPH’s announcement of its entry into the events and exhibitions business with the setting up of Sphere Exhibits Pte Ltd. The fully-owned subsidiary aims to become a leading lifestyle event company in Singapore and the region. It will focus on creating a spectrum of events targeted at mid to high-end consumers, and develop a competitive edge in creating uniquely differentiated themes that will bring entertainment, enrichment and fun to the visitors. Sphere’s inaugural event ‘The Food Safari & Home Electronics Fair’ was held at the Suntec Convention Centre. It was the first food & beverage show in Asia to adopt a theme park concept and attracted 100,000 visitors over three days.

Outdoor Advertising
SPH Mediabox Office (MBO) expanded its market presence as a major outdoor digital platform for advertisers. It has developed a new digital advertising network in 38 Singapore Petroleum Corporation (SPC) service stations, made inroads in the healthcare sector and expanded its retail digital network to 12 major shopping malls. MBO aims to develop over the next two years a digital media network of more than 1000 advertising screens at key locations all over Singapore.

Properties
Following the successful launch of Sky@eleven, our luxury condominium project, structural works for 112 out of the 273 units have been completed in FY 2008, and the project is targeted to be completed in 2010.

SPH’s main property asset, Paragon, enjoyed 100 per cent occupancy in the retail, medical and office space while attracting the trendiest international names in fashion and retail. During the year, it embarked on a $45 million makeover to update its building facade and enhance its retail environment and shopping experience for its customers. Upon completion, the net lettable area will be increased by approximately 11,600 square feet. In addition, the commercial space above Paragon retail podium will be expanded by another 29,000 square feet with the construction of two more floors for medical and office use, at a cost of $37 million. This is scheduled to be completed by end-2008.

Radio
Our radio subsidiary SPH UnionWorks, an 80:20 joint venture between SPH and NTUC Media that operates 2 radio stations, has turned in its maiden full year profit in FY 2008 on the back of a combined 40 per cent annual growth in revenue by both radio stations. The Chinese language Radio 100.3FM has continued to do well with its bold, fun, innovative style, a refreshed list of radio personalities, and new shows that have bagged major radio awards. The English language Radio 91.3FM has seen its target audience grow significantly with the adoption of a contemporary music format.

Strait Times Index
Stock Indices
The Straits Times Index (STI) was relaunched in January 2008, together with a new suite of FTSE ST indices, in collaboration with FTSE Group, the stock index specialist, and the Singapore Exchange. With the relaunch, the STI has secured its place as the Singapore stock market’s main market barometer.

Outlook
Against the backdrop of the US financial crisis and a slowdown in major global economies, Singapore’s economic growth is likely to be affected in the months ahead. While growing our revenues will become more challenging, we will continue to tap on our strengths to maintain our market share, for example by leveraging on integrated selling across various SPH media platforms. We will also monitor our cost structure carefully and make adjustments where necessary to preserve our profit margin. However, we will also look out for opportunities to make strategic investments to position the company for long-term growth.

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Acknowledgements

I want to thank all our stakeholders – readers, advertisers, partners, vendors, unions, and staff – who have helped SPH to achieve good results in the last financial year. Looking ahead to SPH, the holding company’s 25th anniversary next year, I am confident that we can collectively harness our strengths to achieve our vision of building SPH into a top-performing multimedia group.

Lastly, I also want to register my appreciation for the Board’s continued strategic guidance to the management team, helping us to navigate the company through times of change in the global media landscape.

Chan Heng Loon Alan
Chief Executive Officer