

CEO Business Review • Publishing & Printing



“2015 was a year of transformation for Publishing & Printing. Education Publishing grew from strength to strength, expanding its products and services to the USA, UK and the Middle East.”

SIEW PENG YIM
Chief Executive Officer,
Times Publishing Group

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Business Overview

2015 was a year of transformation for Publishing & Printing (“P&P”). While Education Publishing grew from strength to strength, expanding its products and services to the USA, UK and the Middle East, our Printing earnings was muted by pressure on margins due to continuing difficult economic conditions and changing consumer behavior. Affected by these changes in the global print market, we responded swiftly by implementing a transformation plan across our Singapore, Malaysia and China printing operations and aligned the business with these structural changes. We put in place a wide-ranging set of cost reduction and revenue enhancement initiatives, rightsized our printing capacity to adjust our cost base, and aligned our print assets to adapt to technological changes. Consequently, Printing incurred a loss as we accelerated the depreciation rates on its print assets following this major restructuring exercise. These losses overshadowed the strong performance in the Publishing Group.

This year, Education Publishing performed well and continued to be a standout performer for P&P. This set of strong results reflected the strategic initiatives undertaken to strengthen our position as the leading Singapore Math publisher in key markets like the USA, UK, Southeast Asia and the Middle East. Through continued investments in building our talent pool and increasing marketing support, Education Publishing successfully defended our local market share in Singapore and Hong Kong, and made significant inroads into USA, UK, Middle East and other parts of Southeast Asia.

On the digital front, we are currently developing an e-commerce platform that leverages on our strength in education publishing. We see this as a key part of the Group’s multi-channel strategy to deliver its full product range to consumers.

It has been a difficult year for our people as we were forced to adapt to the changing requirements of our customers and the dynamics of our markets. We have made, and will continue to make, difficult decisions to stay relevant in the long term.

The strategic priority for P&P is clear. We will continue to expand our global footprint with established brands, diversify our portfolio and continue to reshape the mix of our businesses, as well as invest in growth areas to deliver sustainable growth.

Times Publishing Limited (“TPL”) would like to take this opportunity to thank Mr Denis Tay and Mr Tay Puan Siong, who stepped down from the TPL Board. Both Mr Denis Tay and Mr Tay Puan Siong were non-executive directors and had been with the TPL Group since 2001. We would like to thank both of them for their insight, guidance and intellect over many years on the Board.

We would also like to recognise and thank our passionate and committed employees, past and present, for their hard work and support behind our strategic initiatives.

PUBLISHING

The Group’s publishing business is marketed under the brand, Marshall Cavendish. As a major international content provider, Marshall Cavendish publishes extensive works that span across a spectrum of interests including Education, General Interest, Business Information and Home Reference.

Revenue (\$m)

▼3%



Profit Before Interest & Taxation (\$m)

▼nm



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Education

Marshall Cavendish Education's ("MCE") regionalisation strategy continued to deliver. We successfully diversified our income streams geographically by focusing on core brands, leading us to become the publisher of choice in the region and the USA, UK and Latin America, for our core subjects of English, Mathematics and Science.

FY2015 MCE's results were achieved on successful marketing activities and new strategic partnerships to give customers a wider range of products and services. The expansion has been particularly strong for Mathematics, English and Science throughout our region, USA, the Middle East, and the UK.

One of the key initiatives to start FY2015 was the MCE Conference, which was held in the USA for the first time. The three-day conference in October successfully demonstrated the great success that Singapore's world-class curriculum has amongst

international policymakers, curriculum specialists, school leaders and educators. I am pleased to report that over 4,500 schools and more than 200,000 students across all 50 USA states have now adopted our textbook programmes.

MCE continued to make its mark as an established developer and provider of quality Mathematics learning solutions. In 2015, MCE, in partnership with our distributors, Houghton Mifflin Harcourt and SingaporeMath Inc, launched the digital components of our textbook programmes, Math in Focus Digi+ and Primary Digital in the USA. In Texas, ResponsiveEd, the largest public charter school system in Texas has also approved the Math Buddies for use by its 3,400 students, after its research study showed that students using Math Buddies in Grades 2 to 4 achieved the highest Mean Growth in the Measures of Academic Growth (MAP) Assessment, as compared to other Math programmes.



Beyond the USA, MCE also made a major impact in the UK via our strategic partnership with Oxford University Press. The Inspire Maths series has been selected for use across the UK by the Department of Education and the National Centre for Excellence in the Teaching of Mathematics.

