

Singapore

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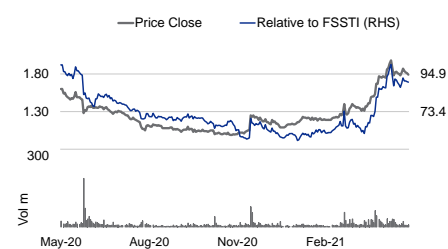
ADD (no change)

Consensus ratings*: Buy 2 Hold 1 Sell 2

Current price:	S\$1.79
Target price:	S\$2.09
Previous target:	S\$2.09
Up/downside:	16.9%
CGS-CIMB / Consensus:	23.8%
Reuters:	SPRM.SI
Bloomberg:	SPH SP
Market cap:	US\$2,133m
	S\$2,849m
Average daily turnover:	US\$19.14m
	S\$25.59m
Current shares o/s	1,591m
Free float:	95.7%

*Source: Bloomberg
Key financial forecasts

	Aug-22F	Aug-23F
Net Profit (S\$m)	162.8	168.8
Core EPS (S\$)	0.10	0.10
Core EPS Growth	1.31%	3.67%
FD Core P/E (x)	17.78	17.15
Recurring ROE	4.25%	4.36%
P/BV (x)	0.75	0.74
DPS (S\$)	0.065	0.070
Dividend Yield	3.63%	3.91%


Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	1.1	49.2	18.5
Relative (%)	2.3	40.1	-4.8

Major shareholders	% held
Vanguard Group	2.2
Blackrock	1.9
Toronto-Dominion Ban	0.8

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Singapore Press Holdings

Press off

- SPH is deconsolidating and transferring its media business to a not-for-profit entity. SPH will incur one-off capitalisation for the media business.
- We view this positively as the restructuring removes the drag from media business and gives financial and shareholding flexibility to grow its business.
- Reiterate Add with an unchanged TP, pending the completion of the exercise.

Transferring media business to a not-for-profit entity

- SPH announced that it will transfer its media business to a not-for-profit entity (CLG) amidst the ongoing challenge of failing advertising revenue.
- SPH will provide one-off initial resources and funding by capitalising SPH Media with a cash injection of S\$80m, S\$30m worth of SPH shares (S\$10m) and SPH REIT (S\$20m) units as well as SPH's stakes in four of its digital media investments.
- Post transfer of SPH Media to CLG, SPH will no longer be bound by the provisions under the Newspaper and Printing Presses Act (NPPA). While still subject to shareholders' and JTC Corp's (lead agency in Singapore to spearhead the planning and development of industrial landscape). approval, it has received the in-principal approval from the Ministry of Communications and Information (MCI). EGM could be held in Jul-Aug 2021 and the exercise is targeted to be completed 3-6 months later.
- MCI has said that they support the exercise and is prepared to provide funding support to CLG. A ministerial statement will be delivered on this next Monday.

Short-term pain, long-term gain

- Although SPH will provide CLG one-off capitalisation, we view the exercise positively as it (i) removes the drag from media business which reported a PBT loss of S\$9.7m in 1HFY21, (ii) removes NPPA restrictions which will give SPH greater financial flexibility to tailor its capital and shareholding structure to seize strategic growth opportunities and (iii) free up resources to focus on other businesses.
- Due to one-off restructuring adjustments and excluding the media business, 1HFY21 earnings, on a proforma basis will reverse from S\$85m profit to a loss of S\$122m.
- Excluding both one-off restructuring adjustments and the media business, operating profit in FY20 and 1HFY21 is expected to improve 48.1% and 9.4%, respectively, while PATMI (ex-job support scheme grants and restructuring adjustments) to improve by 35.3% and 11.4% in FY20 and 1HFY21 respectively. NAV per share will take a hit and fall 7.0% to S\$2.08 while gearing will increase from 30.9% (1HFY21) to 32.4% on a proforma basis due to the restructuring exercise.

Reiterate Add on SPH with an unchanged TP

- We retain Add and our SOP-based TP of S\$2.09 which is pegged to a 20% holding discount, pending the completion of the exercise.
- If we exclude the media business from our SOP calculations, reduce SPH REIT's stake from 66% to c.65% (to take into account the SPH REIT units to be given to CLG), a larger outstanding share base (to take into account the SPH shares to be given to CLG), and reduce cash balances by S\$80m, our SOP TP will be S\$1.94.
- Assuming the assumptions from point above but with only 10% and no holding discount, our SOP TP will be S\$2.18 and S\$2.43 respectively.

