

# Q2 & H1 FY2015/16 Financial Results

2 November 2015



## Overview & 1H FY15/16 Financials

### Revenue Analysis

### Segmental Results

### Group Update

### SingPost 3.0

The following presentation contains forward looking statements by the management of Singapore Post Limited (“SingPost”) relating to financial trends for future periods, compared to the results for previous periods. Some of the statements contained in this presentation that are not historical facts are statements of future expectations with respect to the financial conditions, results of operations and businesses, and related plans and objectives. Forward looking information is based on management's current views and assumptions including, but not limited to, prevailing economic and market conditions. These statements involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those in the statements as originally made. Such statements are not, and should not be construed as a representation as to future performance of SingPost. In particular, such targets should not be regarded as a forecast or projection of future performance of SingPost. It should be noted that the actual performance of SingPost may vary significantly from such statements.

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SingPost delivered robust growth in the first half of FY2015/16, with continued expansion and investments in eCommerce Logistics activities; and contributions from new subsidiaries

eCommerce growth momentum continues, with eCommerce related revenues making up 29.0% of 1H FY2015/16 revenue, up from 26.9% in 1H FY2014/15

Underlying net profit up 1.4%

Q2 FY15/16 dividend of 1.5 cents per share, up from 1.25 cents in the corresponding quarter last year

SingPost delivers earnings growth and consistent dividends, even as it continues to invest in transformation initiatives

