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

SPH RECORDS 16.6% INCREASE IN 1HFY21 OPERATING PROFIT TO $119.8 MILLION AS BUSINESSES RECOVER FROM COVID-19

- *Media pre-tax profit declined 70.9% year-on-year to $3.1 million; Media in pre-tax loss of $9.7 million excluding Jobs Support Scheme (JSS) grant income of $12.8 million*
- *Non-Media business segments led growth with stronger operating performances from PBSA, Retail and Commercial segments*

SINGAPORE, 30 Mar 2021 – Singapore Press Holdings Limited (SPH) today reported an increase in operating profit of 16.6% to $119.8 million and a net profit increase of 26.1% to $97.9 million for the first half ended 28 February 2021 (1HFY21).

Overall, total revenue dropped $20.0 million or 4.2% to $460.3 million with decline in operating revenue from Media. The decline was partially offset by higher rental income of $15.4 million mainly from PBSA and Retail & Commercial and grant income of $15.0 million from JSS.

Total costs decreased by 9.8% or $37.1 million to $340.5 million mainly due to lower materials, production and distribution costs which fell 40.9% or $23.9m with the decline in revenue from Media and Exhibitions. Disciplined cost management also reduced staff costs by 4.6% or $7.7 million to $158.0 million due to lower headcount.

Mr Ng Yat Chung, Chief Executive Officer of SPH said: "The operating performance of our Non-Media business segments led by PBSA and Retail and Commercial has improved as the economy recovers gradually. Despite expanding our audience reach, our Media business continues to be affected by the structural decline in advertising and the impact of Covid-19. We will continue our digital transformation strategy and efforts to place Media on a more sustainable footing."

1HFY21 Segmental Highlights

Media - Revenue for the Media business fell 23.9% or $60.8 million to $193.1 million. The structural decline in the advertising sector had led to a 27.9% or $46.5 million decrease in Media advertisement revenue, with Newspaper print advertisement revenue falling 28.8% or $36.3 million. In addition, there was the absence of revenue from Buzz which had contributed $6.6m in 1HFY20, as it was divested in July 2020.

Circulation revenue decreased 4.7% or $3.0 million as daily average newspaper print sales fell by 16%. This was mitigated by strong digital circulation growth with a 20.2% increase in daily average newspaper digital sales of around 70,000 copies.

Profit before taxation for the segment was 70.9% lower year-on-year to $3.1 million. This was mitigated by JSS grant income of $12.8 million and a reduction in materials, production and distribution costs by 38.0% or $21.5 million and lower staff costs by 6.4% or $8.7 million. Excluding the JSS grant income, Media recognised pre-tax loss of $9.7 million.

Retail and Commercial - Revenue for the Retail and Commercial segment rose 4.4% or $6.5 million to $154.6 million despite the Covid-19 impact.

Revenue from the retail malls was lifted by the full 6 months' worth of contribution from Westfield Marion while 1HFY20 comprised less than 3 months of results following its acquisition in December 2019.

To help tenants overcome this challenging period, SPH REIT provided rental relief to eligible tenants in local retail malls as well as eligible Australian tenants in accordance with the Australian "Code of Leasing". Despite the fair valuation loss of $8.4 million for Westfield Marion and Figtree Grove Shopping Centre, the Retail and Commercial segment recognised a profit before taxation of $86.3 million which is 1.4% lower year-on-year.

PBSA – Revenue for the PBSA segment grew by 24.2% or $6.9 million to $35.3 million, mainly due to 6 months' worth of contribution from the Student Castle portfolio which was acquired in December 2019. However, this was partially negated by revenue loss due to lower occupancies and delayed tenancy start dates arising from the continuing effects of the Covid-19 pandemic.

Student Castle portfolio contributed to an increase in Net Operating Income by 93.1% or $16.1 million. The increase included $9.4 million in rental guarantee received from the vendor for the Oxford and Brighton greenfield assets. The segment posted a pre-tax profit of $22.4 million, 18.3% higher year-on-year.

Others – Revenue for the Others segment, which mainly include Aged Care, Digital, Treasury Portfolio and Others, decreased by 16.9% or $6.9 million to $34.1 million. With the deferment of shows as a result of the Covid-19 pandemic, revenue from the Exhibitions business fell 85.8% or $7.7 million.

Including higher dividend income of 261.8% or $10.7 million from the investment portfolio and the one-off gain on disposal of 100% stake in Sphere arising from the SingEx-Sphere merger, the segment posted a pre-tax profit of $25.0 million.

