Q4 & FY2016/17 Financial Results

12 May 2017

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- Cash flow and Balance sheet
- Segmental results
- Exceptional items
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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.

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FY2016/17 Profit & Loss

FY2016/17 P&L, $M

	FY16/17	FY15/16[1]	YoY % change
Revenue	1,348.5	1,151.5	+17.1%
Other income and gains / (losses)			
Rental and property-related income	36.6	39.4	(7.1%)
Miscellaneous	9.8	12.0	(18.5%)
Total expenses	1,250.1	1,020.1	+22.5%
Exceptional items	(88.7)	95.3	N.M.
Operating profit	58.4	284.3	(79.5%)
Share of associated companies & JVs	(1.2)	9.1	N.M.
Net profit attributable to equity holders	33.4	248.9	(86.6%)
Underlying net profit	115.6	153.6	(24.7%)

- Inclusion of US acquisitions

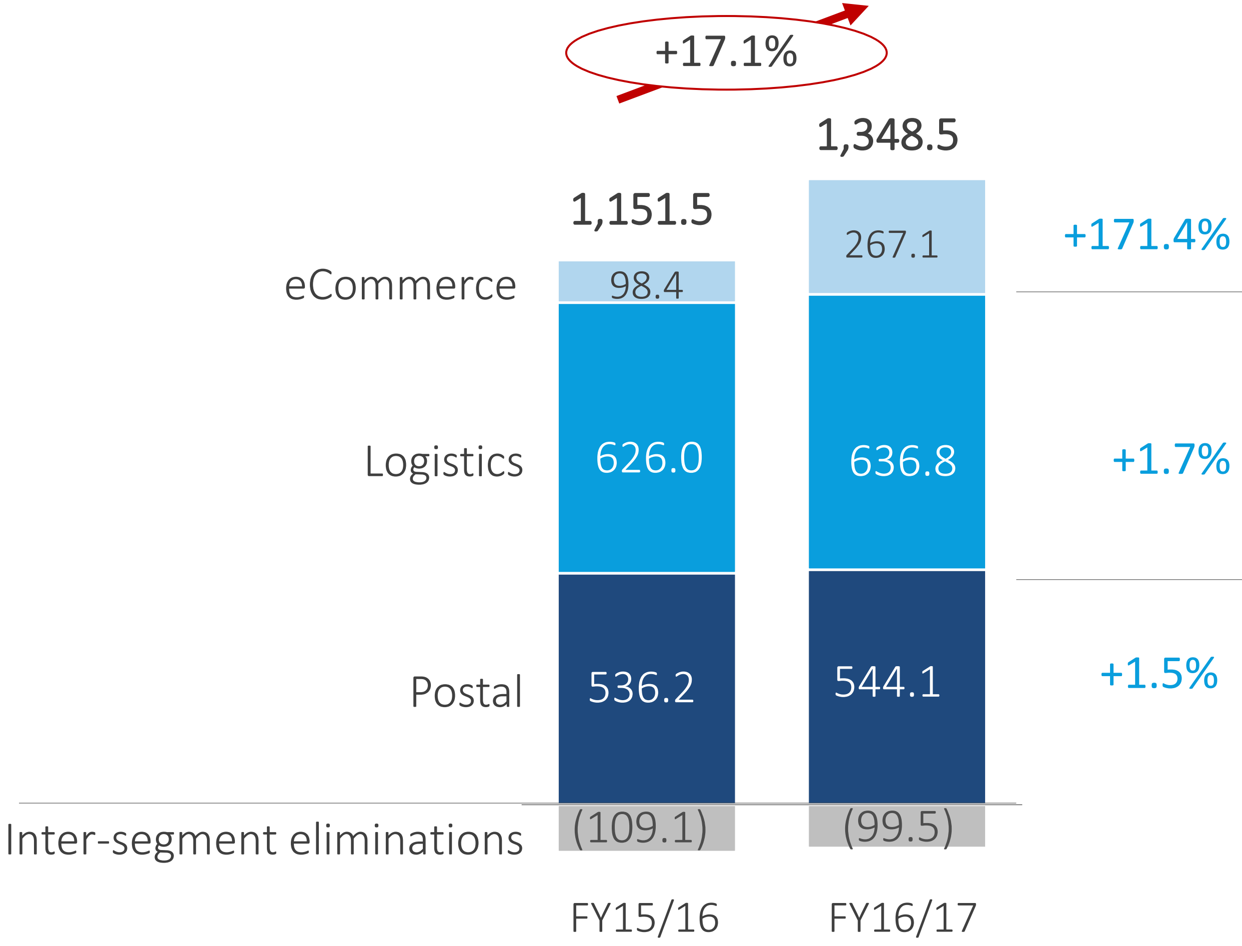
Impairment charges mainly for TradeGlobal, partially offset by revaluation gain on SingPost Centre. Last year, there were exceptional divestment gains.