## Continued investments in transformation

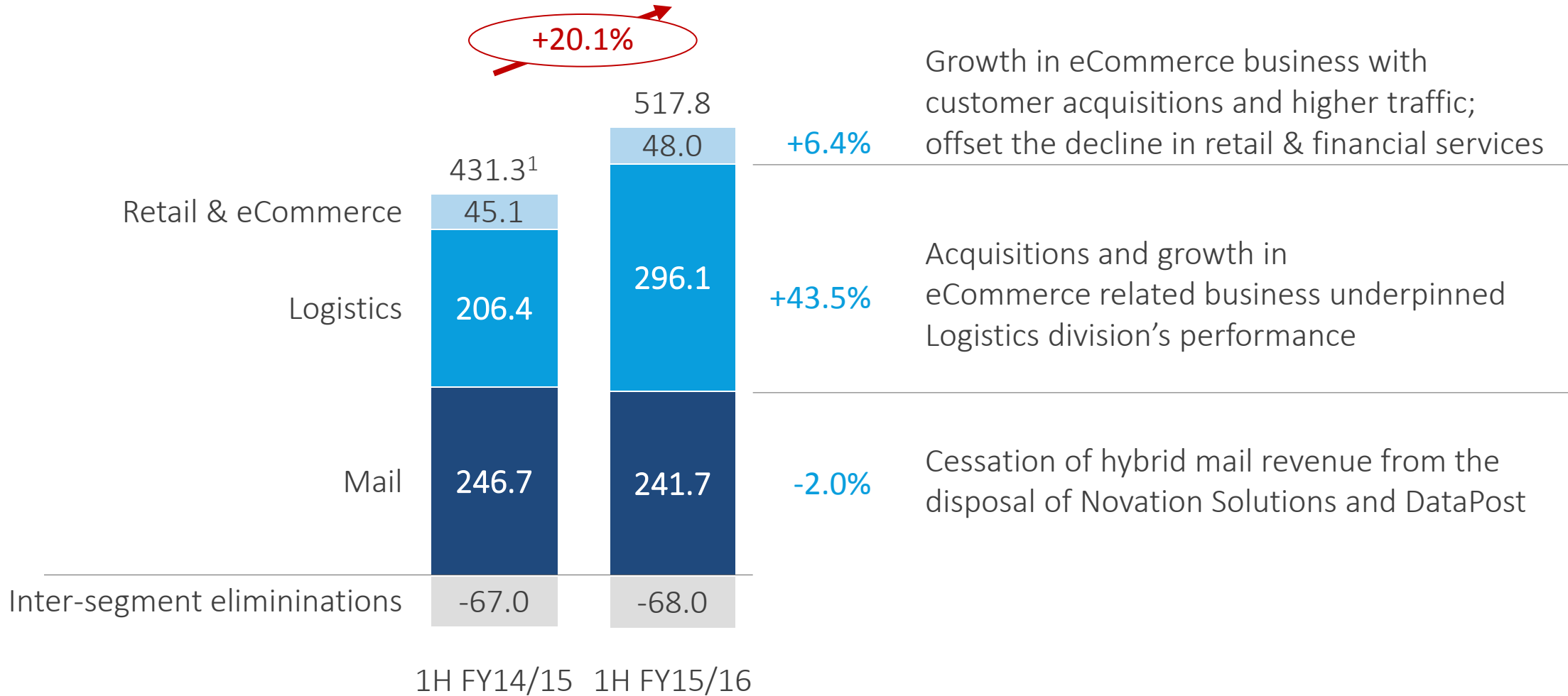
H1 FY2015/16 P&L, \$M

	H1 FY15/16	H1 FY14/15	YoY % change	
Revenue	517.8	431.3	+20.1%	— New acquisitions; eCommerce related growth
Rental and property-related income	20.6	22.1	(6.7%)	
Miscellaneous	43.2	8.6	@	— One-off gains on divestment of subsidiaries
Total expenses	463.8	366.5	+26.5%	— Continued investments in transformation
<b>Operating profit</b>	<b>122.2</b>	<b>98.2</b>	<b>+24.4%</b>	
Share of associated companies & JVs	3.4	1.8	+89.6%	
Income tax	19.6	17.4	+13.0%	
<b>Net profit attributable to equity holders</b>	<b>100.0</b>	<b>78.8</b>	<b>+26.9%</b>	
<b>Underlying net profit</b>	<b>77.8</b>	<b>76.7</b>	<b>+1.4%</b>	— Excluding one-off items

@ denotes changes exceed 300%

# Strong revenue growth driven by eCommerce related activities

1H FY 2014/15 vs. 1H FY2015/16 Revenue performance, \$M



<sup>1</sup> Differences due to rounding

## Higher expenses with inclusion of new subsidiaries, and continued investments for the Group's transformation

Total expenses H1 FY2015/16 breakdown, \$M

	H1 FY15/16	H1 FY14/15	YoY % change
Labour & related	146.8	126.3	+16.2%
Volume-related	223.9	166.9	+34.1%
Admin & others	68.8	51.2	+34.3%
Depreciation & amortisation	13.1	13.7	(4.3%)
Selling	3.9	3.8	+2.8%
Finance expense	7.2	4.5	+61.6%
<b>Total</b>	<b>463.8</b>	<b>366.5</b>	<b>+26.5%</b>

— In line with higher traffic volumes and increased business activities

— Mainly from higher M&A and professional fees for growth and transformation initiatives

