

# Operations Review

Group profits in the first half of the previous financial year were flat, year on year, but dropped sharply in the second half. This decline continued into the first half of financial year 1999, the year under review.

This trend was reversed in the second half of FY 1999, thanks to the government's cost-cutting initiative which helped the economy to turn around in early 1999. Regional economies had also showed signs of bottoming out.

The decline in advertising revenues bottomed out in the third quarter of the year and they started to rise in the fourth.

Recovery was led by the recruitment sector, which had fallen sharply the year before. While companies continued to retrench and lay off staff in low-end manufacturing, the search for executive personnel in technology, engineering, finance, the Internet and the computer world boosted recruitment advertising.

Trade display and classified advertising then started to build up as the economic recovery became more broad-based.

Our market share of advertising revenue for trade display advertisements for the year increased from 49 per cent to 50 per cent and is still growing.

Additional Colorliner press capacity enabled us to meet heavy demand especially on weekends. Circulation and readership of our newspapers continued to rise because of sustained improvements in content, print quality and distribution. All this means better value for money for our advertisers.

Meanwhile, newsprint prices remained weak. We also sourced more from mills in the region which offered competitive prices.

Greater efficiency of our presses helped reduce costs through less wastage and fewer stoppages.

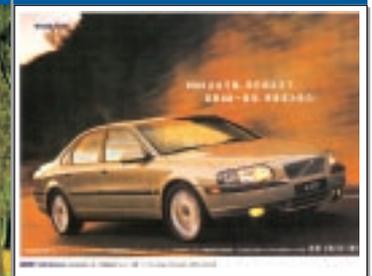
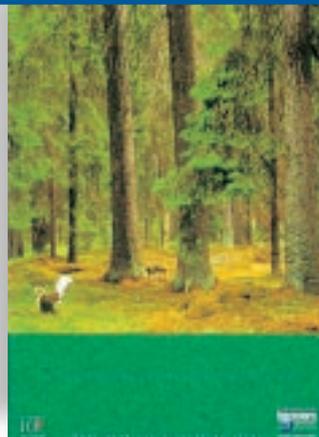
The year continued to be an exciting one for journalism. Major

news breaks at home and overseas and better presentation helped circulation. Shin Min Daily News, Berita Harian, Tamil Murasu and recently, The Business Times, were all revamped in content and redesigned.

This enabled Berita Harian to breach the 60,000 circulation level.

The Straits Times circulation grew by 1.4 per cent. The racing pages in The Straits Times were transferred to The New Paper in April 1999.

At our Chinese Newspapers



Press Advertisements of the month



*SPH won the Distinguished Patron of The Arts Award*

Division, the three newspapers increased circulation by 11,000 copies, although Lianhe Zaobao itself declined by 1.2 per cent. The features section was relaunched as zb NOW to arrest the decline by appealing to younger and bilingual readers. Friday Weekly circulation gained 13,000 copies or 20 per cent during the year.

All the newspapers' electronic publishing systems have been

upgraded, including the digitising of negatives under our paperless newspaper production strategy.

Earlier newspaper distribution to homes through our registered vendors, wider channels of distribution outlets and vending machines all helped to make our newspapers and magazines more accessible.

We started our own chain of newspaper outlets at bus stops. These distribution channels also serve as redemption centres for advertisers' promotional needs, to serve our advertisers better.

We bought over the 25 per cent interest in Times Periodicals, our magazine arm, from the minority shareholder and it is now a fully owned subsidiary. The magazine business was seriously affected by the economic crisis but, as in newspapers, its performance improved in the second half.



*Buzz kiosk at the bus stop along Orchard Road*

*Model of new headquarters at Toa Payoh North*



## **INFORMATION TECHNOLOGY**

The Information Technology Division completed end-to-end testing for all critical systems to help ensure Y2K readiness.

We implemented numerous applications via the Lotus Notes infrastructure to improve customer service, workflow and productivity.

We have begun reviews to reshape IT platforms to support business initiatives for 2000 and beyond.

## **HUMAN RESOURCES AND CORPORATE RELATIONS**

Four major initiatives were taken during the year: the wage restraint and off budget cost-cutting measures, new collective agreements for SPH subsidiaries, a widened SPH Share Option Scheme to benefit more staff, and a medical co-payment scheme.

Part of the credit for their successful implementation must be given to our union leadership for their collaboration and cooperation.

Corporate Relations continues to be active in promoting the reading habit, and in engaging in community programmes.

## **ADMINISTRATION, FINANCE AND INTERNAL AUDIT**

All three divisions focused on improving work processes: Finance in its services to business units and Administration and Internal Audit in the support of the various divisions.