

CEO BUSINESS REVIEW

PUBLISHING & PRINTING



By focusing on maintaining and developing strategic alliances with our key partners and creating greater brand awareness, we have placed Marshall Cavendish at the forefront of education.

MR SIEW PENG YIM
Chief Executive Officer,
Times Publishing Group

PUBLISHING & PRINTING GROUP RESULTS

FY2016 marked an exciting year for the Publishing & Printing division (“P&P”) amid continued difficult operating environment. Consequently, we saw mixed performances across our P&P division. Retail and Distribution recorded revenue gains, aided by strong sales performance in airport retail and high street stores, higher partwork sales in Hong Kong and higher contribution from magazine Distribution in Singapore. Publishing, on the other hand, recorded lower revenue as a result of a slow-down in demand for our textbooks due to the end-of-school adoption cycle. Similarly, lower print volumes in Singapore and Malaysia as well as the discontinuation of a joint venture in China caused Print revenue to fall. Accordingly, P&P FY2016 revenue declined 10%, to \$308m. Despite the decline in revenue, we were able to narrow our operating losses substantially in FY2016 to \$5m, from \$15m in FY2015. This was mainly the result of last year’s restructuring exercise to reduce Print’s operating cost

base and the absence of a one-off catch up of depreciation charges.

Marshall Cavendish, our publishing arm, continued its push into the international educational publishing market. This year, we added South Africa, Spain and Colombia to our global footprint of over 60 countries, while making further inroads into the UK with strong school adoptions. By focusing on maintaining and developing strategic alliances with our key partners and creating greater brand awareness, we have placed Marshall Cavendish at the forefront of education.

Our decision to rationalise our printing plants last year in anticipation of weak volume and margin pressure has helped to ensure that profitability of our Print division could be sustained. The Print division is now leaner and better able to meet the challenges in the market. This year, while Singapore and Malaysia saw a fall in print volumes, we saw recoveries in China, with encouraging resumption of book orders from overseas customers in the second half of FY2016. We have also successfully renewed business

partnerships with various international publishers and secured new catalogue printing work in Singapore, Malaysia and China.

Leveraging our leading position in the education publishing sector, P&P will be officially rolling out Times Experience and GoGuru in FY2017. Times Experience is an event organiser with events centred on ways to enhance a child’s learning experience beyond the classroom. Tapping on Marshall Cavendish Education’s expertise in education, Times Experience offers quality educational content in a relatable and contemporary approach for the modern child. Happy Sparks will be the first event managed by Times Experience in Singapore and together with GoGuru, Times Publishing Group’s e-commerce portal, it is our aim to engage our customers directly and increase consumer touch points providing a wider offering of products, services and solutions focusing on learning. In addition, P&P will also be launching Brainy Arkies – an adaptive learning app, in FY2017, giving us the opportunity to showcase our ability to create innovative solutions.

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Amid challenging times, we will also continue to expand our influence in the field of educational retail through aggressive brand profile development over digital media and on e-commerce platforms as well as through the launch of a new lifestyle bookstore concept, while looking to further improve manufacturing efficiency and cost management in our Print division.

PUBLISHING

The Group’s publishing business is marketed under the brand, Marshall Cavendish (“MC”). As a major international content provider, MC publishes extensively with interests spanning Education, General Interest, Business Information and Home Reference.

Publishing revenue declined primarily due to lower Education Publishing revenue. Demand for US textbooks were affected by the end-of-school adoption cycle. However, growth in non-US export markets were in line with expectations.

Publishing: Education

While Marshall Cavendish Education (“MCE”) continued to develop new print and digital educational content in its existing markets in Singapore, Hong Kong and the US, it also looked to push for more adoption of its content in new markets. This year, MCE successfully took its Math programme to Spain and Colombia, further strengthening its brand position in Latin America.

In Singapore, MCE has long advocated the importance of enhancing teachers’ capacity to improve student learning and development outcomes with its annual MCE Conference. For the fifth year running, this three-day event continued to enjoy strong support.