Due to the impact of planned investments in building out our eCommerce Logistics platform such as the Regional eCommerce Logistics Hub and associates which are investing for growth; higher losses in the US eCommerce business; and a decline in Postal operating profit.

1.Figures in the comparative period last year have been adjusted to be consistent with the current classification

Revenue movement

FY2015/16 vs. FY2016/17 Revenue performance, $M



Inclusion of US eCommerce subsidiaries TradeGlobal and Jagged Peak[1]

Driven by higher contribution from Couriers Please from increased eCommerce deliveries

Growth in International mail revenue offsets decline in Domestic mail revenue

Differences in total due to rounding

1. The acquisitions of TradeGlobal and Jagged Peak were completed in November 2015 and March 2016 respectively.

Operating expenses

Total expenses FY2016/17 breakdown, $M

	FY16/17	FY15/16[1]	YoY % change
Labour & related	345.1	300.4	+14.9%
Volume-related	688.7	535.4	+28.6%
Traffic & related	*374.1*	*340.4*	*+9.9%*
Outsourcing services and delivery expenses	*314.5*	*195.1*	*+61.2%*
Admin & others[2]	144.3	131.9	+9.4%
Depreciation & amortisation	51.0	31.9	+60.0%
Selling	15.3	10.0	+52.6%
Finance expense	5.7	10.4	(45.3%)
Total expenses	**1,250.1**	**1,020.1**	**+22.5%**

Higher headcount post acquisitions

Largely due to higher International mail terminal dues

Largely due to cost of sales and outsourced services related to TradeGlobal & Jagged Peak respectively

Depreciation on Regional eCommerce Logistics Hub[3]

Last year, the Group registered favourable non-trade related forex translation differences

Differences in total due to rounding

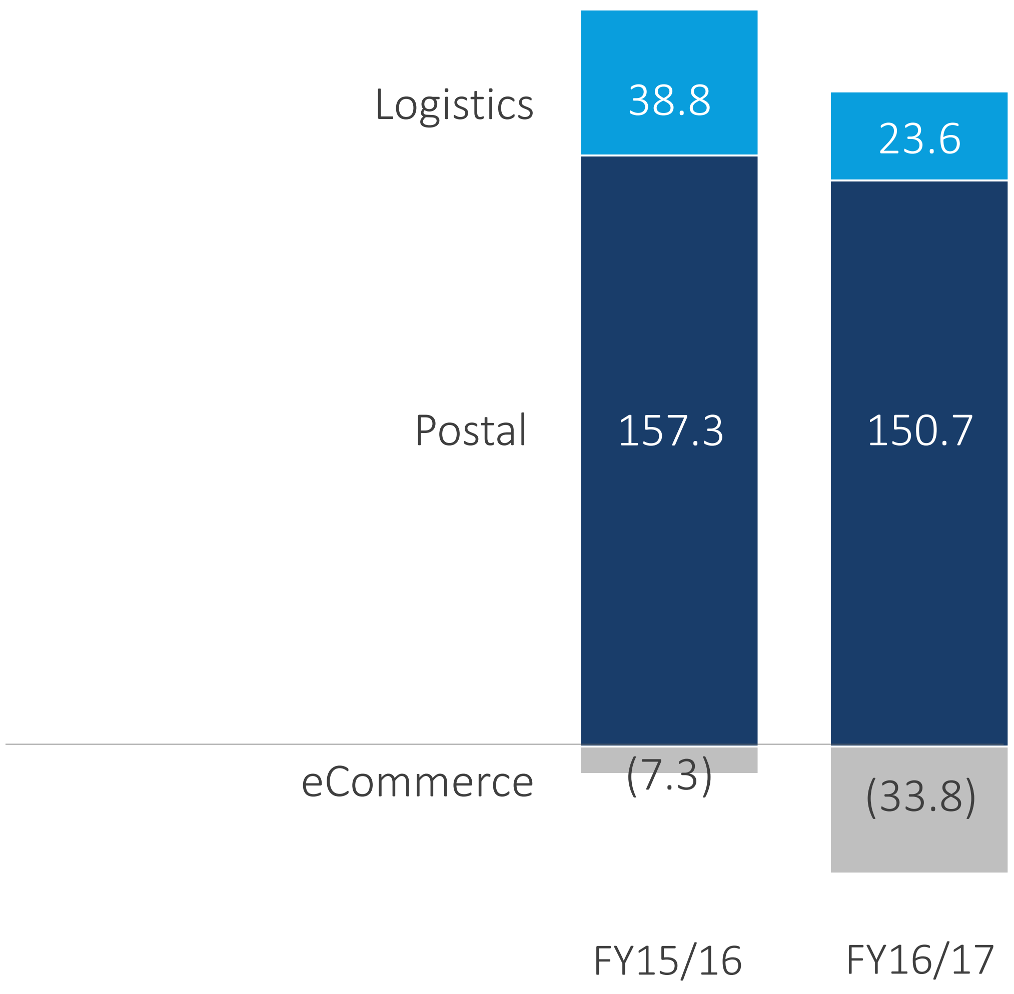
1.Figures in the comparative period last year have been adjusted to be consistent with the current classification

