

CEO Business Review

Publishing & Printing

PUBLISHING & PRINTING GROUP RESULTS

The Group's Publishing & Printing arm ("P&P") achieved full-year revenue of \$277.4m, a marginal decline of 0.6% over previous year. Its marginal decline was due mainly to change in the sales mix of education publishing business and lower retail revenue due to store closures. Despite lower revenue, P&P posted earnings of \$9.6m, up from \$0.1m in FY2018. The better performance was driven by higher margins, prudent cost management, improving profitability from its core print business, maiden profit contribution from newly-acquired business, Print Lab Pte Ltd ("**Print Lab**"), and non-operating income from the sale of non-core assets.

Print Lab is a one-stop integrated print, creative and digital out-of-home solution provider in Singapore. It serves clients across a diverse set of industries including clients in the creative retail marketing segment, FMCG, retail, automobile and financial institutions, many of which are blue-chip companies. In April 2019, P&P acquired a 60% stake in Print Lab for a cash consideration of \$24.5m. The acquisition is part of the Group's continuing strategy to diversify its print portfolio and strengthen the company's foothold in the growing integrated marketing and print solution market.

As a major international content provider, P&P continued to focus on developing quality educational content to users. To this end, this year, we expanded our non-curriculum-based education publications, developed new educational content for the pre-school market and opened new channels in our international markets to increase revenue stream. The recent endorsement by the Cambridge Assessment International Education of Marshall Cavendish Education ("**MCE**"), the first Asian-based publisher, as one of its four global endorsement partners is a fitting testament to our ability to create high quality educational content that match international standards. This endorsement provides MCE added global recognition and strengthens our position as the international content provider.

The global printing industry has witnessed major shifts in recent years as commercial printers continue to face digital disruptions. To contend with these challenges, we adopted a multi-pronged approach that included strategic partnerships and add-on acquisitions. We took a stake in Print Lab, for instance, as it complements our existing traditional printing offering. As an end-to-end solution provider, Print Lab has also boosted our customer base to include clients that serve high-growth consumer products. We have also formed multiple strategic alliances, such as with Singapore Press Holdings and SMART Partnerships, to leverage each other's strengths and capabilities. These efforts, coupled with our focus on controlling cost, have led P&P's printing business to sustain profitability.

While the climate for high-street book retailing remained trying, retail continued to be a pivotal brand touchpoints for our consumers. P&P seeks to drive top line growth by offering more non-book and children-centric range of merchandise. We also launched our first standalone multi-category concept store, *TIMES* Junior, at the Jewel Changi Airport. This new concept store has received very positive response and continued to outperformed since its opening in April. To improve store profitability, operational and inventory control were also tightened to enhance operating efficiency and cost-effectiveness.

\$9.6m

P&P posted earnings of \$9.6m, up from \$0.1m in FY2018

MCE strengthened its position as an international education content provider

MCE is the first Asian-based publisher to be endorsed by Cambridge Assessment International Education

Acquisition of Print Lab boosted P&P customer base

\$277
MILLION
Revenue for FY2019
\$279 million in FY2018

\$9.6

MILLION

Profit Before Interest & Taxation for FY2019

\$0.1 million in FY2018



Mr Siew Peng Yim
Chief Executive Officer,
Times Publishing Group

SUMMARY OF MESSAGE

P&P revenue declined marginally to \$277.4 million; profit improved to \$9.6 million, from \$0.1 million in the prior year

Print profitability sustained; contribution from newly-acquired business, Print Lab, also helped to lift profits

Acquisition of Print Lab strengthened our foothold in the growing integrated marketing and print solution market

Growth in digital print management portfolio through alliances with strategic partners such as SPH and SMART Partnerships

Marshall Cavendish Education defended Singapore market leadership in educational publishing

MCE joined the ranks of top publishers, and the first Asian-based publisher, to become one of the four endorsement partners by Cambridge Assessment International Education

Our distribution brands, Pansing and Times Distribution (formerly known as Penguin Random House Pte. Ltd.) provide an integrated total service that includes distribution, retail and warehousing, enabling our business partners to market and retail their products through multiple channels, locations and formats throughout the region. Acquired in FY2018, the addition of Times Distribution has brought further scale and diversification to our distribution business. Healthy inter-company competition between Times Distribution and Pansing, including the adoption of best practices to better serve our customers has also helped boost profitability of this business. Looking ahead, we will continue to scale the business organically by leveraging our strong distribution network in the region, as well as forge alliance with strategic partners and add-on acquisitions.

The initiatives we undertook over the years continued to put us in good stead. Given the uncertain external environment, we have to remain vigilant and be agile in responding to changes in the marketplace. In the next 12 months, we will continue to introduce new educational content, while Print will focus on growing new revenue

streams, especially in digital and out-of-home printing services, to drive growth.

PUBLISHING

Marshall Cavendish (“MC”), which represents the Group’s publishing business, is an international media group with interests ranging from education, general interest, business information to home reference.

