CEO’s Overview of Group Operations

Chan Heng Loon, Alan
Chief Executive Officer
At the operating level, group recurring earnings of $353.5 million was $4.5 million or 1.3 per cent better than FY2014. This was a creditable achievement.

While total revenue of $1,204.7 million was $26.4 million or 2.1 per cent lower than FY2014, total operating expenditure declined by a larger $30.9 million or 3.5 per cent year-on-year due to effective cost management.

2015 has been a special year for Singapore as we celebrated the Golden Jubilee of the nation’s independence. We also mourned the passing of our founding Prime Minister Lee Kuan Yew on 23 March.

It has also been a year marred by adverse global events - economic slowdown, political uncertainty, terrorism and military conflicts - all of which contributed to the challenges confronting the media industry.

The Group’s net profit attributable to shareholders was $321.7 million, down $82.6 million or 20.4 per cent compared to FY2014. But this was mainly due to a lower fair value gain on investment properties, and the one-off gain in the previous year from a partial divestment.

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Revenue for the core Media business continued to come under pressure. It was lower by $60.9 million or 6.3 per cent compared to the previous year, primarily due to a $53.7 million or 7.4 per cent fall in advertisement revenue.

Our diversification into the Property segment since we bought Paragon in 1997 has yielded good results. Property revenue surged by $25.8 million or 12.6 per cent boosted by a maiden contribution from The Seletar Mall and higher rental income from Paragon and The Clementi Mall.

Revenue from the Group’s other businesses fell $3.0 million or 6.4 per cent against FY2014, as revenue for the exhibitions business was affected by timing differences in show dates.
**Newspapers**

Our two newspaper divisions were reorganised and renamed from 1 January 2015 to reflect the transformation of our newsrooms into integrated (print plus digital) operations and to promote synergy with our media-related subsidiaries.

The English & Malay Newspapers Division was renamed **English/Malay/Tamil Media group (EMTMG)** while the Chinese Newspapers Division was renamed **Chinese Media group (CMG)**.

**The Straits Times (ST)**, SPH’s English-language flagship daily founded in 1845, celebrated its 170th anniversary. It remained the best-read publication in Singapore with a combined print and digital readership of 1.34 million, based on the Nielsen Media Index Report 2014. This translates to a penetration of 32.4 per cent of Singapore’s multilingual population aged 15 and older.

Readership for the paper’s digital editions grew by 76 per cent compared to the same period last year. This more than offset a 2.7 percentage point drop in its print readership.

On 1 July, ST launched a major revamp of its products across all its platforms, as part of its anniversary celebrations. It also moved to a metered paywall, which gives non-subscribers a limited monthly offering of free articles to read in full and to share on social media.

ST expanded its digital offerings, adding a new evening daily email newsletter and expanding the number of platforms to include Instagram, Whatsapp and the Apple Watch, on top of its Facebook, Twitter and Pinterest offerings. More e-books were launched for ST readers as part of its Star (ST Appreciates Readers) app.

There were also many events to engage ST’s readers, such as a multimedia exhibition at the ArtScience Museum in Marina Bay Sands, entitled “Singapore STories: Then, Now, Tomorrow” and a concert by the Singapore Symphony Orchestra at the Singapore Botanic Gardens, under the SPH Gift of Music series.

On 7 August, the Sports Hub attracted an audience of 42,000 people for the Sing50 Concert extravaganza – a two-and-a-half hour pop concert jointly organised by ST and The Business Times that brought together home-grown and international stars and featured songs from different genres and communities.

**IN**, ST’s weekly publication for secondary school students, sold 1.96 million copies to 70 schools, compared with 1.90 million copies last year, a 3 per cent increase.

**Little Red Dot (LRD)**, for primary school pupils, sold 1.49 million copies to 124 schools. In addition, there was a special Jubilee edition which netted 199,000 copies for IN and 100,000 copies for LRD.

In a year of market volatility, **The Business Times (BT)** maintained its total print plus digital circulation at 47,700. In October 2014, BT relaunched its print and digital platforms, with a responsive website, complemented by improved apps. BT now caters to an increasingly mobile readership and has boosted the value of its All-in-One subscription bundle.

BT continued to champion business excellence with its well-established awards. BT also co-hosted the 10th ChildAid Concert with ST in December 2014. It raised a record $2.33 million for the BT Budding Artists Fund and ST School Pocket Money Fund.