2. Includes administrative and other expenses such as rental of buildings and professional fees

3. The building obtained Temporary Occupation Permit or TOP in April 2016, and was officially opened on 1 November 2016

Operating Profit for the Postal, Logistics and eCommerce segments

FY2015/16 vs. FY2016/17 Operating Profit performance, $M



(39.2%) Due to costs from planned investments in the Logistics network as well as pricing and competitive pressures in the eCommerce Logistics space

(4.2%) Decline in Domestic mail operating profit in line with lower letter mail volumes, partially mitigated by growth in International eCommerce deliveries

@ Due largely to TradeGlobal operating losses

@ denotes variance exceeding 300%
Differences in total due to rounding

Q4 FY2016/17 Profit & Loss

Q4 FY2016/17 P&L, $M

	Q4 FY16/17	Q4 FY15/16[1]	YoY % change
Revenue	324.0	317.6	+2.0%
Other income and gains / (losses)			
Rental and property-related income	8.8	9.5	(7.2%)
Miscellaneous	7.3	(0.1)	N.M.
Total expenses	317.8	295.4	+7.6%
Exceptional items	(93.1)	73.6	N.M.
Operating profit	(66.5)	107.5	N.M.
Share of associated companies & JVs	(1.9)	5.5	N.M.
Net profit attributable to equity holders	(65.2)	105.4	N.M.
Underlying net profit	21.4	31.8	(32.8%)

- Inclusion of full quarter of Jagged Peak revenue

Impairment charges mainly for TradeGlobal, partially offset by revaluation gain on SingPost Centre. Last year, there was a gain on partial divestment of GD Express.

Due largely to the impact of planned investments in the eCommerce Logistics network and associates which are investing for growth; and higher losses in the US eCommerce business.

1.Figures in the comparative period last year have been adjusted to be consistent with the current classification