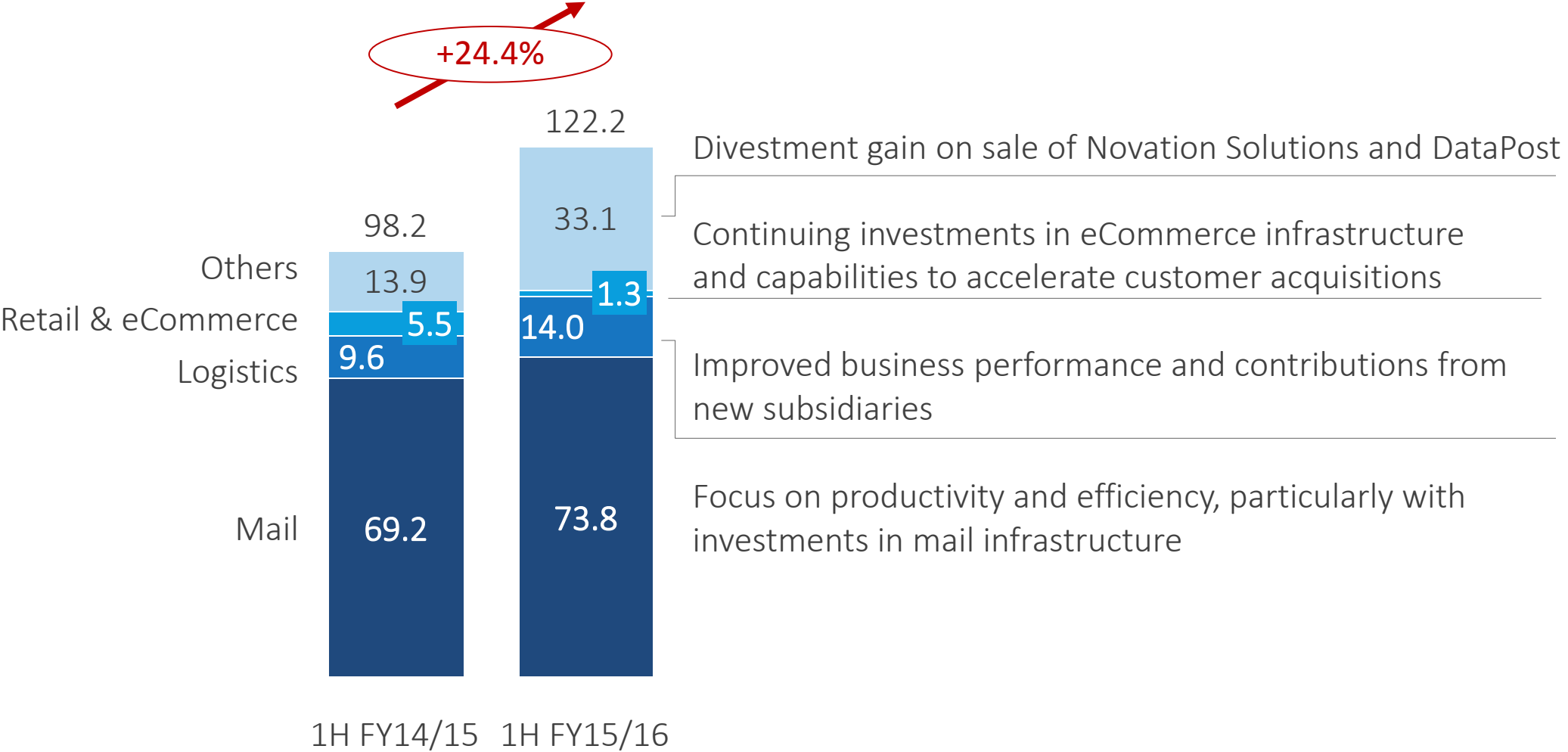
— Higher interest expense on higher average borrowings, and non-trade forex translation differences



# Operating profit up 24.4% on steady performance in Mail and Logistics, combined with one-off gains on divestments



1H FY 2014/15 vs. 1H FY2015/16 Operating profit performance, \$M



## Strong balance sheet & financial indicators

\$M

	H1 FY15/16	H1 FY14/15	
Operating Cash Flow (before working capital changes)	96.3	104.7	— Healthy operating cash flow despite one-off M&A fees as part of transformation strategy
Changes in working capital	(58.8)	(15.4)	— Due to higher receivables & higher settlements for trade payables
Cash flow used in investing activities	(175.1)	(33.5)	— Continued investments for growth
Cash flow (used in) / provided by financing activities	(104.3)	240.3	— Dividends paid during the period. Last year, the Group received proceeds from share issuance to Alibaba
<b>Net increase / (decrease) in cash &amp; cash equivalents</b>	<b>(257.5)</b>	<b>278.9</b>	

	Sep 2015	Mar 2015	
Cash & cash equivalents at end of financial period	326.6	584.1	— Cash and cash equivalents of \$326.6M as at 30 Sep 2015