**The New Paper (TNP)** revamped its Sunday edition in November 2014, adding new sections. TNP affirmed its position as the number 1 sports newspaper by securing a partnership with Sports Singapore to become the official paper of the SEA Games which returned to Singapore in 2015 after a 22-year long hiatus. TNP was distributed at all event venues and hotels where athletes and officials stayed.

**Berita Harian (BH)**, the Group’s Malay-language newspaper, implemented several initiatives to streamline its operations and develop new revenue streams. In July 2015, the newspaper launched a new version of its mobile apps and e-newsletter. The team also reached out to pre-school children through its monthly bilingual magazine called Cilik Cerdik/Smart Kids. The newspaper successfully organised a futsal tournament in May 2015 which attracted overwhelming response from participants and sponsors.

BH honoured excellence in the community through its Achiever of the Year award and Inspiring Young Achiever Award. This year, in conjunction with SG50, it presented Pioneer Achiever Awards to three pioneer generation achievers.
New look, new ideas, same Singapore soul
Tamil Murasu (TM) celebrated its 80th anniversary on 6 July 2015 with record growth in advertising revenue and profit. It supported a play called “Murasu”, based on the life of its founder G. Sarangapany, which was well-received by the Indian community. TM and tablial, the weekly English-language freesheet for the Indian diaspora, organised the fourth Singapore Indian International Shopping Festival at Suntec City in September 2014 which coincided with the tablial Community Champion award.

Our flagship Chinese-language daily Lianhe Zaobao (ZB) launched its latest new website, “Z-Politics” (早报政谈), in August 2015 dedicated to the coverage of local political news. This followed the launch of its Property website, “Z-Property” (早房) which made its debut in May 2015, and its lifestyle website, “Z-Style”, launched in December 2014. The online portal, Zaobao.com, celebrated its 20th anniversary in 2015. To commemorate the occasion, it held a series of initiatives to promote engagement with its users on its digital platforms. This culminated in gala dinners organised in Singapore and Beijing.

On the social media front, ZB grew its presence in Facebook and WeChat. Apart from “Zaobao Online” (联合早报网), it launched six informative WeChat channels in February 2015. These six WeChat channels provided readers’ access to lifestyle information relevant to their needs covering travel, education and finance, among others.

ZB started a new online TV news programme “ZB Keywords” (关键词) in November 2014. It is a 3-minute news programme where headline news of the day is summed up in two to three keywords in Chinese. ZB was also the first Chinese newspaper in Asia to create and launch an app for the Apple Watch. The new app, which debuted in July 2015, allows Apple Watch users to access breaking news from ZB.

CMG and the People’s Association jointly organised the SG50 Sing-Along to commemorate Singapore’s Golden Jubilee, graced by Prime Minister Lee Hsien Loong. It celebrated the spirit of Singapore through a collective memory of popular local songs from the 1950s till now.

It also produced an 8-episode Chinese talk show programme entitled “Ministerial Coffee Talk” that was aired on SPH media platforms including radio and online as well as on StarHub TV in August 2015. The series served as a prelude to the General Elections and was well-received.

ZB’s student papers – zbComma, Thumbs Up, Thumbs Up Junior, Thumbs Up Little Junior – organised a broad range of activities to strengthen engagement with students, parents and teachers. New activities introduced this year included the Chinese Nursery Rhyme Writing Competition, a Chinese Preschool Teachers’ Seminar and a Student Workshop on Chinese Culture for P2 to P6 students. It also published a Chinese “O” Level Oral Examination guidebook which was well-received by students and teachers.

Lianhe Wanbao (WB) launched a travelling pictorial exhibition “Memory in Prints: Lee Kuan Yew and Us” featuring photos of the seven-day state funeral of founding Prime Minister Lee Kuan Yew on 1 August 2015. In conjunction with the exhibition, WB published a commemorative booklet, “Those Seven Days: Lee Kuan Yew and Us”, which sold over 120,000 copies.

Since the inception of the “Reading with the Elderly” programme a year ago, ZB and WB extended their community outreach to more locations. At the weekly gatherings, journalists or trained volunteers, including teachers from CHIJ St Nicholas Girls’ School, presented senior citizens with news stories from the Chinese newspapers while explaining their significance.

Complementing its “Refuel Towkay!” Weekly column on interviews with businessmen from micro, small and medium enterprises, WB ran a series of well-attended talks featuring professionals from different fields who shared their personal experience, professional insights, market trends and knowledge with readers.

Shin Min Daily News (SM) celebrated Singapore’s Golden Jubilee with special events to engage its 442,000-strong readership. These included the inaugural “Shin Min All Wheels Day” and the “Shin Min Graceful Living Workshop”.