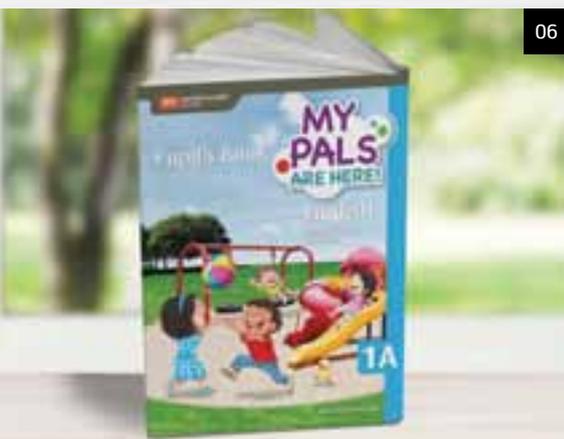
To help MCE grow its reputation as an innovator of technological developments in education, this year, it started working with a leading USA adaptive learning technology company, Knewton, to develop a personalised adaptive Mathematics solution. This powerful adaptive learning product, when developed, will allow for more effective independent learning for students in Singapore. The first of its kind in Singapore, this initiative is supported by the Infocomm Development Authority of Singapore, and we believe it will have a significant international potential for the future.

Beyond Mathematics, MCE also revamped some of its best-selling

series to meet the changing needs of the English language teaching market. Take Off with English has been enhanced with a greater emphasis on 21st century competencies, whilst the newly updated My Pals Are Here! English (International) 2nd Edition is now packed with new features to meet the growing needs of English learners in second-language markets.

In Science, MCE launched the Science Spy bi-monthly publication for Singapore's legion of budding

scientists. In collaboration with the Singapore Scientist, Science Spy made its debut at the Singapore Science Festival in July 2015. As part of the effort to bring quality Science content to readers, we used our educational expertise to ensure that the content is suitable as an independent learning resource for children, and that our design complements the textbooks used by teachers.



- 01 Mr Chng Eng Leok, General Manager, Product Development at Marshall Cavendish Education being interviewed during the Infocomm Media 2015 event
- 02 Marshall Cavendish Education's General Manager, Ms. Joy Tan, explaining the new unique features of our newly revamped magazine to Minister of State, Ms. Sim Ann, at Singapore Science Festival
- 03 Teachers showing great interest in our new My Pals are Here! Primary Science Upper Block and Science Spy magazine
- 04 A student tries out the AR function in the classroom
- 05 Using eBook360 in the classroom of a pilot school
- 06 My Pals are Here!
- 07 Cover page of the newly revamped magazine, Science Spy, in collaboration with Singapore Scientist
- 08 Take Off with English Pupil's Book

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General and Reference (“GR”) ended the year performing to expectations with several high profile publications and events, as well as creating new strategic partnerships.”

FY2015 has been a rewarding year for MCE Hong Kong. This year, we continued to develop our non-textbook portfolio with new initiatives in eLearning and professional development. Blending new technology such as Augmented Reality (AR) into remedial lessons and images, the launch of eBook 360, and the introduction of various school-based, digital-print textbook solutions have helped built and promoted our image as a provider of holistic eLearning solutions.

Others

General and Reference (“GR”) ended the year performing to expectations with several high profile publications and events, as well as forming new partnerships.

One of such high profile publications was the reprint of Mr Lee Kuan Yew’s memoirs. The passing of Singapore’s first Prime Minister Mr Lee Kuan Yew in March 2015 resulted in higher demand for his works – both print and online. His volume set “Memoirs of Lee Kuan Yew” autobiography also

