



# chairman's statement

## I am happy to report that the SPH Group has turned in a creditable performance in Financial Year 2012.

The past year was a year of uncertainty and volatility in the global market. The Euro zone crisis, the weak US recovery and the slowing growth in China cast a pall over global economic performance. Singapore, like many other countries, suffered poorer growth as a result of the problems facing our major export markets and trading partners.

Singapore Press Holdings' performance could not remain unaffected by these macro-trends. However, with the collective strengths of the SPH Board, management and staff and the support of all stakeholders, I am happy to report that the SPH Group has turned in a creditable performance under these trying circumstances in Financial Year 2011/2012. Group operating revenue grew by 1.8 per cent to \$1.3 billion compared to the previous year. Group recurring earnings of \$410.2 million was also slightly higher by \$1.2 million compared to last year. Though there were lower profits from the newspaper and magazine segment, rental income from our property business rose, and there was increased contribution from the exhibitions sector. However, our investment income fell victim to market volatility and dropped by \$17.8 million to \$32.6 million. As such, net profit attributable to shareholders was \$365.5 million, 5.9 per cent lower compared to the previous financial year.

### Enhancing our Media Offerings

In our core newspaper business, circulation of our newspapers averaged 978,000 copies per day, a slight year-on-year decline of 3,400 copies or 0.3 per cent. This was achieved despite formidable competition from digital and social media platforms.

The Audit Bureau of Circulations Singapore recently announced the inclusion of paid digital replica copies of the print edition as part of the total circulation of a newspaper. As a result, The Straits Times and The Sunday Times

registered year-on-year growth in total circulation of 17,600 copies or 4.9 per cent to 373,900 copies. By tapping digital technologies we have been able to reach out to more readers on their smartphones and tablets to strengthen subscriber base and extended readership.

We will be improving our customer service further by launching a new e-shop by the fourth quarter of this year to sell both print and digital newspaper subscription packages. This is in anticipation of the increasing trend of online and mobile purchases. Existing subscribers will also be able to make payments with their credit cards, instead of paying monthly subscriptions by cash to their newspaper vendors. The new e-shop will offer customers more convenient and simpler billing and payment services.

Besides our readers and subscribers, we have strived to provide better service to our advertisers. New creative designs for advertisements, including the first-ever full-cover wrap of The Straits Times, were introduced for advertisers to launch their campaigns with maximum impact. We are gratified that the demand for print advertising has remained strong, especially for the premium pages of all our newspapers.

As part of our continuous efforts to engage both readers and advertisers, several of our newspapers underwent changes in their design and content.

The 167-year-old Straits Times was revamped in May with more content for readers and wider options for advertisement layouts for advertisers. It also hosted an inaugural STAR (Straits Times Appreciates Readers) concert at the newly opened Gardens by the Bay featuring pop singers from Singapore, United States and Korea to engage its readers.

# chairman's statement

Lianhe Zaobao, which is 89 this year, was rejuvenated in March to attract a younger generation of readers with new design features and content, and to give advertisers a better “editorial ambience”. zbCOMMA also added a Chinese literature appreciation page in collaboration with the Ministry of Education. Like The Straits Times, our Chinese flagship newspaper organised events such as the Singapore Prestige Brand Awards, health seminars and business forums to connect with readers and advertisers.

Other products that were relaunched with new features and a snazzier look included My Paper, UW, omy.sg and also print Classifieds.

On the digital front, we are well positioned to ride the continuing digital revolution.

The Straits Times launched its Android app in January, following the successful debut of its iPad and iPhone apps in September last year.

Lianhe Zaobao also introduced its web app for iPads and Android tablets, followed by its digital package consisting of Zaobao Online, the Zaobao Web App and the Zaobao online PDF version. The Zaobao iPad PDF version was rolled out in January this year.

To mark its 35<sup>th</sup> anniversary in October last year, The Business Times unveiled the iPad PDF version for its Business Times Weekend edition. It also introduced a new personal finance website, BT Invest ([www.btinvest.com.sg](http://www.btinvest.com.sg)), a free one stop financial portal for the public that provides the latest market updates, corporate announcements, research reports and policy updates. BT Online ([www.businesstimes.com](http://www.businesstimes.com)) was also revamped and launched in April 2012.

SPH Magazines, which added several key titles such as The Singapore Women's Weekly, CLEO, Harper's BAZAAR, Cosmopolitan and The Finder to its stable of publications, launched 25 of its titles as tablet apps. This is in addition to HerworldPLUS.com, the group's new comprehensive women's portal.

SPH, as a key player in print Classifieds, activated its revamped online job site called STJobs (previously known as ST701 Jobs) in June for job seekers and employers. It is also available on iPad, iPhone and Android smartphones.

Another classified segment, STProperty, was launched in August 2012. This will be followed by STClassifieds and STCars later this year.

ShareInvestor, our Internet financial media and technology subsidiary, completed the revamp of the Bursa Malaysia website, which was successfully launched in June this year. It also started the ShareInvestor Academy to help investors to maximise their investment returns.

Beyond Singapore, 701Search continued to make headway with the launch of chotot.vn in Vietnam and four maimai.com sites in China. The new sites aim to mirror the success of its sister sites in Malaysia, Philippines and Indonesia. Mudah is now the largest online classifieds website in Malaysia, with Ayosdito and Berniaga achieving second position in Philippines and Indonesia respectively.