1HFY21 Operational Highlights

Media – Media continues to face headwinds from the structural decline in print advertisement sector and the impact Covid-19. Advertising was affected across most sectors with the exception of government spending. Nonetheless, digital circulation continues to grow and expand audience reach, partially offsetting the fall in print circulation. In 1H FY21, the number of digital copies had surpassed print copies, making up 53% of total circulation.

The Group continues with its digital transformation strategy with year-on-year growth of 35,000 digital subscriptions across all major newspaper titles. Currently, all the key news titles are on the News Tablet platform with about 45,000 subscribers. The Group will continue to drive the News Tablet Campaign which delivers best features of the print product to a digital platform.

Retail & Commercial – With the Covid-19 recovery for the Singapore economy, tenant sales for the Singapore retail assets gradually improved with phased lifting of social distancing measures. In addition, tenant sales were further boosted by growing shoppers' confidence in physical visits to the malls and the festive season shopping. The Covid-19 situation was well managed in South Australia and Wollongong where SPH REIT assets are located which boosted shoppers' confidence. As a result, tenant sales for the Australia retail assets were resilient and tracked closely to prior years.

The Seletar Mall recognised higher profit in the first half due to lower interest rates on bank loans and better operating performance. In addition, tenant occupancy remained healthy at 99.4%. Tenant sales recovered in 1HFY21 as it benefitted from the work from home trend.

The Woodleigh Residences which is being developed by SPH and its joint venture partner Kajima Development has seen steady progress in sales of units with average psf. on an upward trend. As at 22 March 2021, 62% of the project (412 units) have been sold. Woodleigh Residences also recently launched the sale of premium units with best facing (Lakefront series) in February 2021, sustaining sales momentum.

PBSA – Scaled up portfolio with two distinct brands (Capitol Students and Student Castle), the segment has achieved a balanced and optimal portfolio mix of both local and international students. In addition, the Group has been rapidly developing key operational capabilities to strengthen its position as a leading PBSA player.

The development team successfully delivered two greenfield assets amidst the Covid-19 pandemic and had successfully completed the Asset Enhancement Initiative (AEI) for St Teresa in March 2021. In addition, it is working on AEI for Culver House as part of a 10-year nomination agreement with the university. These AEI will rejuvenate selected assets within the portfolio to enhance their existing yield and returns.

The Group is progressively taking over operations that are managed by external operators to better manage operating costs and directly control the sales and marketing of the assets. As of 1HFY21, 13 out of 28 assets are operated in-house. The Group continues to launch new sales and marketing initiatives to ramp up bookings for Academic Year 21/22. These initiatives had resulted in 28% of target revenue achieved as at 26 March 2021, an increase from 17% of target revenue achieved in January 2021.

Others – Aged Care saw stable performances in the Singapore and Japan assets in 1HFY21. Bed occupancy rate in Singapore assets increased from 81% in November 2020 to 84% in February 2021 and there was no Covid-19 case in both Singapore and Japan assets during the period. Underlying portfolio occupancy for Japan assets remained steady and rent continued to be collected on time.

Exhibitions saw the merger of Sphere Exhibits and SingEx Holdings to create a MICE industry champion of growth for the Asia-Pacific region. In addition, the Group will benefit from its initial US$3.9 million investment in Coupang, which made its market debut on New York Stock Exchange with a market valuation of around US$60 billion.

Capital Management - The Group exercised proactive capital management in 1HFY21 with the refinancing of $300 million term loan for The Seletar Mall and $215 million term loans for SPH REIT, which resulted in an improvement in weighted average debt to maturity from 3.3 years to 3.9 years. The Group has no term loan due till September 2021.

The Board has declared an interim dividend of 3 cents per share which will be paid on 21 May 2021.

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Financial Highlights

	1H FY2021 S$'000	1H FY2020 S$'000	Change %
Total revenue	460,328	480,289	(4.2)
Operating profit	119,827	102,733	16.6
Fair value change on investment properties	(8,426)	10,527	NM
Share of results of associates and joint ventures	4,485	2,479	80.9
Net income from investments	20,910	7,588	175.6
Profit before taxation	**136,796**	**123,327**	**10.9**
Net profit attributable to shareholders	**97,869**	**77,638**	**26.1**

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 66% 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 is also an owner, manager and developer of a portfolio of Purpose-Built Student Accommodation (PBSA) in the United Kingdom and Germany. It currently operates two distinctive brands, Student Castle and Capitol Students.

SPH is in the aged care sector in Singapore and Japan, and owns Orange Valley, one of Singapore's largest nursing homes. It also invested in the education and events business.

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