Financial Indicators	Sep 2015	Mar 2015	
Net cash position	87.8	345.8	— Net cash position of \$87.8M as at 30 Sep 2015
EBITDA to interest expense	40.6X	36.4X	



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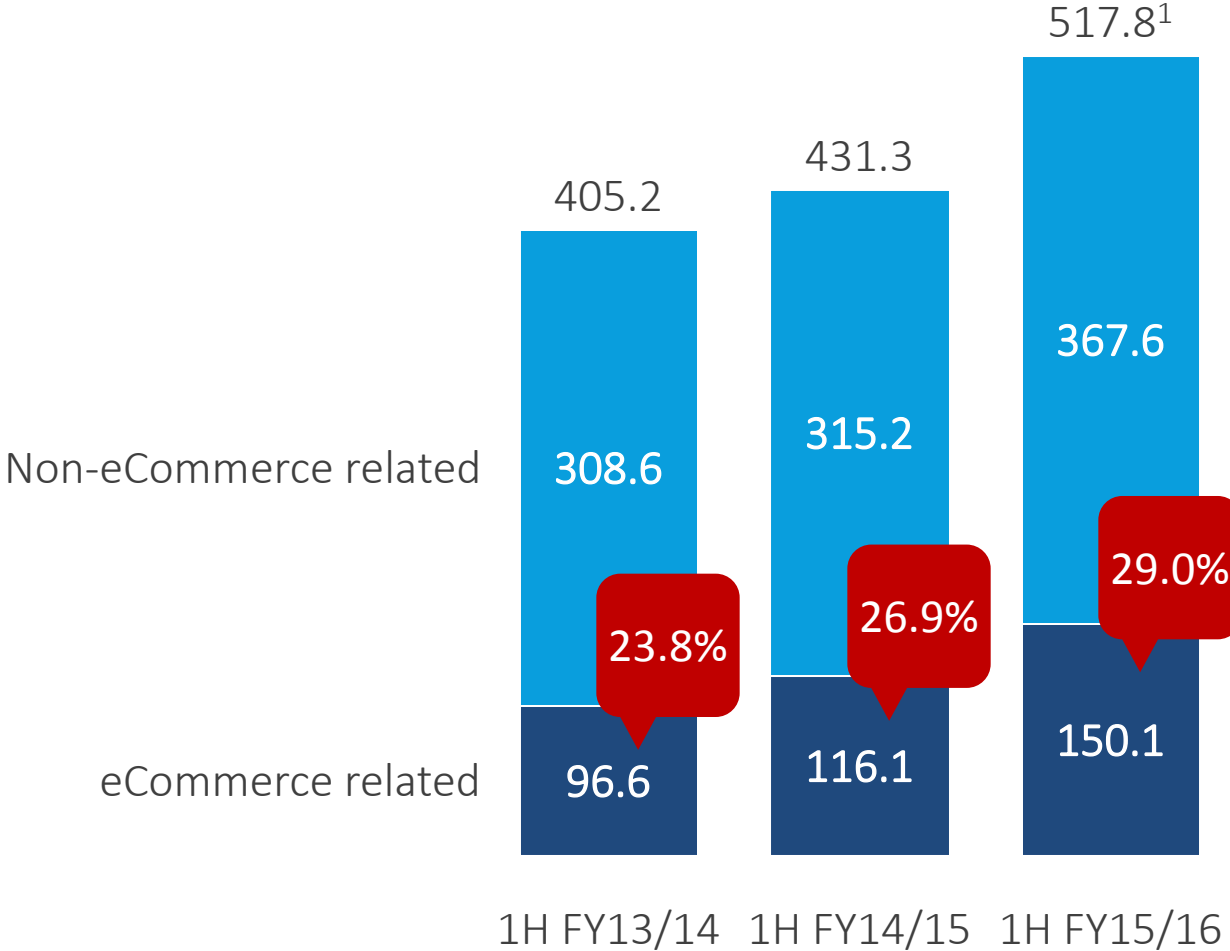
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# eCommerce related activities continue to grow