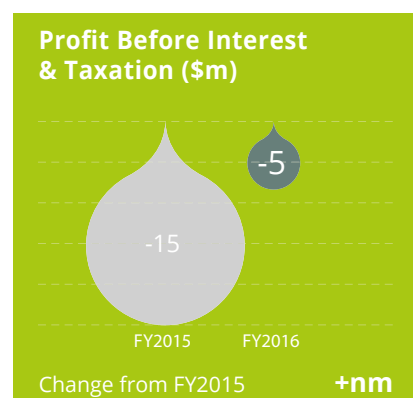
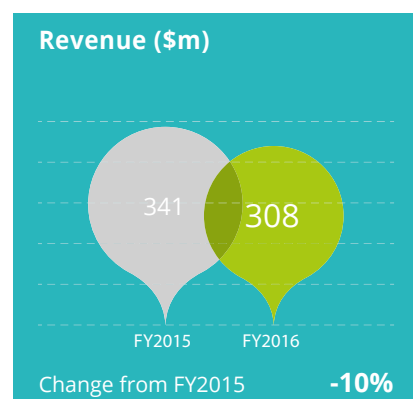
Attended by 150 international policymakers, curriculum specialists, school leaders and educators, the huge turnout to the 2016 MCE Conference bears testament to the growing recognition of Singapore’s world-class curriculum.

Also in Singapore, MCE collaborated with leading US adaptive learning technology company, Knewton, to introduce a personalised adaptive Mathematics solution MCEduworld in early 2016. Supported by Infocomm Development Authority of Singapore, nine schools in Singapore have embarked on this pilot programme.

MCE, together with its partners, won the tender for the development of Student Learning Space for the Ministry of Education, Singapore (“MOE”). The new online Teaching and Learning Application System and Digital Resource Library will provide teachers and students access to quality digital teaching and learning resources produced by MOE, teachers and those curated from other sources.

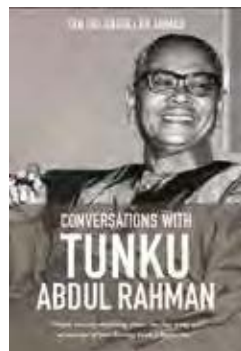
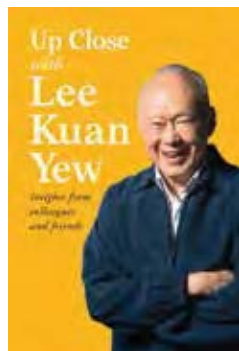
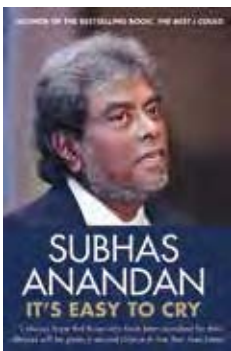
Riding on the successes of “Primary Mathematics” and “Math in Focus”, this year, MCE developed “Math On”, an online supplement that contains comprehensive assessment tools and interactive digital resources aligned to the US Common Core State Standards. This new addition to its suite of innovative digital solutions enables MCE to continue to stamp its authority in the area of Mathematics in the US.

Beyond the US, MCE also continued its efforts to promote the “Inspire Maths” series in partnership with Oxford University Press to bring its Singapore Maths programme into the UK. An extensive series of events focusing on public relations, professional development as well as online campaigns drove new adoptions.



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PUBLISHING & PRINTING



Marshall Cavendish Education Hong Kong ("MCE HK") has also done well this year. Knowing that Hong Kong places a strong emphasis on Science, Technology, Engineering and Mathematics ("STEM") education for their students, MCE HK, leveraging its position as a curriculum leader, integrated various subjects into Hong Kong's STEM education and

