



Magazine World

The SCMP magazine division is a standalone publishing business with five lifestyle titles – three women's titles under the SCMP Hearst banner and two men's titles. During the year, all titles faced a competitive environment for advertising revenues and circulation. However, headway was made on most fronts and financial performance improved.

All SCMP Hearst titles – Cosmopolitan, Harper's Bazaar and CosmoGirl! – are Chinese language editions of world renowned publications circulated in Hong Kong.

These titles all benefited from robust growth in local advertising spend. Though the SCMP Hearst titles enjoyed solid advertising income growth, subscription sales were under pressure and circulation gains were modest due to an overcrowded market in this publishing segment.

On the advertising side, the SCMP Hearst titles witnessed strong growth in several categories. The cosmetics & skincare category and beauty, slimming & fitness category experienced a year-on-year ad spend rise of 17% and 11%, respectively. On the back of growth in these categories the titles recorded a 23% rise in advertising revenue over 2004.

SCMP Hearst Titles

Cosmopolitan is the flagship publication of the magazine division. As the first foreign edition of an international title to be launched in Hong Kong in 1984, Cosmopolitan has moved from strength to strength. In 2005, Cosmopolitan marked a record year in advertising pages sold (3,228 pages).

In January 2005, Cosmopolitan became the first women's title in Hong Kong to publish two editions, the regular A4 size and a smaller pocket size designed for greater reading convenience. The two versions carry identical content and the pocket sized edition has boosted Cosmopolitan's market share by capturing the younger "on-the-go" set, a group eager to purchase an easy-to-carry product.

Harper's Bazaar remains one of the few high end women's fashion magazines to be published in the Chinese language in Hong Kong. This publication is the first choice for luxury brand advertisers due to its prestigious image. The title made solid progress in 2005, achieving record advertising revenues.

CosmoGirl! maintained a circulation level of some 40,000 copies and expanded its advertising revenue base in 2005. The teenage magazine market is not yet attracting large

amounts of advertising due to the lower disposable income of teenagers. However, top fashion brands are starting to target teenagers in the hope of capturing the next generation of customers. This increase in ad spend has contributed to CosmoGirl!'s growth.

The outlook for the SCMP Hearst titles in 2006 is stable. Cosmopolitan and Harper's Bazaar will consolidate gains made on the advertising front and efforts to increase circulation, such as the pocket-sized Cosmopolitan, should yield results. The expectations of CosmoGirl! on the advertising front are high, with revenues picking up as readership increases and advertising agencies become more and more comfortable with the teen magazine medium.

Automobile

Automobile was launched in 1979 and is now the market leader among car titles in Hong Kong. Despite the economic recovery, sales of motor vehicles and auto parts in Hong Kong fell slightly in 2005.

The car magazine market was marked by competition for both circulation and advertising revenue. Competition intensified when one magazine reduced its cover price by 60%.

Although Automobile suffered a decline in circulation to some 28,000, the loss of circulation revenue was offset by savings in operating costs. As a result, the title saw a slight improvement in performance in 2005.

In 2006, Automobile expects to benefit from a growing interest from consumers to buy new cars. Any significant increase in car buying will have a direct impact on advertising revenue for the Automobile title.

Maxim

Maxim was launched in 2004 under a licensing agreement. The men's lifestyle magazine sector did not have an easy ride in 2005 and Maxim's advertising revenue remained weak during its second year of publication. Local advertisers considered Maxim as a newcomer and remain cautious when committing advertising spend.

Going on its third year of publication, Maxim will work on gaining the confidence of advertisers. At the same time, the title will explore other revenue generating areas and control costs to improve short-term profitability.