

Singapore Press Holdings

3QFY07 Results

Singapore Press holdings (SPH) has reported its 3QFY07 results. Overall, net profit declined by 8.7% in the quarter due mainly to exceptional gains of S\$69.1m in the corresponding period last year (write-back of impairment losses for Paragon). Excluding this, net profit for the 3QFY07 surged 51.2% y-o-y to S\$159.4m.

The strong results, which were much better than expected were due mainly to:

- Print revenue for the quarter increasing by 10.5% y-o-y to S\$195.8m, exceeding our expectations of 4% (AC Nielsen projected 14%). Newspaper & magazine revenue for the quarter as a whole increased by 7.8% to S\$255.7m.
- Revenue from property for the quarter increased 6.6% y-o-y to S\$26m. SPH has yet to recognise contributions from the Sky@eleven at this point in time.
- Total staff costs and newsprint costs for the quarter increased by 8.6% and 1.4% respectively. Due to the greater increase in revenue as compared to costs, profits before investment income in 3QFY07 increased 15.2% y-o-y to S\$108.8m.
- Investment income for the quarter increased 139.1% to S\$75m due to net profit on the sale of investments and profit from the capital reduction exercise by MobileOne.

We maintain our BUY recommendation on SPH based on our sum-of-the-parts valuation. Falling newsprint prices, Paragon's rising rentals and maiden earnings contributions from Sky@eleven and a high net dividend of 5-6% underpin SPH's fundamentals.

Quarterly results:

| Year to 31 Aug | 1QFY06 | 2QFY06 | 3QFY06 | 4QFY06 | 1QFY07 | 2QFY07 | 3QFY07 |
|----------------|--------|--------|--------|--------|--------|--------|--------|
| Turnover (\$m) | 261.2 | 239.9 | 265.7 | 254.6 | 272.0 | 250.6 | 288.1 |
| EBIT | 108.3 | 88.3 | 99.7 | 85.4 | 112.8 | 89.1 | 114.0 |
| Pre-tax Profit | 121.9 | 103.7 | 194.7 | 89.1 | 136.9 | 117.1 | 186.1 |
| Net Profit | 98.4 | 84.6 | 174.6 | 70.9 | 112.3 | 108.0 | 159.4 |

SINGAPORE

Singapore Press Holdings (SPH SP)

BUY

Current Price: S\$4.50

Target/ Price: S\$5.00

Singapore Research

12-Month House Call Tracking

| Date | Rec | Target/Fair Price (\$) |
|--------|------|------------------------|
| Mar 07 | BUY | 5.00 |
| Sep 06 | Hold | 4.36 |

Price Chart

| Year to 31 Aug | Turnover (\$m) | EBITDA (\$m) | Net Profit (\$m) | EPS (¢) | EPS Growth (%) | PE (x) | EV/EBITDA (x) | DPS* (¢) |
|----------------|----------------|--------------|------------------|---------|----------------|--------|---------------|----------|
| 2005 | 1,007.5 | 424.7 | 488.3 | 30.8 | 0.8 | 14.6 | 16.6 | 28.2 |
| 2006 | 1,021.4 | 430.8 | 428.5 | 26.9 | (12.8) | 16.8 | 16.4 | 24.0 |
| 2007F | 1,190.7 | 534.6 | 473.0 | 29.6 | 10.0 | 15.2 | 13.2 | 26.0 |
| 2008F | 1,320.1 | 622.5 | 542.0 | 33.9 | 14.6 | 13.3 | 11.3 | 30.0 |
| 2009F | 1,360.9 | 644.0 | 558.2 | 34.9 | 3.0 | 12.9 | 11.0 | 30.0 |

* 1-tier tax exempt dividend w.e.f. FY06

Profit & Loss

| Year to 31 Aug (S\$m) | 2005 | 2006 | 2007F | 2008F | 2009F |
|-----------------------|---------|---------|---------|---------|---------|
| Turnover | 1,007.5 | 1,021.4 | 1,190.7 | 1,320.1 | 1,360.9 |
| EBIT | 374.4 | 381.7 | 482.6 | 568.5 | 588.0 |
| Pre-tax Profit | 558.4 | 509.4 | 563.6 | 660.0 | 680.0 |
| Net Profit | 488.3 | 428.5 | 473.0 | 542.0 | 558.2 |
| EPS (SCents) | 30.8 | 26.9 | 29.6 | 33.9 | 34.9 |

Balance Sheet

| Year to 31 Aug (S\$m) | 2005 | 2006 | 2007F | 2008F | 2009F |
|----------------------------|---------|---------|---------|---------|---------|
| Current Assets | 868.8 | 900.9 | 959.9 | 1,025.8 | 1,109.8 |
| Total Assets | 2,629.1 | 3,039.5 | 3,074.4 | 3,114.3 | 3,170.4 |
| Current Liabilities | 287.8 | 308.0 | 316.0 | 324.0 | 332.0 |
| Long-Term Loans | 717.8 | 682.8 | 652.8 | 622.8 | 520.8 |
| Shareholders' Funds | 1,621.2 | 2,046.4 | 2,103.3 | 2,165.1 | 2,243.2 |
| Total Equity & Liabilities | 2,629.1 | 3,039.5 | 3,074.4 | 3,114.3 | 3,170.4 |

Cash Flow

| Year to 31 Aug (S\$m) | 2005 | 2006 | 2007F | 2008F | 2009F |
|--------------------------|---------|--------|--------|--------|--------|
| Operating | (62.5) | 0.1 | 8.9 | 15.9 | 34.1 |
| Investing | 48.2 | 62.7 | 82.0 | 92.0 | 92.0 |
| Financing | (108.1) | (51.7) | (52.0) | (52.0) | (52.0) |
| Net Cash In/out flow | (122.4) | 11.2 | 38.9 | 55.9 | 74.1 |
| Begin Cash & Cash Equiv. | 192.6 | 70.2 | 81.4 | 120.2 | 176.1 |
| End'g Cash & Cash Equiv. | 70.2 | 81.4 | 120.2 | 176.1 | 250.2 |

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