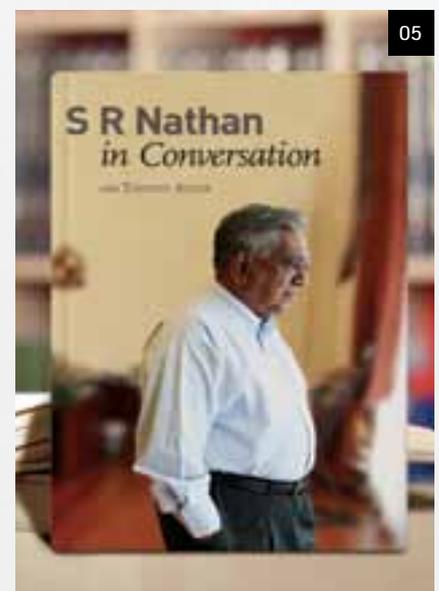
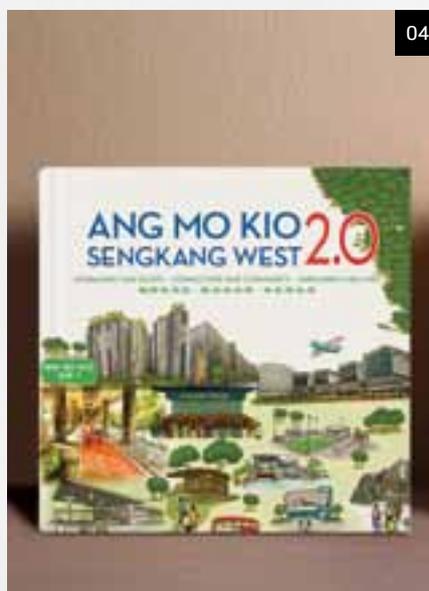
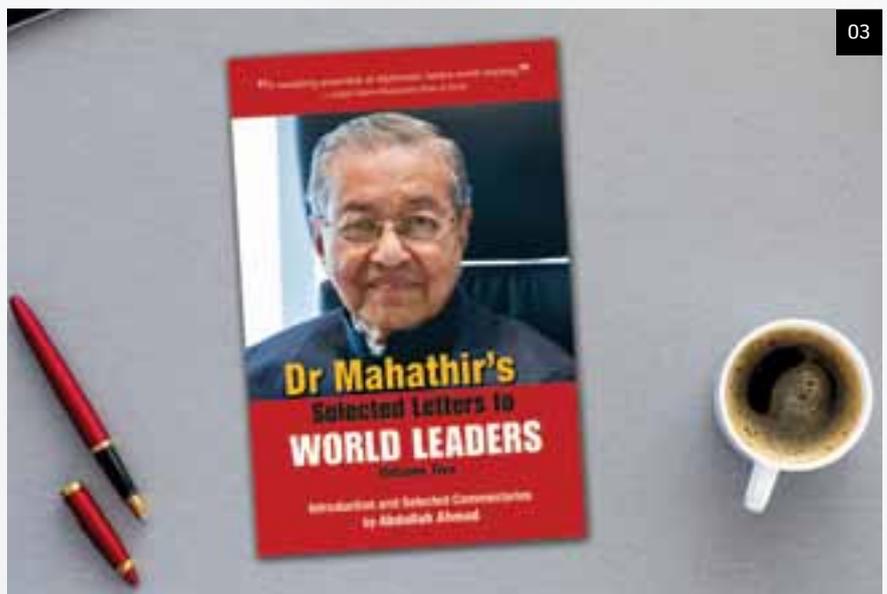
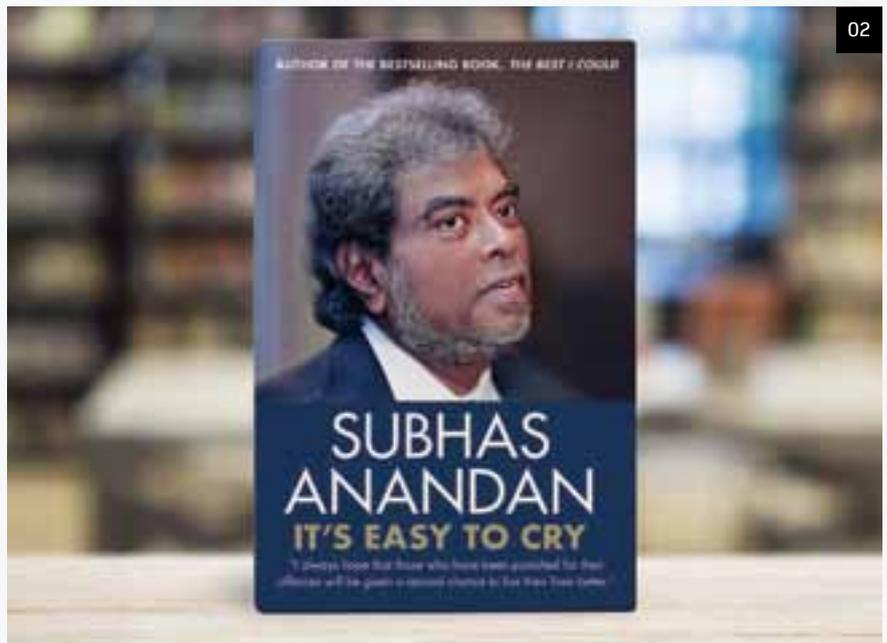


quickly became national bestsellers. Also outselling many titles were related publications such as *Lee Kuan Yew: The Man and His Ideas*, and political heavyweights such as *Dr Mahathir's Letters to World Leaders Volume Two* and *Lim Kit Siang: Defying the Odds*. National chart toppers in other categories included Junko's *Deco Mushi*, William Sim's *Colouring the Lion City* and Subhas Anandan's *It's Easy to Cry*.