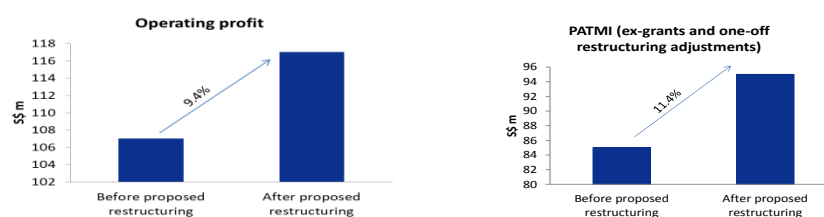
Figure 1: Proforma operating profit and PATMI stronger without media business

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 2: Sum of parts valuation

	Stake	Valuation Methodology	Valuation (S\$m)	Per share (S\$)	After restructuring					
					20% holding discount		10% holding discount		No discount	
					Valuation (S\$m)	Per share (S\$)	Valuation (S\$m)	Per share (S\$)	Valuation (S\$m)	Per share (S\$)
Core media operations	100%	Carrying value	180	0.11	0	0	0	0	0	0
Aged care	100%	Carrying value	192	0.12	192	0.12	192	0.12	192	0.12
SPH REIT	66%	CIMB TP	1,957	1.23	1,932	1.21	1,932	1.21	1932	1.21
Asset manager	100%	8x P/E	113	0.07	113	0.07	113	0.07	113	0.07
Seletar Mall	70%	Carrying value	336	0.21	336	0.21	336	0.21	336	0.21
Bidadari Development	50%	30% discount to RNAV	443	0.28	443	0.28	443	0.28	443	0.28
UK PBSA	100%	Carrying value	1,460	0.92	1,460	0.91	1,460	0.91	1460	0.91
sgCarMart	100%	Carrying value	50	0.03	50	0.03	50	0.03	50	0.03
Other digital			643	0.40	643	0.40	643	0.40	643	0.40
Treasury portfolio & others			592	0.37	592	0.37	592	0.37	592	0.37
Investments and net debt			(1,354)	-0.85	-1,434	-0.90	-1,434	-0.90	-1434	-0.90
Sum of parts (SOP) value			4,611		4,327		4,327		4327	
Less: Perps securities			452		452		452		452	
Equity value (S\$)			4,159		3,874		3,874		3874	
No. of shares outstanding (m)			1,591		1,597		1,597		1597	
Equity value (Scts)			2.61		2.43		2.43		2.43	
CIMB Target Price	20% holding discount		2.09		1.94		2.18		2.43	

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 3: Peers Comparison

Company	Bloomberg Ticker	Recom.	Price (lcl curr)	Target Price (lcl curr)	Market Cap (US\$ m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x) CY2020	Recurring ROE (%) CY2020	Dividend Yield (%) CY2020
Singapore Press Holdings	SPH SP	ADD	1.79	2.09	2,133	na	17.9	na	0.77	-0.5%	2.1%
Media Chinese Int'l	MCIL MK	Add	0.18	0.20	74	na	na	-37.6%	0.45	-1.4%	1.5%
Media Prima Bhd	MPR MK	Add	0.56	0.88	149	149.8	19.2	na	1.07	0.7%	0.0%
Star Media Group Bhd	STAR MK	Add	0.40	0.51	70	na	na	-16.1%	0.38	-6.9%	0.0%
Simple average							18.6	-26.9%	0.66	-2.0%	0.9%
Weighted average						na	20.1	24.8%	0.74	-0.9%	1.8%