FY2016/17 and Q4 Underlying Net Profit movement

Underlying Net Profit performance, $M

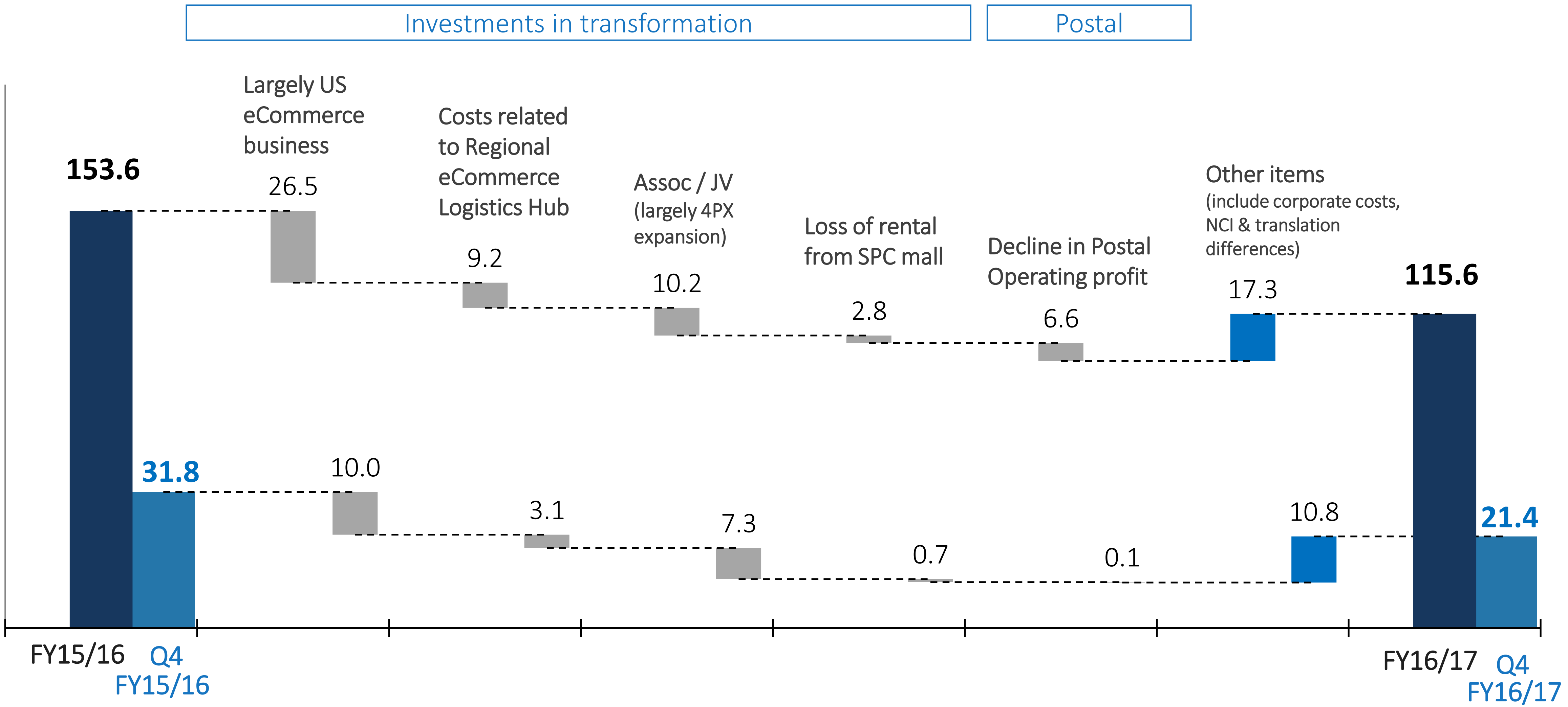


Chart not shown to scale

Differences in total due to rounding

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Free Cash Flow

$M, unless otherwise stated

	FY16/17	FY15/16
Operating cash flow (before working capital changes)	194.0	202.0
Changes in working capital	36.6	(40.0)
Income tax paid	(30.5)	(30.6)
Net cash provided by operating activities	**200.1**	**131.4**
Capital expenditure	(199.8)	(279.7)
Free cash flow	**0.3**	**(148.3)**

- Strong operating cash flow
- Positive movement due to lower receivables and higher trade and other payables largely for settlement of terminal dues.
- Largely for construction of the Regional eCommerce Logistics Hub and SPC retail mall

Cash Flow movement

$M, unless otherwise stated

	FY16/17	FY15/16
Net cash provided by operating activities	200.1	131.4
Cash flow used in investing activities	(89.6)	(457.1)
Cash flow (used in) / provided by financing activities	129.5	(131.8)
Net increase / (decrease) in cash & cash equivalents	**240.0**	**(457.5)**