Revenue 1H FY 2013/14 - 1H FY 2015/16, \$M

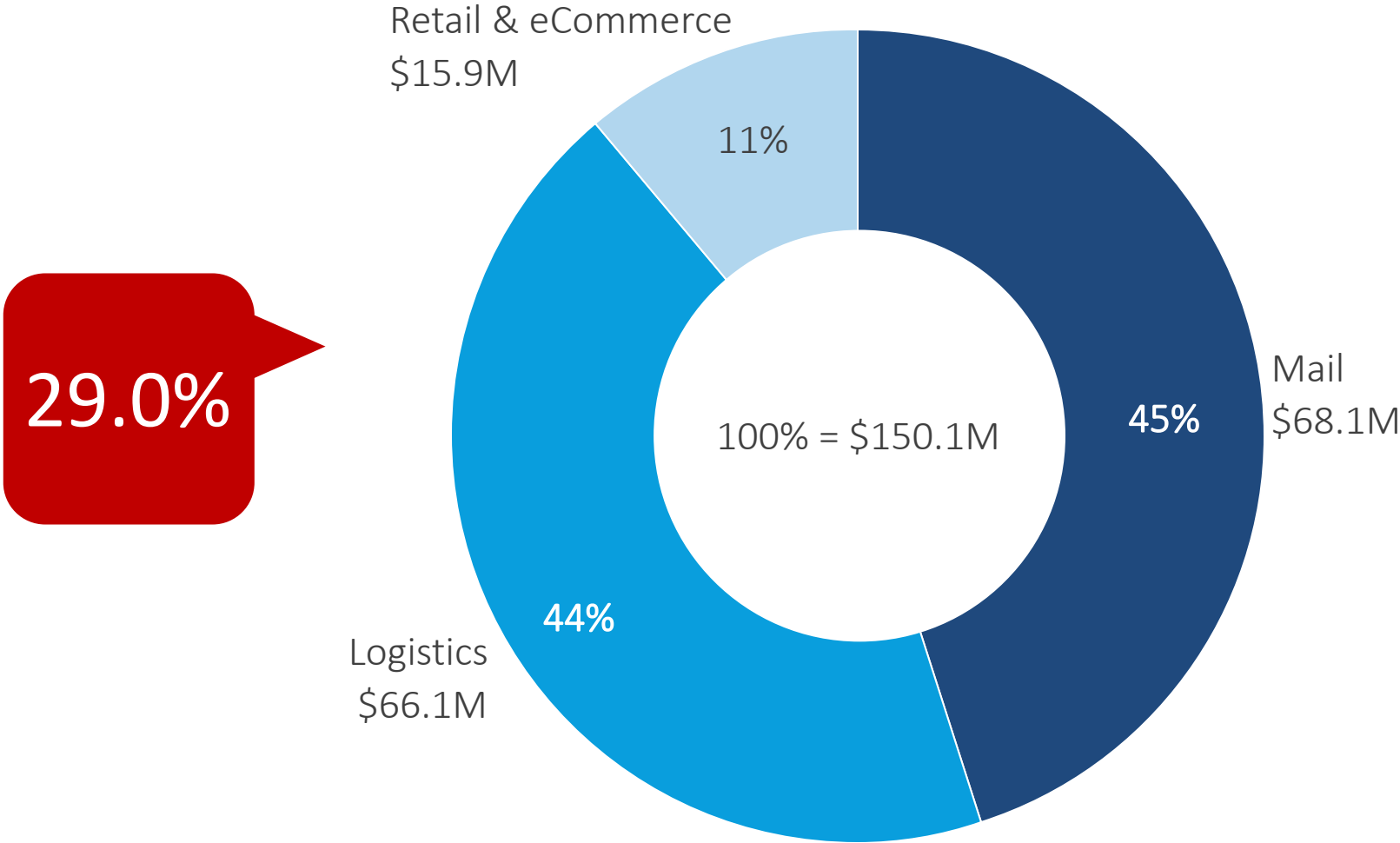


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# Mail and Logistics segments contribute bulk of eCommerce-related revenues