SOURCES: CIMB, COMPANY REPORTS, BLOOMBERG

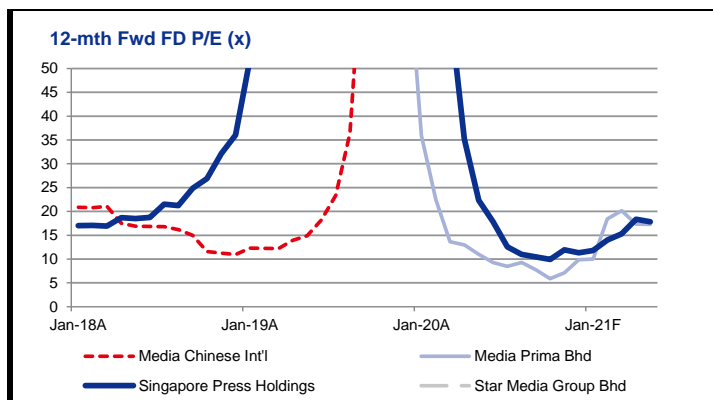
BY THE NUMBERS

Profit & Loss			
(\$m)	Aug-21F	Aug-22F	Aug-23F
Total Net Revenues	953.3	954.3	959.2
Gross Profit	953.3	954.3	959.2
Operating EBITDA	308.4	326.0	334.7
Depreciation And Amortisation	(41.0)	(36.5)	(36.7)
Operating EBIT	267.4	289.4	298.0
Financial Income/(Expense)	(59.3)	(63.8)	(64.6)
Pretax Income/(Loss) from Assoc.	9.0	13.0	15.0
Non-Operating Income/(Expense)	30.0	20.0	20.0
Profit Before Tax (pre-EI)	247.1	258.6	268.4
Exceptional Items	0.0	0.0	0.0
Pre-tax Profit	247.1	258.6	268.4
Taxation	(41.6)	(45.1)	(46.7)
Exceptional Income - post-tax			
Profit After Tax	205.5	213.5	221.7
Minority Interests	(44.8)	(50.7)	(52.9)
Preferred Dividends			
FX Gain/(Loss) - post tax			
Other Adjustments - post-tax			
Net Profit	160.7	162.8	168.8
Recurring Net Profit	160.7	162.8	168.8
Fully Diluted Recurring Net Profit	160.7	162.8	168.8

Balance Sheet			
(\$m)	Aug-21F	Aug-22F	Aug-23F
Total Cash And Equivalents	858	905	950
Total Debtors	116	118	119
Inventories	20	20	20
Total Other Current Assets	0	0	0
Total Current Assets	994	1,044	1,089
Fixed Assets	197	169	140
Total Investments	7,256	7,289	7,324
Intangible Assets	132	132	132
Total Other Non-Current Assets	254	262	269
Total Non-current Assets	7,838	7,851	7,866
Short-term Debt	1,277	1,277	1,277
Current Portion of Long-Term Debt			
Total Creditors	210	214	215
Other Current Liabilities	23	23	23
Total Current Liabilities	1,510	1,515	1,516
Total Long-term Debt	2,210	2,220	2,230
Hybrid Debt - Debt Component			
Total Other Non-Current Liabilities	70	70	70
Total Non-current Liabilities	2,280	2,290	2,300
Total Provisions	42	42	42
Total Liabilities	3,832	3,846	3,857
Shareholders' Equity	3,813	3,853	3,892
Minority Interests	1,188	1,195	1,205
Total Equity	5,000	5,049	5,097

Cash Flow			
(\$m)	Aug-21F	Aug-22F	Aug-23F
EBITDA	308	326	335
Cash Flow from Invt. & Assoc.			
Change In Working Capital	(47)	1	0
(Incr)/Decr in Total Provisions			
Other Non-Cash (Income)/Expense			
Other Operating Cashflow	0	0	0
Net Interest (Paid)/Received	(59)	(64)	(65)
Tax Paid	(42)	(45)	(47)
Cashflow From Operations	160	219	224
Capex	(13)	(14)	(14)
Disposals Of FAs/subsidiaries	0	0	0
Acq. Of Subsidiaries/investments	0	0	0
Other Investing Cashflow	0	0	0
Cash Flow From Investing	(13)	(14)	(14)
Debt Raised/(repaid)	10	10	10
Proceeds From Issue Of Shares	0	0	0
Shares Repurchased	0	0	0
Dividends Paid	(120)	(128)	(136)
Preferred Dividends			
Other Financing Cashflow	(66)	(66)	(67)
Cash Flow From Financing	(176)	(184)	(192)
Total Cash Generated	(28)	21	18
Free Cashflow To Equity	157	215	220
Free Cashflow To Firm	207	269	275

Key Ratios			
	Aug-21F	Aug-22F	Aug-23F
Revenue Growth	4.10%	2.02%	0.45%
Operating EBITDA Growth	42.8%	5.7%	2.7%
Operating EBITDA Margin	34.2%	35.5%	36.2%
Net Cash Per Share (\$)	(1.63)	(1.60)	(1.58)
BVPS (\$)	2.36	2.38	2.41
Gross Interest Cover	4.51	4.53	4.61
Effective Tax Rate	16.8%	17.4%	17.4%
Net Dividend Payout Ratio	71.0%	75.0%	77.1%
Accounts Receivables Days	52.72	46.53	46.89
Inventory Days	N/A	N/A	N/A
Accounts Payables Days	N/A	N/A	N/A
ROIC (%)	58.2%	59.7%	64.3%
ROCE (%)	3.50%	3.62%	3.69%
Return On Average Assets	3.00%	3.13%	3.21%



Key Drivers			
	Aug-21F	Aug-22F	Aug-23F
Advertisements	(0.1)	(0.1)	(0.0)
Circulation	0.0	0.0	0.0
Paragon rental psf	18.7	19.5	19.7
Clementi Mall rental psf	18.1	18.2	18.7
Seletar Mall rental psf	16.0	16.1	16.6
Rail Mall rental psf	8.9	9.2	9.5
Figtree rental psf	6.9	7.1	7.1

