

## CHAIRMAN'S STATEMENT



**SPH** has turned in a  
credible performance for the  
full financial year 2012/2013  
with a net profit of

**\$431  
MILLION**

The past financial year was a challenging one, with multiple global events impacting the world economy. Singapore's economy suffered from the adverse developments in Europe and the US, as well as the slowing growth in China. SPH's performance which usually reflects the national economy was also affected, especially in our first two quarters beginning September 2012.

Despite these trying circumstances, SPH has turned in a creditable performance for the full financial year 2012/2013 with a net profit of \$431 million.

Group recurring earnings of \$369.3 million fell by \$59.5 million (13.9 per cent), mainly attributable to lower contribution from the Newspaper and Magazine business.

Revenue from the Newspaper and Magazine business was \$991.2 million, which is \$40.0 million or 3.9 per cent lower compared to the last financial year. This was attributable to declines in advertisement revenue (\$31.7 million or 4.0 per cent) and circulation revenue (\$7.2 million or 3.6 per cent).

### **STRENGTHENING OUR CORE MEDIA PRODUCTS**

Our media products demonstrated both resilience and adaptability despite the worldwide decline of print media and changing consumer habits.

#### **NEWSPAPERS**

SPH's total newspaper circulation, covering both print and digital editions, averaged 1.05 million copies per day, a year-on-year increase of 5.7 per cent. This was achieved as the Group continued to strengthen our foothold in the digital space. SPH's continued investments in both online and mobile products, and our pricing policy for our paid digital editions, led to strong growth in our digital numbers, which more than offset the fall in print circulation. This bodes well for our core news business which will increasingly become multi-media and multi-platform.

The total daily average circulation copies of The Straits Times and The Sunday Times registered year-on-year growth of 15.3 per cent to 449,200, as its digital offerings found increasing relevance with readers. Lianhe Zaobao also achieved year-on-year increase of 2.3 per cent to 172,500 total daily average circulation copies while The Business Times saw robust growth of 15.9 per cent vis-à-vis the previous financial year to 42,200 total daily average circulation copies.

Our Malay and Indian papers, Berita Harian, Berita Minggu, Tamil Murasu and tabla!, remained well-supported by their communities.

We are still adding new publications to our suite of newspapers. Thumbs Up Little Junior, a Chinese publication for pre-school children, made its debut in August this year. Several newspapers also underwent revamps, including Berita Harian and My Paper.

#### **MAGAZINES**

SPH Magazines continues to work towards offering multi-platform solutions for our readers and advertisers. For this financial year, we grew the digital editions of our magazines from 11 to 60 in North and Southeast Asia. These digital editions complement our stable of more than 100 titles of print offerings. We are now one of the leading magazine publishers in the region with presence in China, Indonesia, Thailand, Malaysia, the Philippines, India and Vietnam. This was bolstered by our acquisition of ACP Magazines Pte Ltd in the last financial year.

#### **DIGITAL**

Going forward, SPH is poised to engage a new generation of digital media consumers, as well as advertisers who wish to make use of an integrated, multi-platform approach to connect with their customers.

The Straits Times launched two enhanced apps for smartphones and the iPad in November 2012. Two niche websites, ST Asia

# CHAIRMAN'S STATEMENT

Report and Singapolitics, and a community website, ST Entertainment, were launched to deepen reader engagement and build community partnerships.

The Business Times introduced its iPhone app and iPad app in September 2012 and December 2012 respectively. To mark its 25<sup>th</sup> anniversary, The New Paper began planning for a revamp in October 2013, to be followed by the launch of new digital products.

Lianhe Zaobao, which celebrated its 90<sup>th</sup> anniversary in 2013, launched apps for iPhone and Android smartphones in July 2013. Our leading Chinese portal, Zaobao.com, was revamped to ensure greater interaction with readers.

Lianhe Wanbao has also gone digital and launched its smartphone and tablet apps, along with its new website, in September this year, as part of its 30<sup>th</sup> anniversary celebrations.

SPH Magazines has a total of 60 titles with digital editions to date, with 10 more slated for release in the coming months.