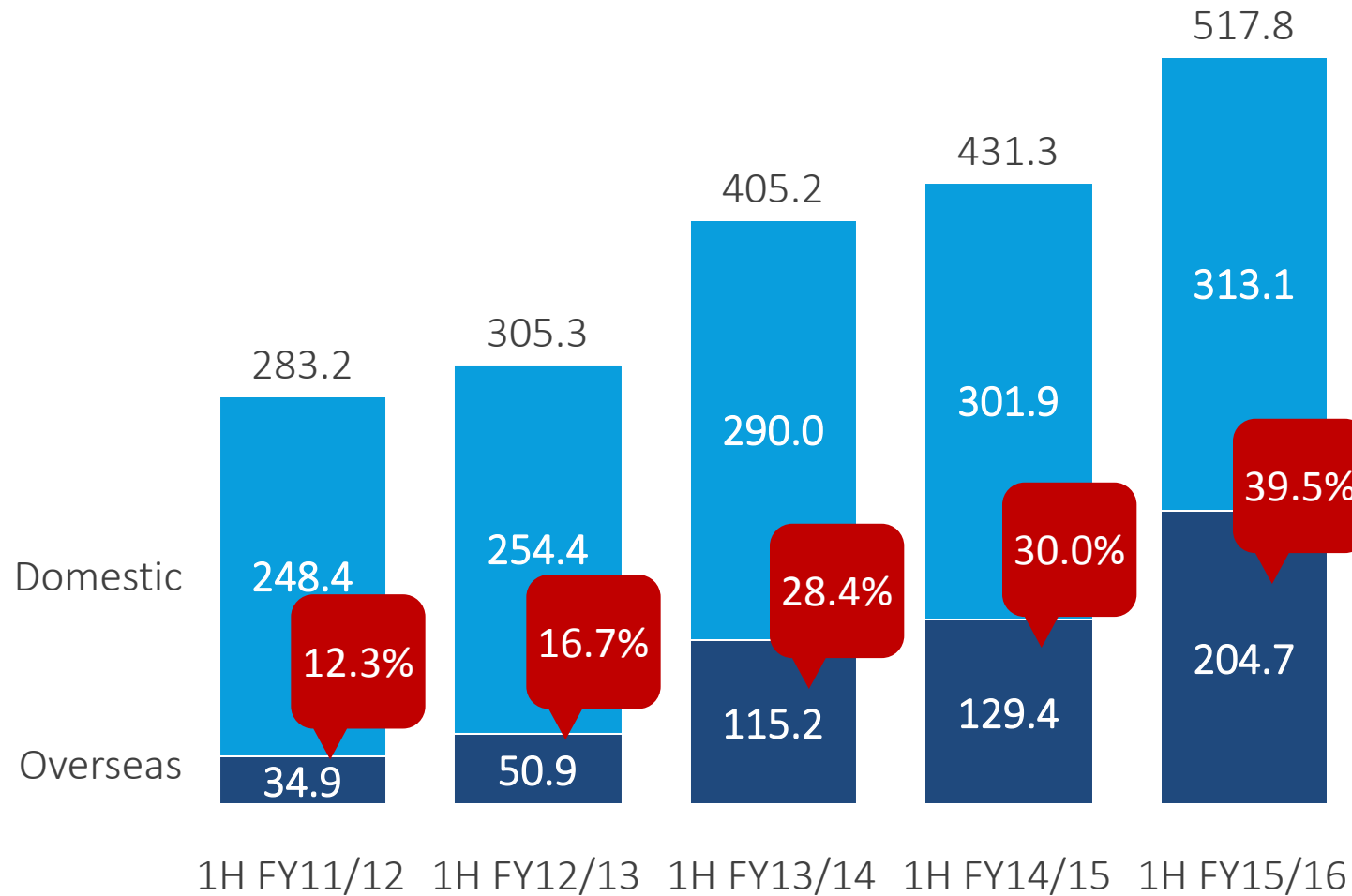


Composition of eCommerce related revenue, 1H FY 2015/16, percent



# Continued growth in share of overseas revenue

Group revenue footprint 1H FY 2011/12 - 1H FY 2015/16, \$M



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## Mail: Q2 FY2015/16 Performance