Stable operating cash flow, boosted by positive movement in working capital

FY16/17 capital expenditure of $199.8m was partially offset by proceeds from Alibaba for 34% stake in Quantium Solutions International. FY15/16 included acquisitions of new subsidiaries

FY16/17 includes proceeds from issuance of shares to Alibaba

Balance Sheet and financial indicators

$M, unless otherwise stated

Financial indicators	As at Mar 2017	As at Mar 2016
Cash & cash equivalents at end of financial period	366.6	126.6
Borrowings	364.0	280.3
Net cash / (net debt) position[1]	2.6	(153.6)
Net debt to ordinary shareholders equity (%)	Net cash	12.8%
EBITDA to interest expense (times)[2]	21.6x	29.8x

- Includes cash proceeds from Alibaba to be used in accordance with the investment agreements
- Increased borrowings with cash and short-term funds utilised for committed capital expenditure
- Net cash position due to higher cash balance
- Interest coverage ratio remains strong. Including one-off gains or losses, the ratios in Mar 2017 and 2016 were 13.3x and 42.1x respectively

1. Differences in total due to rounding
2. Excludes one-off gains or losses

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Postal: FY2016/17 Performance

$M

Postal	FY16/17	FY15/16[1]	YoY % change
Revenue	544.1	536.2	+1.5%
Operating profit	150.7	157.3	(4.2%)
OP margin	27.7%	29.3%	

Revenue breakdown	FY16/17	FY15/16[1]	YoY % change
Domestic mail[2]	245.7	259.7	(5.4%)
International mail	268.6	228.8	+17.4%
Post office products & services[3]	29.8	36.4	(18.3%)
Novation Solutions/DataPost[4]	-	11.3	N.M.
Total	**544.1**	**536.2**	**+1.5%**

1. Figures in the comparative period last year have been adjusted to be consistent with the current classification
2. Includes Philatelic
3. Includes Agency services, Retail products and Financial services
4. Novation Solutions was divested in Q1 FY15/16 and DataPost was divested in Q3 FY15/16

Domestic mail revenue continues to decline with more companies implementing e-statements.

Impact on Postal revenue and OP was partially mitigated by the increase in International mail volumes, largely driven by cross-border eCommerce related deliveries from Alibaba Group.

Post office products and services revenue declined due to customers shifting to alternative online options such as internet bill payments.

Postal: Q4 FY2016/17 Performance

$M

Postal	Q4 FY16/17	Q4 FY15/16[1]	YoY % change
Revenue	136.8	136.0	+0.6%
Operating profit	36.8	36.9	(0.4%)
OP margin	26.9%	27.2%	

Revenue breakdown	Q4 FY16/17	Q4 FY15/16[1]	YoY % change
Domestic mail[2]	58.4	64.1	(8.8%)
International mail	71.2	63.5	+12.1%
Post office products & services[3]	7.2	8.4	(14.4%)
Total	**136.8**	**136.0**	**+0.6%**

The factors are largely similar to that shared for the full year.

1. Figures in the comparative period last year have been adjusted to be consistent with the current classification
2. Includes Philatelic
3. Includes Agency services, Retail products and Financial services

Logistics: FY2016/17 Performance

$M

Logistics	FY16/17	FY15/16[1]	YoY % change
Revenue	636.8	626.0	+1.7%
Operating profit	23.6	38.8	(39.2%)
OP margin	3.7%	6.2%	

Revenue breakdown	FY16/17	FY15/16[1]	YoY % change
Quantium Solutions	110.3	115.1	(4.2%)
Couriers Please	142.3	124.2	+14.6%
SP Parcels	78.4	78.5	(0.1%)
Famous	227.7	229.4	(0.7%)
Others[2]	78.0	78.8	(0.9%)
Total	**636.8**	**626.0**	**+1.7%**

Logistics revenue growth was driven by increased eCommerce deliveries at Couriers Please, partially offset by a decline in Quantium Solutions due to competitive pressures.

The decline in Operating profit reflects costs of planned investments such as the new Regional eCommerce Logistics Hub, as well as pricing and competitive pressures in the eCommerce Logistics space.