More than 85,000 copies of the “Master Hsing Yun – Words of Wisdom” books published by SM have been sold to date, making it one of the best-selling Chinese book series here. A pocket book edition of “Master Hsing Yun – Words of Wisdom” released on 19 August 2015, sold 30,000 copies within a week, further testifying to the enduring popularity of the series.
新中同意积极提升双边自贸协定
CEO’s Overview of Group Operations

Marketing
The newspaper advertising business has been facing stiff challenges in recent years due to a double whammy of weak economic conditions and regulatory measures which have dampened consumer sentiments.

To bring better value to our advertisers, the Marketing Division came up with new print packages for our newspapers. This effort led to increased sales in our regular supplements and events which saw double-digit growth. We also introduced the first 8-page gatefold advertisement – the result of print innovation by our Production team.

The Integrated Sales team provided a suite of multimedia platforms for clients, while Print Classified offered multimedia solutions to smaller advertisers. For example, it helped property agents host their ads on digital outdoor screens as well as on the online property portal of our subsidiary company SRX. Its new Classified pages included more consumer-centric content and bigger font sizes for easier reading.

ST and The Sunday Times registered a year-on-year growth of 4.9 per cent to 481,700 daily average circulation copies, with its paid digital edition ending the year at 177,400 copies, a growth of 18.6 per cent. ZB achieved a year-on-year growth of 2.5 per cent to 187,900 daily average copies, with paid digital edition at 39,300 copies, a growth of 18.0 per cent.

In order to meet readers’ demand for newspaper content, Circulation launched a series of localised subscription drives at more than 40 sites, covering public and private housing. The campaigns generated positive response, securing a total of 600 subscriptions.

Circulation
SPH’s print circulation business continued to face unrelenting challenges from the popularity of digital offerings. With the growing presence of digital media permeating the newspaper industry, the Group enhanced its own efforts in the digital space with the aim of boosting its total print plus digital audience.

Total newspaper circulation, inclusive of both print and digital editions, ended FY2015 with 1,113,879 daily average copies, a robust year-on-year growth of 4.3 per cent, bolstered by increased demand among readers for our digital products.
CEO’s Overview of Group Operations

**Magazines**
Like magazine publishers around the world, SPH Magazines has embarked on its digital transformation. Its 90 digital editions across five countries were built on the strong following of its established print editions which held leading positions in their respective genres. These tablet magazines re-captured the imagination of readers by re-defining and refreshing the magazine experience through videos and photo galleries.

Collectively, they amassed a new digital audience of more than 500,000 which became a premium inventory for advertisers to tap on. These networks, centered on key market segments in the region, leveraged SPH Magazines’ extensive brand portfolio to offer advertisers both breadth and depth in reaching their desired audiences.

Our marquee lifestyle brands - such as Her World, Female, Singapore Women’s Weekly, Cleo, Harper’s Bazaar, Men’s Health, Home & Décor and Young Parents - continued to lead in the Nielsen Media Index’s readership numbers in their respective genres. As testament to their enduring appeal, several magazines celebrated their anniversaries this year. Most notably, Her World toasted its 55th anniversary with a year-long celebration in Singapore and Malaysia.

Luxury brands such as The Peak, Icon, Luxury Properties, China Boating, Jet Asia Pacific and luxury-insider.com were also lauded as authorities in luxury lifestyle on the back of a rapidly rising affluent segment in Asia Pacific. The Peak bagged the Luxury Media of the Year from the Media Publishers Association of Singapore.

The top-of-mind visibility of our magazine titles also extends to their online properties. According to Marketing Magazine’s Digital Media of the Year rankings, advertisers voted Men’s Health (www.menshealth.com.sg), women’s lifestyle network herworldPLUS (www.herworldplus.com) and HardwareZone (www.hardwarezone.com) as their top media platforms in the Men’s, Women’s and Tech categories respectively. These sites also consistently outdo their competitors, based on Comscore’s measurements of page views and unique visitors.

SPH Magazines’ Custom Publishing team clinched new contracts from sought-after clients such as Diageo Brands BV and Singapore International Foundation while winning international honours for existing clients. SilverKris, the SIA inflight magazine produced by the team, has won prestigious awards such as the Content Marketing Awards and APEX Awards, as well as the In-Flight Media of the Year at MPAS 2015.