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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Score Range:	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	

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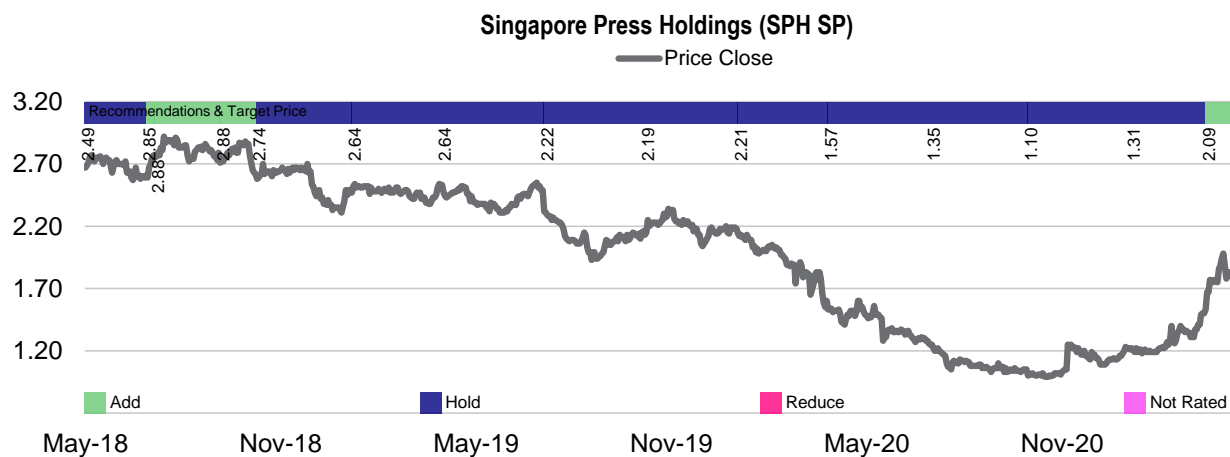
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Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2021		
613 companies under coverage for quarter ended on 31 March 2021		
	Rating Distribution (%)	Investment Banking clients (%)
Add	70.3%	1.1%
Hold	19.6%	0.2%
Reduce	10.1%	0.2%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2020, Anti-Corruption 2020

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **AU** – Good, n/a, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BGP** – Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BEM** – Excellent, n/a, **BGRIM** – Very Good, Certified, **BH** – Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Certified, **BR** – Good, n/a, **BTS** – Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENTEL** – Very Good, Certified, **CHAYO** – Good, n/a, **CHG** – Very Good, n/a, **CK** – Excellent, n/a, **COL** – Excellent, Certified, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** – Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** – Excellent, Certified, **DEMCO** – Excellent, Certified, **DDD** – Very Good, Declared, **DIF** – not available, n/a, **DOHOME** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, Declared, **ECL** – Very Good, Certified, **EGCO** – Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, Declared, **GFPT** – Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** – Excellent, Certified, **HMPRO** – Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Certified, **III** – Excellent, n/a, **INTUCH** – Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** – Excellent, Certified, **JASIF** – not available, n/a, **JKN** – Excellent, Declared, **KBANK** – Excellent, Certified, **KCE** – Excellent, Certified, **KEX** – not available, n/a, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** – Excellent, Certified, **KTC** – Excellent, Certified, **LH** – Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, Declared, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** – Excellent, Certified, **MTC** – Excellent, Certified, **NETBAY** – Very Good, n/a, **NRF** – not available, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PRINC** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** – Excellent, Certified, **PTTEP** – Excellent, Certified, **PTTGC** – Excellent, Certified, **PTTOR** – not available, n/a, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **RBF** – not available, n/a, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAK** – not available, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** – Excellent, Certified, **SCC** – Excellent, Certified, **SCGP** – not available, n/a, **SCN** – Excellent, Certified, **SF** – Good, n/a, **SHR** – not available, n/a, **SIRI** – Very Good, Certified, **SPA** – Good, n/a, **SPALI** – Excellent, n/a, **SPRC** – Excellent, Certified, **SSP** – Good, Declared, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **THCOM** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** – Excellent, Certified, **TKN** – Very Good, n/a, **TMB** – Excellent, Certified, **TNR** – Very Good, Certified, **TOP** – Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – not available, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Certified, **UNIQ** – not available, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

1 CG Score 2020 from Thai Institute of Directors Association (IOD)

2 AGM Level 2019 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of June 24, 2019) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand : the record of listed companies with corporate sustainable development "Thai sustainability Investment 2019" included:

SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)

SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI)

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Recommendation Framework**Stock Ratings**

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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