1. Figures in the comparative period last year have been adjusted to be consistent with the current classification
2. Includes the self storage business under Lock+Store

Logistics: Q4 FY2016/17 Performance

$M

Logistics	Q4 FY16/17	Q4 FY15/16[1]	YoY % change
Revenue	154.7	167.6	(7.7%)
Operating profit	2.6	11.6	(78.0%)
OP margin	1.6%	6.9%	

Revenue breakdown	Q4 FY16/17	Q4 FY15/16[1]	YoY % change
Quantium Solutions	25.8	34.3	(24.7%)
Couriers Please	34.9	30.9	+12.9%
SP Parcels	20.3	19.1	+6.1%
Famous	54.7	62.6	(12.6%)
Others[2]	19.0	20.7	(7.8%)
Total	**154.7**	**167.6**	**(7.7%)**

1. Figures in the comparative period last year have been adjusted to be consistent with the current classification
2. Includes the self storage business under Lock+Store

Growth from Couriers Please and SP Parcels was offset by decline at Quantium Solutions due to competitive pressures, and Famous Holdings due to depressed industry freight rates and volumes.

The decline in Operating profit reflects:

i) the impact of planned investments such as the Regional eCommerce Logistics Hub and network expansion at Couriers Please;

ii) intense pricing and competitive pressures in the eCommerce Logistics space; and

iii) depressed freight rates and volumes in the freight forwarding industry.

eCommerce: FY2016/17 Performance

$M

eCommerce	FY16/17	FY15/16[1]	YoY % change
Revenue	267.1	98.4	+171.4%
Operating profit	(33.8)	(7.3)	@
OP margin	(12.7%)	(7.4%)	

Revenue breakdown	FY16/17	FY15/16[1]	YoY % change
TradeGlobal	124.5	56.3	121.1%
Jagged Peak	107.4	8.7	@
SP eCommerce[2]	35.2	33.4	5.4%
Total	**267.1**	**98.4**	**N.M.**

eCommerce revenue rose with the inclusion of the US acquisitions.

While SP eCommerce and Jagged Peak performed well, TradeGlobal faced continuing challenges with the loss of key customers and recorded higher operating losses.

N.M.: Not meaningful

@ denotes variance exceeding 300%

1.Figures in the comparative period last year have been adjusted to be consistent with the current classification

2.Revenue and operating profit contribution of end-to-end eCommerce customers using warehousing, freight, last mile and/or customer care services are reported under the Logistics segment

eCommerce: Q4 FY2016/17 Performance

$M

eCommerce	Q4 FY16/17	Q4 FY15/16[1]	YoY % change
Revenue	56.7	43.3	+30.9%
Operating profit	(15.1)	(5.1)	(197.8%)
OP margin	(26.6%)	(11.7%)	

Revenue breakdown	Q4 FY16/17	Q4 FY15/16[1]	YoY % change
TradeGlobal	22.8	26.9	(15.3%)
Jagged Peak	24.8	8.7	184.2%
SP eCommerce[2]	9.1	7.7	19.0%
Total	**56.7**	**43.3**	**+30.9%**

The factors are largely similar to that shared for the full year.

eCommerce segment operating losses in Q4 also included a one-time write-off of receivables at TradeGlobal arising from customers' bankruptcy, and a one-off amortisation expense at Jagged Peak post the completion of the purchase price allocation exercise.

N.M.: Not meaningful

1.Figures in the comparative period last year have been adjusted to be consistent with the current classification

2.Revenue and operating profit contribution of end-to-end eCommerce customers using warehousing, freight, last mile and/or customer care services are reported under the Logistics segment

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Exceptional items[1]

$M	FY16/17
Impairment, net of tax	**(208.6)[2]**
TradeGlobal	*(185.0)*
Postea[3]	*(20.5)*
Toh Guan Road Building (PPE)[4]	*(9.3)*
Write-back of deferred tax liability[5]	*6.4*
Other impairment	*(0.2)*
Fair value gain on investment properties	**108.7**
Gain on associated companies	**20.9**
Other items	*(3.2)*
Total Exceptional items, net of tax	**(82.2)**

Significantly underperformed the business case which supported the investment

The carrying value of the investment was no longer supported by the value-in-use as Postea's management had made material changes to its business projections

Reflects the decline in current market valuation of the property against its purchase price