**Digital Media**
The Group’s new Digital Division completed its first full financial year with 30 per cent growth in digital revenues. With a wide portfolio of digital products, the scale and value of the SPH Digital Network is a key value proposition to advertisers. It has improved personalisation of content and advertising to enhance the reader experience across the various sites and apps.

The advertising team is actively using programmatic sales channels to supplement on-ground sales efforts, strengthening its presence in automated marketplaces where digital agencies and advertisers are already spending portions of their advertising budgets.

Mobile is an integral platform for publishers to deliver content to its users. StraitsTimes.com, Zaobao.com, BusinessTimes.com and AsiaOne focused on delivering mobile friendly interfaces for readers navigating to the websites through their browsers, and improving the mobile apps for those who prefer a native mobile experience.

Stomp, the citizen journalism site, and omy.sg, the bilingual news and entertainment website, continued to garner a good following with their lively content. omy.sg’s annual Singapore Blog Awards attracted over 700 registrations and more than 10,000 unique voters over the campaign period, with 27 winners honoured.

Following the Group’s investment in property analytics company StreetSine in November 2014, it has successfully merged operations with STProperty, offering consumers and real estate professionals a one-stop shop for information on property-related transactions.

Complementing STJobs which targets the PMET space, it also launched a job search product targeting the non-executive space, FastJobs. A mobile app available on Android and iOS, the product secured 25 times growth in downloads in its first four months after the official launch.
In January 2015, 701Search in Singapore behind sgCarMart.com. The second highest traffic car classifieds digit growth in traffic and is now the STCars.sg forums. recorded a double of returns for advertisers. Its forum site, myCarForum.com, has the highest participation rate and traffic among all other Singapore car sites, has the myCarForum.com, has the highest participation rate and traffic among all other Singapore car forums. STCars.sg recorded a double digit growth in traffic and is now the second highest traffic car classifieds in Singapore behind sgCarMart.com.

2015 was a fruitful year for the sites operated by sgCarMart.com. It remained the leading car classifieds, delivering high levels of returns for advertisers. Its forum site, myCarForum.com, has the highest participation rate and traffic among all other Singapore car forums. STCars.sg recorded a double digit growth in traffic and is now the second highest traffic car classifieds in Singapore behind sgCarMart.com.

In January 2015, 701Search consolidated its regional online classifieds business by creating joint-venture companies in Indonesia and Thailand with South African-based Naspers. The 701Search Group, owned jointly by SPh and Norwegian media companies Schibsted and Telenor, operates the number 1 marketplace in Malaysia, Vietnam and Thailand. Silver Indonesia JVCo, the joint venture company set up by 701Search and Naspers, owns the online classifieds marketplace in Indonesia.

ShareInvestor (SI), a wholly-owned subsidiary of SPH, kept its position as market leader in investor relations services to listed companies and market data tools for investors in the region. SI’s flagship data products, SI WebPro and SI Station, were upgraded to include stock prices from Hong Kong, USA, Australia, Indonesia and Thailand. SI Malaysia had another profitable year with its market data business registering the highest-ever number of subscribers and record revenue through Bursa Station, a collaboration between SI and Bursa Malaysia Bhd. SI Thailand is also the market leader with 185 listed companies using its online investor relations services.

SI took a 60 per cent stake in Waterbrooks Pte Ltd, a public relations company in Singapore, and now offers an integrated offline and online investor relations service to listed companies. It also invested in a social media platform, InvestingNote, to reinforce its efforts to reach out to a younger community.

The ShareInvestor Academy organised more than 40 seminars and events this year. SI also organised the inaugural REIT Symposium (together with REITAS) which attracted 17 REIT companies. Its signature event, “INVEST Fair 2015”, into its ninth year, also broke registering the highest-ever number of subscribers and record revenue through Bursa Station, a collaboration between SI and Bursa Malaysia Bhd. SI Thailand is also the market leader with 185 listed companies using its online investor relations services.

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Radio

SPH Radio grew from strength to strength in 2015. Kiss92 maintained its number 1 position in share of listeners and number 2 position in cumulative audience among English stations in Singapore. The station’s cumulative audience grew to 645,000 in the Nielsen’s Wave 1 survey of 2015.

The other English station, HOT FM 91.3, was re-formatted and re-branded as ONE FM 91.3 to target male listeners above 30 years of age. ONE FM 91.3 achieved excellent cumulative audience of 243,000 in its first survey. The two biggest personalities in Singapore radio, Glenn Ong and The Flying Dutchman, have joined the station to helm the morning show.

