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PUBLISHING & PRINTING

CEO BUSINESS REVIEW

PUBLISHING & PRINTING

SUMMARY OF MESSAGE

- ▶ P&P revenue fell to \$281 million, with pace of decline moderating to 4%
- ▶ P&P losses narrowed substantially to \$1.2 million from \$4.5 million in the prior year, with underlying business breaking even
- ▶ Printing profitability sustained
- ▶ Growth in Digital Print Management portfolio
- ▶ Marshall Cavendish Education defended Singapore market leadership in educational publishing
- ▶ Educational Publishing continued to make inroads into international markets; reach in Latin America expanded; USA recorded strong growth in sales
- ▶ Maiden contribution from newly-acquired Times Distribution

Mr Siew Peng Yim
Chief Executive Officer,
Times Publishing Group



Revenue

\$281

MILLION

For FY2018

\$293 MILLION
in FY2017

Profit Before Interest & Taxation

(\$1.2)

MILLION

For FY2018

(\$4.5) MILLION
in FY2017

Changi International Airport whilst sales at our high-street bookstores in Singapore and Malaysia recorded growth compared to last year. Operating losses continued to narrow following our efforts to improve store profitability.

PUBLISHING

The Group's publishing business is represented by Marshall Cavendish, a major international content provider that publishes extensively with interest spanning Education, General Interest, Business Information and Home Reference.

PUBLISHING & PRINTING GROUP OVERVIEW

Publishing & Printing division ("P&P") substantially narrowed its losses this year, from \$4.5m to \$1.2m despite a 4% fall in revenue. The losses were partly attributed to our share of losses from a discontinued printing plant in China. However, the underlying business broke even. The improved performance was attributed to lower operating cost structure following last few years' restructuring exercises, maiden profit contribution from Times Distribution ("TD") as well as closures of non-performing businesses.

As a major international content provider, we made good progress in strengthening our educational publishing position in the international markets and expanding our distribution network in Latin America and China. This year, the US market recorded higher sales due to a significant increase in orders from a key distributor and the increasing popularity of our Primary Math titles. Marshall Cavendish Education's Math in Focus received a Strong Evidence Rating as the gold-standard education programme that met the new Every Student Succeeds Act ("ESSA") accountability regulations. ESSA regulations require that education programmes be scientifically tested and proven effective. Capitalising on the strength of our Education Publishing unit's

Science, Technology, Engineering and Mathematics ("STEM") products, we continued to work with Singapore Science Centre to promote our STEM programme.

Our Printing unit continued to sustain its profitable position, despite a persistently challenging magazine print demand in Singapore and the impact of sharp increases in worldwide paper prices. Our efforts to diversify into digital print sales coupled with strong domestic sales in China and export sales from Malaysia, partially mitigated the lower sales in Singapore. Efforts in diversifying our customer base and the formation of strategic partnerships with other printers will help to cushion the potential drop in print volume from our traditional print sources in the coming years.

Newly-acquired TD made its maiden contribution this year, lifting the overall profit contribution from our book distribution business. Our existing book distribution business through Pansing also reported healthy revenue growth. However, gains in book distribution were partially offset by a substantial decline in magazine sales due to the cessation of titles from magazine publishers.

Retail revenue was affected by the loss of the press and books concession at the Singapore

Publishing: Education

Marshall Cavendish Education ("MCE") consolidated its position as the market leader in educational publishing in Singapore by securing several key tenders. This year, MCE successfully won the rights to publish and distribute past year examination papers by the Singapore Examinations and Assessment Bureau for the first time, and was awarded the rights to publish the textbooks for Principles of Accounting and Additional Mathematics in the new syllabus cycle.

In the Spanish speaking region, we extended our reach by signing two new distributor partnerships in Panama and Argentina and expanded our distribution network to six other Latin American countries, reaching out to more than 200,000 students.

We also published the new *English Ahead* series that is in line with the Cambridge Assessment International Education framework and revamped some of our evergreens to meet the needs of the modern English market. The *Times 1000* series, one of MCE's best-selling series for over 30 years, was given a new look with engaging and culturally relatable illustrations. The Times Flashcards for Kids mobile app was also launched in August to complement this series.

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For Asian Languages, MCE launched three new Primary Chinese comics series, namely *Nao Nao Comics Street*, *Le Le Brainwave Comics* and *Old Master Q Happy Idioms*, developed to build pupils' Chinese literacy skills in an engaging manner.

To support educators, MCE organised local and overseas professional development training workshops for them.

Educational Technologies Limited ("ETL"), which offers products on early childhood education, refreshed and integrated its product contents and formats into online portals for greater ease of access for its customers worldwide and to achieve eco-friendliness and

relevance in the digital age. A new series of flashcards was also incorporated for holistic learning. Our distributor in Greater China is launching learning centres in Beijing, Shanghai, Wuxi and Shenzhen, and will be adopting ETL's learning programme in its centres.

