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### Miscellaneous

\* Asterisks denote mandatory information

Name of Announcer *	SINGAPORE POST LIMITED
Company Registration No.	199201623M
Announcement submitted on behalf of	SINGAPORE POST LIMITED
Announcement is submitted with respect to *	SINGAPORE POST LIMITED
Announcement is submitted by *	Leong Chee Sian (Ms)
Designation *	Company Secretary
Date & Time of Broadcast	21-Dec-2004 12:55:48
Announcement No.	00004


### >> Announcement Details

The details of the announcement start here ...

Announcement Title \*

Description   
Attached is the press release by S&P in relation to the credit rating upgrade."/>

**Attachments:**

 [SingPostCreditRating.pdf](#)  
Total size = **30K**  
(2048K size limit recommended)

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## Research:

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### Research Update: Singapore Post's Rating Raised to 'AA-' from 'A+'; Outlook Stable

**Publication date:** 20-Dec-2004  
**Primary Credit Analyst(s):** Sharad Jain, Singapore (65) 6239-6340; [sharad\\_jain@standardandpoors.com](mailto:sharad_jain@standardandpoors.com)  
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**Credit Rating:** AA-/Stable/NR

### ■ Rationale

On Dec. 21, 2004, Standard & Poor's Ratings Services raised its long-term corporate credit rating and senior unsecured debt rating on Singapore Post Ltd. (SingPost) to 'AA-' from 'A+'. The outlook is stable.

The rating upgrade reflects improvement in SingPost's financial profile due to an early payment of S\$120 million of its debt, and its sustained solid financial performance. Standard & Poor's believes that the risks related to SingPost's retail financing business are manageable with the revised rating level because the growth of this business is likely to be slow, and its scale is likely to remain small. SingPost has not set up any new outlets for retail financing operations since their launch about six months ago with two outlets.

SingPost is the main domestic and international postal services provider in Singapore. In the six months ended Sept. 30, 2004, the SingPost group had operating revenues of S\$181 million (US\$106 million) and net profit (excluding extraordinary items) of S\$52 million.

The ratings on Singapore Post Ltd. (SingPost) reflect the following strengths:

- Very strong market position. SingPost has a very strong market position in the domestic and international mail business in Singapore. It enjoys monopoly protection in the domestic and international letters and postcards business until March 31, 2007. However, the businesses reserved for it account for only about 40% of the total domestic mail traffic. SingPost's very strong position is based on its excellent brand name built with years of reliable service, efficient and low-cost operations, and very competitive pricing for its postal services.
- Robust profitability. SingPost has consistently shown extremely strong financial performance, as reflected in its EBITDA of 45%-50% of revenue in each of the past three years. The company's low operating costs are due to good management of operations, a high level of automation, and a small and concentrated service area. In the medium term, the company's profit margins are likely to remain very strong despite some weakening due to pricing pressures ahead of the opening up of the letters and postcards business.
- Strong financial profile. Despite an increase in its debt and payout of large dividends in the past two years, SingPost's ratios of funds from operations (FFO) to total debt and FFO to net debt for fiscal 2004 remained very strong at 40% and 58%, respectively. FFO interest cover also was solid at 16x. In the absence of any major shift in the company's business or financial policy, these ratios are expected to remain robust in the medium term.

These strengths are partly offset by the geographical concentration of SingPost's businesses largely within Singapore, particularly because the demand for most of these businesses is closely linked to the economic performance of the service area.

### Liquidity.

SingPost's liquidity is very strong. At Sept. 30, 2004, it had cash and equivalents of S\$108 million. The company has no debt maturing in the next year.

### ■ Outlook

The stable outlook reflects Standard & Poor's expectations that the scale of SingPost's new businesses is likely to remain small in comparison to its core letters business. The new rating has tolerance for a modest weakening of business profile or financial profile. Conversely, there could be an upside to the rating if there is a reduction in the debt burden, or the new business initiatives do not turn out to be detrimental to SingPost's business or financial profile.

### ■ Ratings List

	To	From
Corporate credit rating	AA-/Stable/--	A+/Developing/--
Senior unsecured debt	AA-	A+

Complete ratings information is available to subscribers of RatingsDirect, Standard & Poor's Web-based credit analysis system, at [www.ratingsdirect.com](http://www.ratingsdirect.com). All ratings affected by this rating action can be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com); under Credit Ratings in the left navigation bar, select Find a Rating, then Credit Ratings Search.