Publishing: Education

This year, Marshall Cavendish Education (“MCE”) cemented its position as Singapore’s leading educational content publisher, and expanded its international presence. In Singapore, MCE was awarded tenders by the Ministry of Education for both Secondary Mother Tongue and Secondary Science. In the US, MCE successfully renewed its agreement with major publishing house, Houghton Mifflin Harcourt in 2018 for another six years. MCE US is now ready to launch the much-awaited revised MATHS IN FOCUS 2020 series, which has earned positive reviews from educators and school leaders. MCE has also made further inroads into new markets including Canada, where it secured a contract with Nelson Education for

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a Math programme, and the Philippines where it established a Leadership Academy programme with the Private Education Assistance Committee.

MCE also joined the ranks of top publishers as it became one of four Endorsement Partners with Cambridge Assessment International Education (CAIE), allowing MCE to develop resources for Cambridge schools internationally. This was the first time a publisher outside the UK was given this prestigious Cambridge endorsement.

In Hong Kong, Marshall Cavendish Education Hong Kong (“**MCE HK**”) launched the new Primary Mathematics and Primary General Studies textbook series. To support the roll out, over 100 workshops were held. This year, it also partnered Chung Tai Educational Press to develop a new textbook series that would be in line with the new curriculum announced by the Hong Kong Education Bureau. In January, MCE HK licensed its Thematic STEM Education Partner Programme to a chain of learning centres in Macau.

Publishing: Others

It was an exciting year for the General and Reference (“**GR**”) division of MC, having published close to 90 new books, including its first personalised books for children. High-profile titles such as *Seven Hundred Years: A History of Singapore* (commissioned by the Prime Minister’s Office); *From Estate to Embassy* (former Ambassador K. Kesavapany) and *On Air: Untold Stories from Caldecott Hill* became the talk of

the town. It was also named “Best Food Book Publisher in the World” at the 2019 Gourmand Awards held at the Macau International Book Fair, reaffirming its forte in culinary publishing. Two of GR cookbooks also picked up individual awards at the ceremony.

This year, MC tied up with Storytel, a leading international audiobook platform, to make available a range of our titles to its customers. It also licensed the popular Baby Shark titles from Smart Study (Korea) and published them in various formats such as activity books, short story collections and board books. At the same time, its support for the local literary scene continued with participation in the Singapore Writer’s Festival, #Buy SingLit and the Asian Festival of Children’s Content.

PRINT

While the global printing industry continues to be in a state of transition, Print has diversified into out-of-home digital and large format printing which will be the new growth areas. To this end, TPL acquired Print Lab, a young and dynamic print agency in Singapore that offers a host of printing (2D, large-format, and offset) and visual media services such as experiential marketing, interactive media and other digital platforms. The acquisition augmented its printing service to a fully-integrated solution for a broader customer base that included end customers in the retail, food and beverage and property segments.

MC HK launched new Primary Mathematics and Primary General Studies textbook series

90

GR division published 90 new books in FY2019

Printing profitability sustained despite industry challenges

Print also expanded its printing capabilities and offerings this year. Times Printers entered into a strategic partnership with Singapore Press Holdings to tap each other's strengths and capabilities in digital and offset printing and post-finishing production. It also purchased a new series of printing and post-press equipment to enhance its digital capabilities. It continues to grow its value-add services, notably the distribution and fulfilment services with customers such as Bloomberg Businessweek (International).

Print also launched "Smart Partnership", an initiative that allows us to form partnerships with overseas printers to maximise spare printing capacity in fluctuating markets. By leveraging existing infrastructure, Print can avoid incurring hefty investment in new setups.

Malaysia print plant has been successful in renewing key printing contracts with publishers while securing new ones from UK. It has also gained market presence in the US with new accounts from reputable publishers.

Additionally, Print won several awards this year. Everbest garnered three awards at the 7th China Print Awards, including the Gold Award for Case Bound Book, Silver Award for Magazine Web Printing and Bronze Award for Commercial Printing. Times Printers swept the Gold Award and the Bronze Award in the "Web Offset – Coated stock 70GSM and above" and "Web Offset – Coated stock 65GSM and below" categories at the Asian Print Awards 2019 in Thailand.

RETAIL AND DISTRIBUTION

On the retail front, an omni-channel strategy was adopted to drive traffic and sales to both our online and offline channels. By combining physical retail Times Experience Pte Ltd ("TEPL") and e-commerce GoGuru, Retail has successfully enhanced customers' shopping experience by introducing the Click-and-Collect option to its customers. Retail will continue to ramp up omni-channel marketing campaigns and create enhanced shopping experiences with Assisted Buy kiosks to promote self-discovery and easy check-out.

Times Distribution was appointed the exclusive distributor for both Amazon Publishing (publishing arm of Amazon) and PRH SEA (a newly established Southeast Asian publishing venture for Penguin Random House based in Singapore) for Singapore, Malaysia and Brunei. The appointment fortified us as the leading book distributor in the region and posited us to help bring the works of local and Asian writers to new heights.

Magazine distribution continued to retain its strategic importance to our overall market presence. This year, Hallmark awarded Pansing the licensing rights for Hallmark products in Singapore and Hong Kong. This is in addition to its existing licensed market, Malaysia where Hallmark products posted a double-digit top line growth this year.

Times Printers entered into strategic partnership with Singapore Press Holdings to collaborate on commercial print services

Malaysian print plant renewed key printing contracts

Times Distribution was appointed the exclusive distributor for Amazon Publishing and PRH SEA for Singapore, Malaysia and Brunei

Expanded Hallmark distribution into Singapore and Hong Kong