Our broadcasting business has also grown. SPH UnionWorks' Kiss92 is Singapore's first new radio station in 20 years. Targeting the modern and savvy aged between 30 and 50 years old, it went on air on 3 September this year. The station synergises with the Group's stable of women magazines and newspaper features to reach out to female listeners. Its two existing radio stations have also been re-branded as UFM 100.3 and HOT FM91.3. All three stations are supported by their respective mobile iPhone and Android apps. To date, more than 300,000 have downloaded HOT FM91.3, Kiss92 and UFM 100.3 apps.

Straits Times Press, SPH's book publishing arm, released more new titles in collaboration with several of our newspapers. These include Mr Lee Kuan Yew's "My Lifelong Challenge - Singapore's Bilingual Journey" (English edition), the Chinese edition of "Lee Kuan Yew - Hard Truths to keep Singapore Going" and "50 Greatest Moments in Singapore Football".

## Strengthening our Adjacent Businesses

Our adjacent businesses have made good progress.

On the property front, Paragon at Orchard Road and The Clementi Mall have continued to enjoy full tenancy and high traffic. Our new retail development – The Seletar Mall – in Sengkang is on schedule to be completed by the end of 2014.

Since its incorporation in 2008, Sphere Exhibits, SPH's events and exhibitions arm, together with its two subsidiaries, Exhibits Inc and BizLink Exhibition Services, has organised a total of 58 exhibitions and attracted over 1,000 exhibitors with more than two million visitors. It has set up Sphere Conferences to boost its presence in the local and regional MICE business. It will specialise in creating premium conferences that span high-growth sectors such as healthcare, hospitality and tourism, urban planning and infrastructure development, and transportation, both in Singapore and the region.

SPH Buzz Pte Ltd, a wholly owned subsidiary of SPH which operates an extensive retail network of 68 pods at major bus interchanges, MRT stations and commercial sites, will further widen its presence in the heartlands, town centres, and central business districts. It opened its first 24-hour pod along Clementi Road in March this year.

Moving forward, we will continue to leverage on our core competencies to seek out new products and opportunities to achieve growth in the coming years. We will tread cautiously and manage our resources prudently in view of the uncertain global economic condition.

### **Awards and Accolades**

As the leading media company in Singapore, SPH kept up its record of winning many accolades in various fields.

SPH publications consistently garnered international recognition for our editorial, design and printing excellence. This shows that even as we innovate and introduce new media products and services, we continue to maintain high standards of quality in our core products.

For this, I want to thank our team of dedicated staff who are indeed our greatest asset. We make every effort to recruit, retain and reward our talents. For our efforts, SPH was named the Corporate HR Champion at this year's Singapore HR Awards.

Engaging shareholders is also a top priority. I am heartened that we won the Best Investor Relations (Silver) Award at the recent Singapore Corporate Awards.

### **Corporate Social Responsibility**

As a responsible corporate citizen, SPH is widely recognised for its community efforts. In 2011, it won the President's Social Service Award and in 2012, it became the first and only company to win the Distinguished Patron of the Arts Award for 20 consecutive years. Both SPH and SPH Foundation were also honoured with the Corporate Platinum Award by the Community Chest for the third consecutive year.

We have established a new Board Risk committee to have an oversight of risk management across the group. The Board decided on the need for a separate risk committee following the release of the new Code of Corporate Governance and the Risk Guidance issued by the Council of Corporate Governance.

This is also the first year we have embarked on sustainability reporting, as a testimony to our commitment to creating long term shareholder value by being a good corporate citizen. It is just the beginning. We will continue to fine tune the report in the years to come.

### **Tribute and Thanks**

On behalf of the SPH Board, I would like to thank Mr Ngiam Tong Dow, who is retiring from the Board at our Annual General Meeting on 30 November. Mr Ngiam's wealth of public sector experience has proved to be invaluable at the Board and the Remuneration Committee discussions. He has contributed to steering SPH through difficult challenges and guided management's efforts to seek new opportunities.

Dr Yeo Ning Hong has also given notice that he would like to retire from the Board. As we are proposing to appoint KPMG as our new auditors at this year's Annual General Meeting, Dr Yeo, as Chairman, Audit Committee, has kindly offered to stay on till after the first quarter of the new Financial Year to facilitate the transition of our external auditors. Hence, Dr Yeo will retire on 14 March 2013, upon completion of 12 years of service as Board Member. He has always had SPH's best interests at heart and served the Board and the Company with distinction. Replacing him as Chairman, Audit Committee, will be Mr Bahren Shaari.

On behalf of the directors, I would like to thank our management, staff, business associates, unions, investors and all other stakeholders for their confidence and support.

To reward our loyal shareholders, the Board has proposed a dividend of 17 cents per share, comprising a final dividend of 9 cents per share and a special dividend of 8 cents per share in respect of the financial year ended 31 August 2012. These dividends are on tax-exempt (one-tier) basis and will be paid on 21 December 2012. Together with the interim dividend paid during the year, total dividend payout for FY 2012 will be 24 cents.

The year ahead continues to be a challenging one. But I believe with the support of all SPH stakeholders, we can overcome the obstacles and continue to provide readers and customers with excellent service and deliver healthy corporate performance.



**Lee Boon Yang**  
Chairman