\$M

	Q2 FY15/16	Q2 FY14/15	YoY % change
Revenue	116.5	123.5	(5.6%)
Operating profit	35.0	34.1	+2.5%
OP margin	30.0%	27.6%	

Mail revenue declined 5.6% due to cessation of Hybrid mail revenues from the divestment of Novation Solutions in Q1 and DataPost in Q2

Excluding Hybrid mail, Mail revenue remained stable against the same period last year

Revenue breakdown	Q2 FY15/16	Q2 FY14/15	YoY % change
Domestic mail	62.2	59.9	+3.8%
International mail	49.3	51.1	(3.5%)
Hybrid mail	3.3	11.5	(71.1%)
Philatelic	1.7	1.0	+78.8%
<b>Total</b>	<b>116.5</b>	<b>123.5</b>	<b>(5.6%)</b>

Mail operating profit rose 2.5%, from the Group's continued focus on productivity and efficiency, particularly with investments in mail infrastructure

# Mail: H1 FY2015/16 Performance



\$M

	H1 FY15/16	H1 FY14/15	YoY % change
Revenue	241.7	246.7	(2.0%)
Operating profit	73.8	69.2	6.7%
OP margin	30.5%	28.0%	

Revenue breakdown	H1 FY15/16	H1 FY14/15	YoY % change
Domestic mail	128.3	122.4	+4.8%
International mail	99.6	101.4	(1.7%)
Hybrid mail	11.3	21.3	(47.0%)
Philatelic	2.5	1.6	+56.0%
<b>Total</b>	<b>241.7</b>	<b>246.7</b>	<b>(2.0%)</b>





## Logistics: Q2 FY2015/16 Performance



\$M

	Q2 FY15/16	Q2 FY14/15	YoY % change
Revenue	156.1	108.9	+43.3%
Operating profit	7.4	5.8	+26.2%
OP margin	4.7%	5.4%	

Strong revenue growth from higher contributions from eCommerce Logistics activities and inclusion of new subsidiaries

Operating profit up 26.2% with improved business performance and inclusion of new subsidiaries

Revenue breakdown	Q2 FY15/16	Q2 FY14/15	YoY % change
Quantium Solutions	71.9	41.9	+71.5%
Famous	60.9	44.2	+37.8%
Others	23.2	22.7	+2.2%
<b>Total</b>	<b>156.1</b>	<b>108.9</b>	<b>+43.3%</b>

# Logistics: H1 FY2015/16 Performance

\$M

	H1 FY15/16	H1 FY14/15	YoY % change
Revenue	296.1	206.4	+43.5%
Operating profit	14.0	9.6	+45.3%
OP margin	4.7%	4.7%	
<b>Revenue breakdown</b>			
	H1 FY15/16	H1 FY14/15	YoY % change
Quantum Solutions	141.8	82.1	+72.7%
Famous	107.6	79.1	+36.1%
Others	46.7	45.3	+3.2%
<b>Total</b>	<b>296.1</b>	<b>206.4</b>	<b>+43.5%</b>



## Retail & eCommerce: Q2 FY2015/16 Performance



\$M

	Q2 FY15/16	Q2 FY14/15	YoY % change
Revenue	23.9	22.3	+7.1%
Operating profit	0.2	2.6	(94.1%)
OP margin	0.6%	11.8%	