This year, GR also benefitted from significant custom publishing projects from Ang Mo Kio Town Council, Toa Payoh Town Council, Competitive Commissions of Singapore, the People's Action Party HQ and Temasek Polytechnic.

In Cuisine, we published best-selling Japanese cookbook blogger Junko's first English versions. We hosted her first trip to Southeast Asia and partnered 8Days App in an exclusive tea party for invited guests. This was followed by bookshop events in Singapore and Bangkok.

FY2015 revenue from Business Information ("BI") was down compared to the last financial year, mainly due to the discontinuation of our Cargonews magazine division in Hong Kong. Our core directory publishing business remained resilient with overall sales flat in a challenging environment. However, profits were slightly down mainly due to lower margins because of intense competition.



- 01 Singapore Hawker Classics Unveiled
- 02 It's Easy to Cry
- 03 Dr Mahathir's Selected Letters to World Leaders Volume Two
- 04 Ang Mo Kio Sengkang West 2.0
- 05 S R Nathan in Conversation with Timothy Auger

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01 Secretary-General of the National Trades Union Congress, Mr Chan Chun Sing, during his visit to Times Printers
 02 Ah Boys To Frogmen book signing



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PRINT

Changes in market conditions, both in Singapore and overseas, necessitated major restructuring of our print business.

The Printing operations, particularly those in Singapore faced a persistently difficult printing environment. The challenges included falling print orders, declining printing prices and escalating manufacturing costs. The weakening of the Australian dollar has also made our printers less competitive especially as Australia is the primary market for Singapore.

Despite initiatives to diversify our printing services and products and improve operating efficiencies, the excess capacity in the print industry and threats of e-print have adversely impacted our earnings. While short print runs have gained momentum

recently, we saw a double-digit reductions in long print runs. This change in market demand has resulted in excess capacity particularly for our web presses. Consequently, revenue and margins were not growing in line with inflationary costs.

As a result of these factors, we undertook a major review of the entire Printing operations. During the year, we restructured the Printing division to reduce our cost structure. The decision to rightsize both our workforce and printing capacity was to ensure that the Printing division remain competitive.

RETAIL

We continued to see challenges facing high street retail bookstores this year. Higher operating costs, general economic uncertainty and poor consumer sentiment took



its toll on the Retail division. To accommodate the changing market needs, Times Bookstores underwent a rebranding exercise, aimed to strengthen the positioning of Times Bookstores as a family-oriented lifestyle retailer with a strong emphasis on the children's sector. A key element of this involved refreshing and refining our current merchandise mix, by providing a more consumer holistic approach to books and education retailing.

As part of our efforts to revamp Times Bookstores into a more consumer-engaging store, this year, we introduced a slew of in-store activities, including an autograph-signing session by former President SR Nathan of his book *SR Nathan in Conversation*, a meet-the-cast session with *Ah Boys To Frogmen*, performance storytelling by Julia Gabriel, as well as interactive and

creative learning activities for children. All these events boosted store traffic and increased sales.

Another key element in our brand re-development was the launch of a refreshing and exciting new lifestyle concept bookstore designed to further enhance our customers' in-store shopping experience. Our new lifestyle concept bookstore at Marina Square, which opened on 3 September 2015, embodies our new position as a family-oriented, children-focused lifestyle book retailer. This caters not only to the literacy needs of our consumers but also provides an inspiring haven for family fun and bonding.

Our retail priorities for the new financial year is to strengthen our relationship with our customers and business partners, and to stimulate and inspire creative

learning and development, with increased consumer engagement and interaction at all our Times Bookstores.

DISTRIBUTION

While Distribution revenue from Singapore and Hong Kong registered improvement over last year, our Malaysia Distribution revenue suffered on poor consumer sentiments and difficult market conditions following the implementation of Goods and Services Tax. Earnings were also impacted by prudent provision for stock returns, lower books and magazines sales and weaker Malaysian ringgit as the cost of importing foreign magazines became higher.