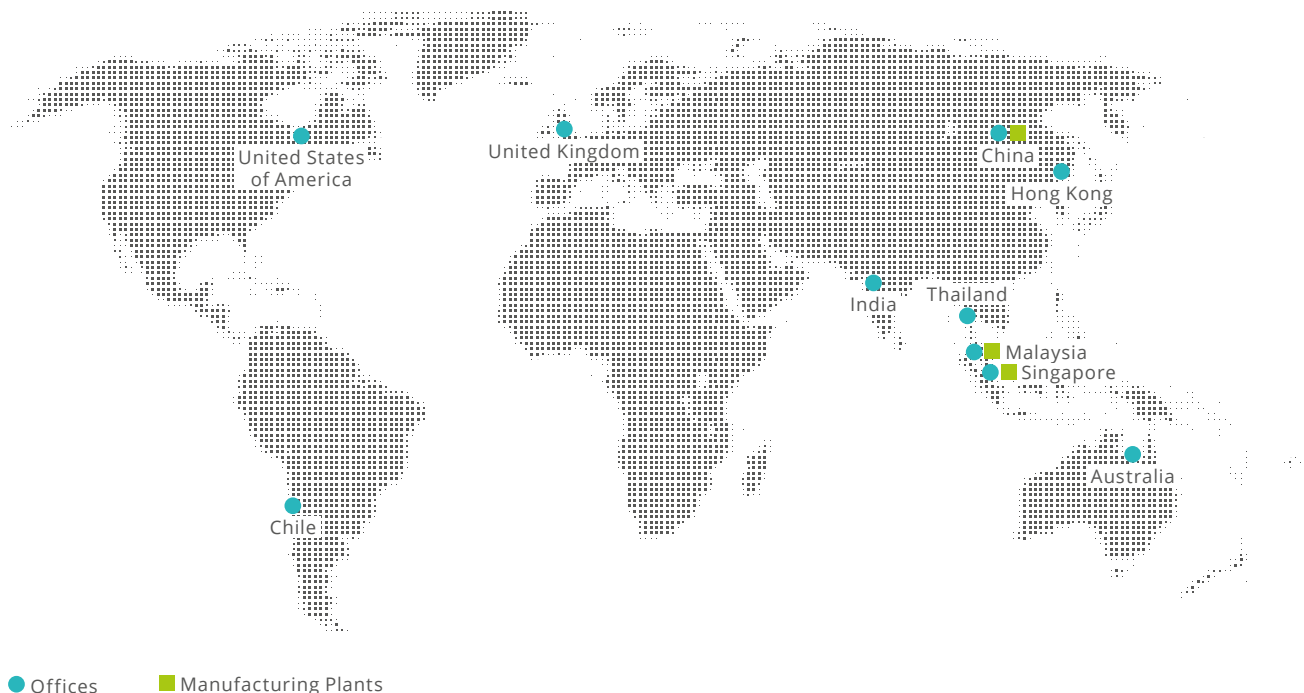
conceptualised many initiatives to encourage STEM amongst the youth. In addition, MCE also established the MC STEM Academy, in partnership with technology providers and an advisory board of esteemed educators. As a result, it managed to organise hands-on STEM workshops which saw overwhelming attendance for each event. In addition to workshops,

inter-school STEM project competitions were also organised with good participation rates from schools.

Publishing: Others

General and Reference ("GR") successfully published several high profile titles in 2016. These included "It's Easy to Cry" (by the late criminal lawyer Subhas Anandan), "Up Close with Lee Kuan Yew" (essays from 37 close friends and colleagues of Mr Lee) and "Conversations with Tunku Abdul Rahman" (Malaysia's first prime minister).

The late Subhas Anandan's second book "It's Easy to Cry" was launched posthumously in December 2015. Subhas was Singapore's best-known criminal lawyer with an empathy for all his clients, and a foremost champion of pro bono work. The book held its place on the Bestsellers List for a record 20 weeks.





recorded improved sales on the back of higher export.

RETAIL & DISTRIBUTION

Retail and Distribution division (“R&D”) experienced revenue gains due to improved scale in magazine distribution, strong partwork sales and higher contribution from new retail stores opened in high-street and airport.

This year, R&D continued to strengthen its retail positioning by catering to the varied interests and ages of consumers, especially families and children, inspiring and engaging them with more creative and interactive in-store activities. As such the ongoing rebranding efforts of Times Bookstores to encourage community building have shown encouraging results.



GR continued its tradition of publishing biographies of influential individuals in Asia and beyond with “Up Close with Lee Kuan Yew”. This intimate collection of 37 essays by Mr Lee’s closest colleagues and friends was launched in March 2016. The book was reviewed favourably by mainstream media sources and quickly took the No. 1 spot on The Straits Times Bestsellers List.

Beyond our shores, MCIA, our GR publishing arm, had the opportunity to publish several strong Malaysian titles this year, most notably Conversations with Tunku Abdul Rahman. The book launch took place at the Tunku Abdul Rahman memorial in April 2016.

PRINT

The Printing operations in Singapore and Malaysia continued to face a challenging printing environment.

The challenges included lower print volumes and margin pressure. As a result of FY2015’s restructuring exercise to reduce its cost structure, Print division was able to narrow its losses this year, despite a drop in revenue. The restructuring efforts to realign capacity and demand as well as the absence of a one-off catch up of depreciation charges in 2015 helped improve the bottom line. The Printing operations in China, on the other hand,