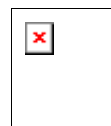
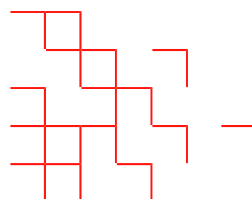


From: Macquarie - Flashnote

Sent: Wednesday, 11 July 2007 11:27 PM

Subject: Singapore Press Holdings (SPH SP) - Display ad surges in 3Q - sent by Valerie Law, CFA and Tuck Yin Soong

Macquarie Research Equities



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Stock: SPH SP
Name: Singapore Press Holdings
Price: S\$4.50
Market Cap (m): S\$7,145
Market Cap (m): US\$4,710
Current valuation (DCF): S\$4.48
12mth price target: S\$4.20
Recommendation: Neutral

Event

- Singapore Press Holdings (SPH SP, TP \$4.20) reported that operating EBIT was up by 15% vs our flat forecast, helped by stronger-than-expected operating revenue.

Impact

- **Operating results were better than expected.** The operating result is better than forecast mainly due to stronger-than-expected print ad revenue growth of 10% vs our 4% forecast.
- **Display seeing strong recovery finally.** Display growth has been lagging since early 2005, but pickup has seeped through in the first two quarters. For 3Q07, revenue in the segment finally surged 12% YoY due to the buoyant economy.
- **Overall cost increase was in line.** Our forecast of 5% growth for operating expenses was in line, due mainly to staff headcount added in previous quarter and higher production costs this quarter. The better cost control compared to previous quarter added 1.1ppt EBITDA margin from the prior year to 43.4%.

Action and recommendation

- If the good operating growth continues into the fourth quarter, we expect upward bias in earnings, supported by slight recognition for its Sky@Eleven residential project. Valuations will also be supported by dividend yield of above 3% at the current price.
- The group is still looking at offers for The Paragon Shopping centre given the strength of the retail sector. The company has recently re-valued Paragon 20% higher at S\$1.8 bn, or 24% of our NAV.

August		2006A	2007E	2008E	2009E
EBITDA	m	430.8	439.7	452.7	450.7
Reported profit	m	428.5	407.2	401.2	399.3
Adjusted profit	m	361.7	407.2	401.2	399.3
EPS rep	¢	27.0	25.7	25.4	25.3
EPS rep growth	%	-12.5	-4.7	-1.1	-0.5
EPS adj	¢	22.8	25.7	25.4	25.3
EPS adj growth	%	-6.3	13.0	-1.2	-0.5
PE rep	x	16.7	17.5	17.7	17.8
PE adj	x	19.8	17.5	17.7	17.8
Total DPS	¢	21.0	23.0	27.0	27.0
Total div yield	%	4.7	5.1	6.0	6.0
EV/EBITDA	x	15.2	14.1	14.1	14.1
Net debt/equity	%	25.9	27.8	25.2	24.2
Price/book	x	3.5	3.4	3.4	3.4

*All values are in SGD unless otherwise stated.

Source: Company data, Macquarie Research, Jul 2007.

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