Revenue driven by growth in eCommerce business with customer acquisitions, which offset the decline in retail & financial services revenue

eCommerce revenue rose 44.7%

Operating profit down due to continued investments in developing eCommerce infrastructure and capabilities to accelerate customer acquisitions

Revenue breakdown	Q2 FY15/16	Q2 FY14/15	YoY % change
eCommerce	8.1	5.6	+44.7%
Financial services	5.5	6.4	(15.2%)
Agency services & retail products	10.4	10.3	+0.7%
<b>Total</b>	<b>23.9</b>	<b>22.3</b>	<b>+7.1%</b>

# Retail & eCommerce : H1 FY2015/16 Performance

\$M

	H1 FY15/16	H1 FY14/15	YoY % change
Revenue	48.0	45.1	+6.4%
Operating profit	1.3	5.5	(76.4%)
OP margin	2.7%	12.2%	

Revenue breakdown	H1 FY15/16	H1 FY14/15	YoY % change
eCommerce	15.9	11.9	+33.4%
Financial services	10.9	12.5	(12.3%)
Agency services & retail products	21.2	20.8	+2.1%
<b>Total</b>	<b>48.0</b>	<b>45.1</b>	<b>+6.4%</b>



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Developing Singapore's first shopping mall with eCommerce logistics services



- First retail mall with eCommerce Logistics services
- Total retail gross floor area to be increased to 25,000 sqm (around 269,000 sq ft), almost double of that previously
- To be completed around mid-2017
- Looking into potential partnerships

Successfully completed last mile mail & packet drone flight delivery



- Joint development with the Infocomm Development Authority of Singapore (IDA)
- Exploration of drone technology to facilitate urban logistics as well as tap on the eCommerce growth in Asia Pacific
- Contribute towards Singapore's Smart Nation vision

## 1 eCommerce Web Services



Providing a global eCommerce platform

## 2 Warehousing & Fulfilment



Expanding our warehousing network

- Developing Regional eCommerce Logistics Hub in Singapore

## 3 Last Mile Delivery & Returns



Building regional end-delivery network in Asia Pacific

- 33% of Morning Express & Logistics in Aug 2015
- Close to 120 PopStations in Singapore
- Nationwide network in Australia via Couriers Please & Hubbed

## 4 Freight, Customs & Regulations Management



Broadening freight forwarding network with acquisitions

- 80% stake in FPS Rotterdam in Jul 2015



## Recap

### Joint Venture in Quantum Solutions International

Alibaba to acquire 34% stake in Quantum Solutions International for approximately \$91.7 million

Joint platform to strengthen collaboration and accelerate build-up of eCommerce logistics infrastructure & network

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### Joint Strategic Business Development Framework

Further improve efficiency and integration by leveraging the strengths and scale of both parties

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### Additional Investment by Alibaba in SingPost

Alibaba will subscribe for an additional 5% stake in SingPost for approximately \$187.1 million

## Update

Good progress has been made on several fronts

Finalising closing conditions for the JV

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A joint Steering Committee has been formed, comprising key executives from both sides

Collaboration is on track

Volumes are growing

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Pending fulfilment of Conditions Precedent

Long Stop Date has been extended to February 2016

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## eCommerce Logistics Network Development

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# The Next Phase

## Commercialisation

Building the base

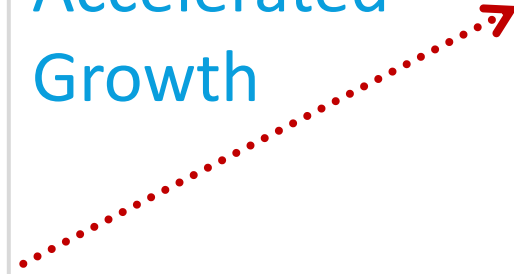
Revenue  
Net Profit



Getting ready for the future



Accelerated Growth



IPO

FY11/12

FY15/16

FY19/20

# 9 key themes to deliver SingPost 3.0



Thank you

