



P.O. Box HM 1025, Hamilton HM DX, Bermuda
Telephone: (441) 295-5881

the bermuda press [holdings] limited

To: All Shareholders

From: The Board of Directors

Date: June 28, 2019

Interim Report

The Board of Directors is reporting on unaudited financial matters relating to the first six months of your Company's financial year ending 30 September 2019 in accordance with the BSX listing regulations (Section II A, chapter 6.9(2)).

<u>Six Months ended 31st March</u> (in 000's of Bermuda dollars)	<u>2019</u>	<u>2018</u>
Operating revenue	<u>\$11,223</u>	<u>\$13,173</u>
Profit	285	1,430
Less: Profit attributable to non-controlling interests	<u>-</u>	<u>216</u>
Profit attributable to Equity holders of the company	\$285	\$1,214
Dividends paid per share	14 cents	10 cents
Earnings per share:		
Profit attributable to common shareholders	\$285	\$1,214
Average number of common shares outstanding	1,425	1,425
Basic and fully diluted earnings per share	20 cents	85 cents

Your Company's net income decreased to \$285,000 for the six months ended 31 March 2019, as compared to \$1,425,000 for the same period in 2018. This decrease in profitability is a result of the year over year decline in operating revenues of \$1,950,000 for the first six months ended 31 March 2019. The decrease in operating revenue by segment is as follows:

- Publishing and retail division saw a 17% or \$1,583,000 decrease as a result of the slowdown in the Bermuda economy and changing consumer behaviors.

- Rental revenue saw a 16% or \$244,000 decrease mainly due to the long term lease renewal of the primary tenant at Crown House and vacant space on the 2nd floor of the Roger Davidson building.
- Commercial printing experienced a 4% or \$73,000 decrease, as the printing industry continues to feel downward pressure on the traditional printing market.

Your Company's management is working tirelessly to find operating efficiencies and ways to further reduce operating costs to offset the most recent slowdown in the economy. Year to date, management have reduced costs by \$852,000, as compared to the same six month period last year. In previous annual reports, we have noted that the Board will not continue to fund operations that are loss-making at the expense of shareholders. In 2018, the difficult decision was made to exit the commercial stationary supply business. Your Company's management and Board continue to review operating results of all divisions to ensure that loss-making businesses are not being funded at the expense of our shareholders.

The Company's local real estate holdings remain the most profitable segment with an overall occupancy rate at March 31, 2019 of 96%, of which 57% is occupied by third party tenants.

Basic earnings per share decreased to \$0.20 for the six months ended 31 March 2019, down from \$0.85 in the previous year. The market price for BPHL's shares was \$7.00 at 31 March 2019 up from \$6.15 at 30 September 2018. The Board has continued to declare and pay dividends at \$0.07 per for the quarter ended March 31, 2019 and the Board will continue to review the Company's performance and the ability to increase dividend payments to shareholders.

Other key highlights since the annual report include:

- Acquisition of the 20% minority interest in Crown House Properties was completed in October 2018, The Bermuda Press (Holdings) Limited now owns 100% of the company.
- A new tenant was secured for 1st floor space at Crown House that was vacated March 31, 2019. A significant renovation to modernize the space was successfully completed in a short timeframe to ensure the new tenant took possession on June 1, 2019.
- Renovation of the vacant 2nd floor space at Roger Davidson is nearing completion and will be ready for market July 1st, 2019.
- Investing in the community by taking key sponsorship roles in the MS Amlin ITU World Triathlon, Bermuda International Film Festival, Bermuda End to End and Bermuda Festival.
- Successfully supplied and installed the signage solution for the MS Amlin ITU World Triathlon, re-solidifying Bermuda Press Digital as a key player in the sign printing and solutions business.
- Video product has been launched for the Royal Gazette to enhance customer engagement.
- Implemented cost cutting measures which have resulted in a year-over-year cost reduction of \$852,000 during the six month period ended March 31.

The total number of shares owned or influenced by Directors and Officers of the Company at 31

March 2019 amounts to 104,165. No rights to subscribe for shares in the Company have been granted to or exercised by any Director or Officer.

The Board of Directors would like to acknowledge and thank our employees for their commitment, hard work and dedication.