To enhance our digital offerings, we acquired sgCarMart, Singapore's leading car site. We also launched STClassifieds in October 2012 and STCars in November 2012. This followed the success of STJobs and STProperty, which we started in the last financial year.

In addition, a digital version of ST CATS Classified print ads is now available from 12 noon on the same day. A 7-day archive of our print classifieds can also be accessed by downloading the free Classifieds app. To enable advertisers to book their ads while on the go, CATS Classified introduced the PropAdbooker and CarAdbooker on both iOS and Android platforms.

Our online forays in the region have produced positive results. Mudah.my is the biggest online marketplace website in Malaysia. Berniaga.com and Ayosdito.ph are the second largest online classifieds websites in Indonesia and the Philippines respectively. Despite just being over a year old, Chotot.vn is the biggest online marketplace website in Vietnam.

## RADIO

Our radio subsidiary, SPH UnionWorks, also turned in a good performance. Kiss92, the newest entrant in the local radio scene, proved to be an instant hit among listeners and soared

to third place among English radio stations in the June 2013 Nielsen Radio Diary Survey. Our English contemporary hits radio station, HOT FM 91.3, became the number 1 hit music station in Singapore. The Chinese lifestyle station UFM 100.3 also grew its listenership by 20 per cent.

## BOOK PUBLISHING

Straits Times Press, the book publishing arm of SPH, published a total of 30 titles in the course of the past financial year. These include two books on Mr. Lee Kuan Yew: "Lee Kuan Yew: A Life in Pictures" and "One Man's View of the World", as well as "Malaysia and Singapore – The Land Reclamation Case" and "Asian Larder".

## GROWING OUR ADJACENT BUSINESSES

We have taken huge strides forward in our adjacent businesses.

On the property front, the SPH REIT was listed on the Singapore Exchange on 24 July 2013, and made a strong market debut. The portfolio of SPH REIT currently comprises Paragon, our premier upscale retail mall and medical suite/office property located in the heart of Orchard Road, and The Clementi Mall, our suburban mall in Clementi town. The Seletar Mall, SPH's latest retail development, is expected to open at the end of next year.

Sphere Exhibits, SPH's events and exhibitions arm, organised over 22 exhibitions and events featuring more than 750 exhibitors and attracting over 1.5 million visitors. Besides setting up an office in Malaysia, it also ventured into Myanmar through Sphere Conferences, which specialises in creating premium conferences in sectors like healthcare, hospitality and tourism.

## OVERCOMING CHALLENGES AHEAD

SPH is constantly looking at new business opportunities and exploring ways to rejuvenate our core media business.

Moving forward, we have identified various initiatives which, when implemented, would generate annual cost savings of about \$19 million. Examples of these cost-saving initiatives include reducing newspaper returns and implementing workflow changes to better utilise the printing presses. A project team is also working on a host of other initiatives to



SPH is constantly looking at new business opportunities and exploring ways to rejuvenate our core media business.

further improve revenue and profit. With the advent of the new media era, a \$100 million New Media Fund will also be established to invest in media-related businesses to stimulate growth.

#### **CORPORATE SOCIAL RESPONSIBILITY**

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

Both SPH and SPH Foundation, as well as our business units, have championed various social causes and given back to the community in different ways. I am heartened that our staff, whether through the Staff Volunteers Club or their own departments, have taken the effort to adopt different charities and bond through doing good.

#### **TRIBUTE AND THANKS**

On behalf of the SPH board, I would like to thank Mr Willie Cheng, who will be retiring from the Board at our Annual General Meeting on 29 November 2013. He has served the Board and the Company with distinction since his appointment on 1 March 2004.

I would also like to welcome Mr Quek See Tiat, who joined the Board on 1 September 2013. With his experience and qualifications, he is eminently qualified to contribute to the Group.

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

To reward our loyal shareholders, the Board has proposed a Final Dividend of 15 cents per share, comprising a Normal Dividend of 8 cents per share and a Special Dividend of 7 cents per share in respect of the financial year ended 31 August 2013.

There will be more challenges and ups and downs ahead of us. I remain confident that with your continued support, we will overcome obstacles as we strive for organisational and business excellence.



**Lee Boon Yang**  
Chairman