Mainly for SingPost Centre, where redevelopment of the retail section of the building is nearing completion

Gain on dilution of interest in 4PX and fair value gain on warrants from GD Express

1. Further to the announcement in the Q3 quarterly results of the risk of significant impairment, the management of SingPost has reviewed the carrying value of SingPost's investments and assets. The valuation process involved a review of the FY16/17 performance and a detailed evaluation of the underlying assumptions of future business plans for each of the businesses. Given the extent of the impairment to SingPost's investment in TradeGlobal, SingPost had also appointed FTI Consulting, an independent global business advisory firm, which has verified that the impairment provision was properly calculated following an appropriate review process and that the assumptions adopted were reasonable.
2. Includes a $20.6M gain arising from the full write-back of contingent consideration for a subsidiary assessed to be no longer payable. This write-back was offset by a purchase price adjustment that reduced the carrying value of goodwill on acquisition of this subsidiary by the same amount of the write-back.
3. Postea is an associate which provides technology solutions to postal and courier companies.
4. Industrial building at 3B Toh Guan Road East, purchased in May 2015.
5. There was a write-back of deferred tax liability of $6.4m in relation to the impairment of intangible assets of TradeGlobal, reflected in the income tax line.

TradeGlobal

- The principal issue is that TradeGlobal has significantly underperformed the business case which supported the investment. Instead of a projected profit of $9.4 million for FY16/17, TradeGlobal incurred a significant loss of $25.8 million.

- TradeGlobal has experienced both operational and structural challenges. Operational difficulties included a surge in labour costs during the recent peak season, delays in warehouse automation which impacted productivity, as well as management changes.

- Measures have been put in place to improve TradeGlobal's operating performance, particularly during the peak season.

- Key structural challenges which will impact the business moving forward include:
  - Disruption in the US fashion retail industry which is adversely affecting key customers;
  - Loss of two large key customers which accounted for 30% to 40% of revenue; and
  - Sustained cost pressures arising from labour shortage in the Cincinnati area.

- A turnaround business plan is being executed by management. In the plan, TradeGlobal's prospects have been rebased given the structural changes.

- Management will focus on extracting post acquisition synergies from the network and capabilities of SingPost's eCommerce units. Under financial reporting standards, the value-in-use computation for purpose of impairment testing has not included these potential synergistic benefits.

- eCommerce remains an important part of SingPost's strategy and provides us with the capability to offer end-to-end eCommerce Logistics solutions for customers.

Independent committee appointed

- Following the announcement of the risk of significant impairment in the Q3 quarterly results, the Board formed an independent committee to conduct a thorough review of the circumstances surrounding SingPost's consideration and approval of the TradeGlobal acquisition.
- To assure stakeholders of the independence of the review, the committee comprises Ms Elizabeth Kong, Mrs Fang Ai Lian and Mr Bob Tan, independent directors all appointed to the Board after the acquisition of TradeGlobal.
- The committee has engaged WongPartnership as legal counsel to assist and advise it on the review of the TradeGlobal acquisition. It has also engaged FTI Consulting to assess the adequacy of the financial and commercial due diligence performed in relation to the transaction.
- The Board will update shareholders on the outcome of the review, and will seek legal advice on appropriate actions, if any, to be taken arising from the findings of the committee.
- The review is expected to be completed and the findings released before the Annual General Meeting in July 2017.

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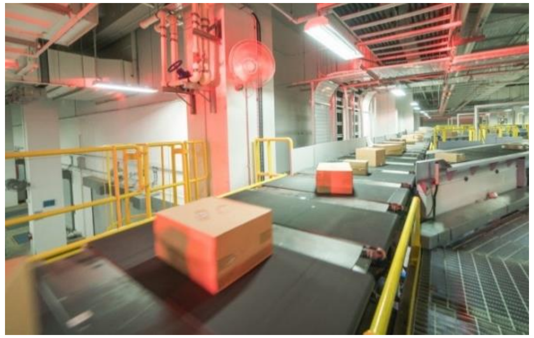
Key developments in FY2016/17

Enhanced capabilities with opening of Regional eCommerce Logistics Hub

Officially opened on 1 Nov 2016



- Sorting capacity of 100,000 parcels a day
- Fully automated parcel sorting system and automated warehouse
- End-to-end sorting, shipping and returns management capabilities