UFM100.3, SPH Radio’s only Chinese language station, maintained its cumulative listenership of 330,000, based on the latest Nielsen’s Survey. It also had the longest “Time Spent Listening” among Chinese stations in Singapore, a reflection of the quality of its music and content.

Out-of-Home Advertising

Our Out-of-Home (OOH) media advertising business unit, SPHMBO, grew its product line and contributed a steady revenue stream to the Group. Its annual revenue has increased by about 17 per cent year-on-year, despite higher operations costs and increased competition. The outlook for the OOH media industry is positive as advertiser demand for good OOH solutions remains strong.

SPHMBO secured exclusive marketing rights to new OOH advertising locations in the Central Business District and its fringes, such as One Raffles Quay, Marina Bay Link Mall and Bugis Village. It also successfully renewed its longstanding partnership with the proprietors of Chevron House, HDB Hub and Rendezvous Hotel. SPHMBO will continue to enjoy exclusive marketing rights to the OOH sites in these locations.

The Group set up the Media Strategy and Analytics Division (MSA) in February 2014 with the aim of enhancing the company’s core media business. This involves harnessing existing core assets and strengths to grow media adjacencies and identifying possible new businesses in the media space, across multi platforms. On the analytics front, MSA has identified key objectives and collaborated with various operating divisions to carry out data projects.

Properties

Following their injection into SPH REIT on 24 July 2013, Paragon and The Clementi Mall have continued to deliver strong performance last year with 100 per cent committed occupancy.

The Seletar Mall, a joint venture between SPH and United Engineers Developments, opened in November 2014. It currently enjoys 100 per cent occupancy with over 130 retail shops. The family-oriented suburban mall has already proven to be popular with residents staying in Sengkang, Hougang, Punggol, Seletar and Ang Mo Kio, catering to their convenience, lifestyle and dining needs. The mall is easily accessible as it is connected to the Fernvale LRT, linking to Sengkang North East Line MRT/LRT station and bus interchange.
CEO’s Overview of Group Operations

Events, Conferences and Exhibitions
The Group’s events and exhibitions subsidiary Sphere Exhibits (Sphere) expanded and grew its portfolio in Southeast Asia while maintaining its competitiveness in Singapore. It also launched several new shows and revamped the show content for recurring events:

- **BuildTech Asia** remained the flagship trade show as Sphere successfully held the fifth edition in Singapore. Into its second edition, **BuildTech Yangon** expanded 20 per cent with a show scale of 12,000 sqm, and attracted 150 exhibitors and more than 4,000 visitors.

- The inaugural **Manufacturing Solutions Expo** was set up as a one-stop platform to showcase the latest innovative technologies to the manufacturing fraternity.

- **Franchising & Licensing Asia (FLAsia)** grew by more than 20 per cent as more international brands used Singapore as a launch pad to market-test their products. South Korea and Malaysia also presented their largest pavilions in the history of FLAsia.

- **Gifts, Stationery and Office (GSO) Fair** was revamped to become the Singapore Gifts & Premiums Fair (SGPFair). In conjunction with this show, Sphere introduced two more shows, **Office Expo Asia (OEA)** and **PrintPack+Sign (PP+S)**, which collectively more than doubled in scale on a year-on-year basis.

This year, Sphere became the majority shareholder of Beerfest Asia Pte Ltd, which organises the annual **Beerfest Asia** event. This latest investment was in line with Sphere’s commitment to expand its food and beverage verticals which include proprietary gourmet and food shows **Asian Masters**, **Gourmet Japan**, **Gusto Italiano**, **World Food Fair**, and **Food & Beverage Fair**.

Sphere’s flagship technology events, **COMEX** and **IT Show**, remain popular with improvements of show content such as introducing pre-order sale on Facebook, trade-in facilities, and regular engagement with fans on social media platforms.

Sphere Conferences yielded promising results with its varied conference topics in Myanmar spanning across hospitality & tourism, civil aviation, real estate, and banking & finance. It also entered new markets such as Sri Lanka and Indonesia. Together with BT, it launched the inaugural prestigious **Asia Pacific CEO Congress** in Singapore based on the theme “Leading Transformation” which attracted over 250 business leaders from various industry sectors in the region.

Business Outlook
Looking ahead, we will continue to invest in our print and digital assets as well as embark on new ventures to stay ahead of the latest developments in the increasingly fragmented media landscape. It is imperative that we remain vigilant to investment opportunities so as to grow the company.

We look forward to taking SPH to even greater heights with your unwavering support.

Chan Heng Loon, Alan
Chief Executive Officer