To reinforce our leadership position as a curriculum publisher, MCE Hong Kong deepened its strategic partnership with the Singapore Science Centre to promote our Science, Technology, Engineering and Mathematics programme to the international markets. Vietnam and Cambodia have been earmarked as potential countries for the licensing of our programme to local

educational institutions. It also collaborated with Ming Pao Media Group to co-publish a new series of Secondary Liberal Studies textbooks.

Publishing: Others

This year, General and Reference ("GR") published close to 100 new books across all genres, including high-profile titles such as *Spiaking Singlish* (Gwee Li Sui); *Bank 4.0: Banking Everywhere, Never at a Bank* (Brett King); *The Art of Chua Mia Tee: A Portrait of a Life's Work* (Chua Mia Tee); *Anwar Returns: The Final Twist* (Mark Trowell QC); and *Money Secrets* (Mano Sabnani). Among our corporate publishing projects were *A Dash of Szechwan* (Mandarin Hotel); *Between the Lines: Early Print Advertising in Singapore 1830s – 1960s* (National Library Board); and *50 Years in Business* (RGE Group). Kayloe Tjio's *The Unfinished Revolution: Sun Yat-Sen and The Struggle for Modern China*, published in 2017, was shortlisted for the Singapore Literature Prize 2018 (Creative Non-Fiction Category).

The launch of *Anwar Returns* saw nearly 400 guests, including ministers, high commissioners and ambassadors attending the event. *The Art of Chua Mia Tee*, which featured the works of Singapore's foremost realist painter, was launched by President Halimah Yacob. Thought leader, academic and journalist, Professor Tom Plate, was in Singapore to launch *Yo-Yo Diplomacy* at the Lee Kuan Yew School of Public Policy, drawing more than 150 students and academics.

The weak business environment in the building and construction and marine offshore sectors continued to pose challenges

to Marshall Cavendish Business Information. Despite dampened business sentiments, it secured two new publishing contracts, the *Singapore Environmental Management Directory* and the *Singapore Electrical Trade Association's 60th Anniversary Commemorative Book*. It also embarked on the development of a new Directory Management System to improve efficiency and enhance its online business.

PRINTING

Besides maintaining relationships with present customers, efforts were put into securing new contracts by our Printing unit. In Singapore, it renewed printing contracts with *The Economists* and *Forbes* and won a new account from Pakistan for the printing of textbooks. Times Offset Malaysia also secured a new contract with Spafax, the publisher of Malaysia Airlines in-flight magazine, *Going Places*. We have been appointed by Disney to produce its range of products, including Marvel, Pixar and Star Wars. As the print industry consolidates, our sales in China and Hong Kong soared as some of the major accounts moved their orders to us. We expect this trend to continue in the next year.

Our efforts to grow the Digital Print Management and Creative Services portfolio are on track with new customers from the finance sector and government agencies. We saw strong growth in the provision for non-print related services which included fulfilment and the development of customer-specific online ordering portals.

RETAIL AND DISTRIBUTION

Following the loss of concession at Singapore Changi International Airport, the joint-venture of Times



NewsLink was terminated. Times Experience Pte Ltd acquired the remaining 50% ownership of Times NewsLink and the rights for KABOOM trademark in Singapore. Consequently, we now fully own the four toy stores in Changi International Airport under KABOOM.

As book retailing faces challenging times, we turned to curating and refreshing merchandise that is relevant to our customers' lifestyle and needs. This included reinforcing the Times Junior's shop-in-shop with complementary merchandise for children.

In distribution, the persistently weak publishing and retail climate in Singapore and Malaysia resulted in lower sales and higher returns in books and magazines. The cessation of magazine titles by various publishers such as Mediacorp also had an adverse impact on revenue. However, our distribution for Hallmark Gifts and Cards in Malaysia continued to gain strength and market share. To date, we have about 140 distribution points across Malaysia.

At Pansing Books, the success of local publisher Landmark's *Robert Kuok: A Memoir* gave book sales a significant boost. Other top new titles this year included *Ponti*, *The President is Missing*, the blockbuster fiction novel by ex-president Bill Clinton and James Patterson, and *The Concubine's Child* Author Visit (KL), Carol Jones' debut novel for adults.

In March, through the newly-acquired TD, we brought Elmer, the Patchwork Elephant to bookstores and pre-schools in Singapore and Malaysia. It was warmly welcomed by fans who were delighted to



meet the popular character from their favourite picture books. We also launched the ChooseKind Programme in primary schools, bringing the message of empathy and acceptance to students and sharing stories about kindness and friendship. Students participated in our #ChooseKind Challenge,

where acts of kindness were celebrated through a fun-filled contest.

Returning for its second year, Happy Sparks held its run, this time in the Tampines heartland at Our Tampines Hub with a theme centred on S.T.E.A.M Learning (Science, Technology, Engineering, Arts,

Mathematics). Parents and children alike were captivated by the myriad of exhibition booths dotting the Festive Walk, featuring a range of educational and lifestyle products. The event was so well-received that it attracted more than 50,000 visitors.