Strengthening eCommerce Logistics network & partnerships

Alibaba Group

Alibaba Group took a 34% stake in Quantium Solutions International in October 2016, and raised its stake in SingPost to 14.4% in January 2017

Maximising yields and returns

- Retail mall at SingPost Centre expected to open in second half of 2017, with a net lettable area of about 175,000 sq ft
- CapitaLand appointed as retail mall manager, which will help optimise returns from the mall

Renewal of Postal license

Singapore POST

Renewed for a period of 20 years with effect from 1 April 2017

New policies implemented to strengthen Corporate Governance

- Code of Business Conduct and Ethics
- Policy on Directors' Conflict of Interest
- Board Renewal and Tenure Policy
- Market Disclosure Policy which sets out the principles, guidelines and procedures governing market disclosure

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FY2016/17 Summary

Revenue rose with the inclusion of US eCommerce acquisitions.

Underlying net profit declined largely due to:

- the impact of planned investments in building out our eCommerce Logistics platform such as the Regional eCommerce Logistics Hub and associates which are investing for growth;
- higher losses in the US eCommerce business; and
- a decline in Postal operating profit due to lower domestic letter mail volumes.

Strong cash flow and balance sheet position:

- net cash from operating activities rose to $200.1m, up from $131.4m the previous year;
- returned to positive free cash flow after two years of high capital expenditure; and
- entered into a net cash position of $2.6m due to higher cash balances.

Q4 FY16/17 proposed final dividend of 0.5 cent per share, bringing total dividends for the year to 3.5 cents per share.

- total dividends of 3.5 cents represents 66% of underlying net profit for the financial year.

Outlook

In FY2017/18, the Group plans to grow revenue and volumes through new business opportunities, integrating past acquisitions and extracting synergies, as well as leveraging the strategic partnership with Alibaba and its subsidiaries.

Postal

Domestic letter mail volumes continue to decline, with increasing migration towards e-statements. The impact is expected to be partially offset by growth from International mail volumes due to higher cross-border eCommerce deliveries.

The International mail transhipment market remains highly competitive, and margins are relatively low. Changes in the international terminal dues system will take effect from 1 January 2018 and the Group is assessing the potential impact. With the shift in mix towards lower margin International mail, blended Postal margin is expected to decline.

The Group will continue to focus on improving productivity and efficiency to mitigate margin pressures while maintaining service quality. We will upskill our workers and deploy technology to drive innovative solutions such as automated self-service machines or SAMs, and the POPStation smart locker system.

Outlook (continued)

Logistics

The Group is expected to benefit from growing eCommerce trends. We will seek to grow our customer base, and develop collaborations and alliances with strategic partners to increase volumes.

Quantium Solutions International (QSI), the joint venture between SingPost and Alibaba, will be used as a platform to develop and enhance eCommerce Logistics capabilities in Southeast Asia and Oceania.

Operating leverage will be derived from economies of scale as the Group grows volumes and increases utilisation of existing infrastructure such as the Regional eCommerce Logistics Hub.

The industry is likely to continue to experience tight operating margins and intense competition. It will take time for the Logistics segment to grow its profit contribution while it executes on its plans.

Outlook (continued)

eCommerce

The eCommerce business forms a vital part of the Group's end-to-end eCommerce logistics growth strategy. eCommerce revenue remains robust and will continue to contribute significantly to the Group's revenue.

TradeGlobal is facing operational and structural challenges. Management is executing on a turnaround business plan. It will take time for these measures to deliver results. While business and cost initiatives are being put in place to improve performance, TradeGlobal is not expected to be profitable for the financial year ending 31 March 2018.

Property & Others

The retail mall at the new SingPost Centre is expected to open in the second half of the year. SingPost has appointed CapitaLand as the retail mall manager which will help optimise returns from this asset. The Group will begin to progressively recognise rental income from the second half of FY2017/18 onwards.

Capital expenditure

Capital expenditure for FY2017/18 is expected to be lower than FY2016/17, as the majority of development projects had been completed. With lower capital expenditure, free cash flow is expected to improve in FY2017/18.

Agenda

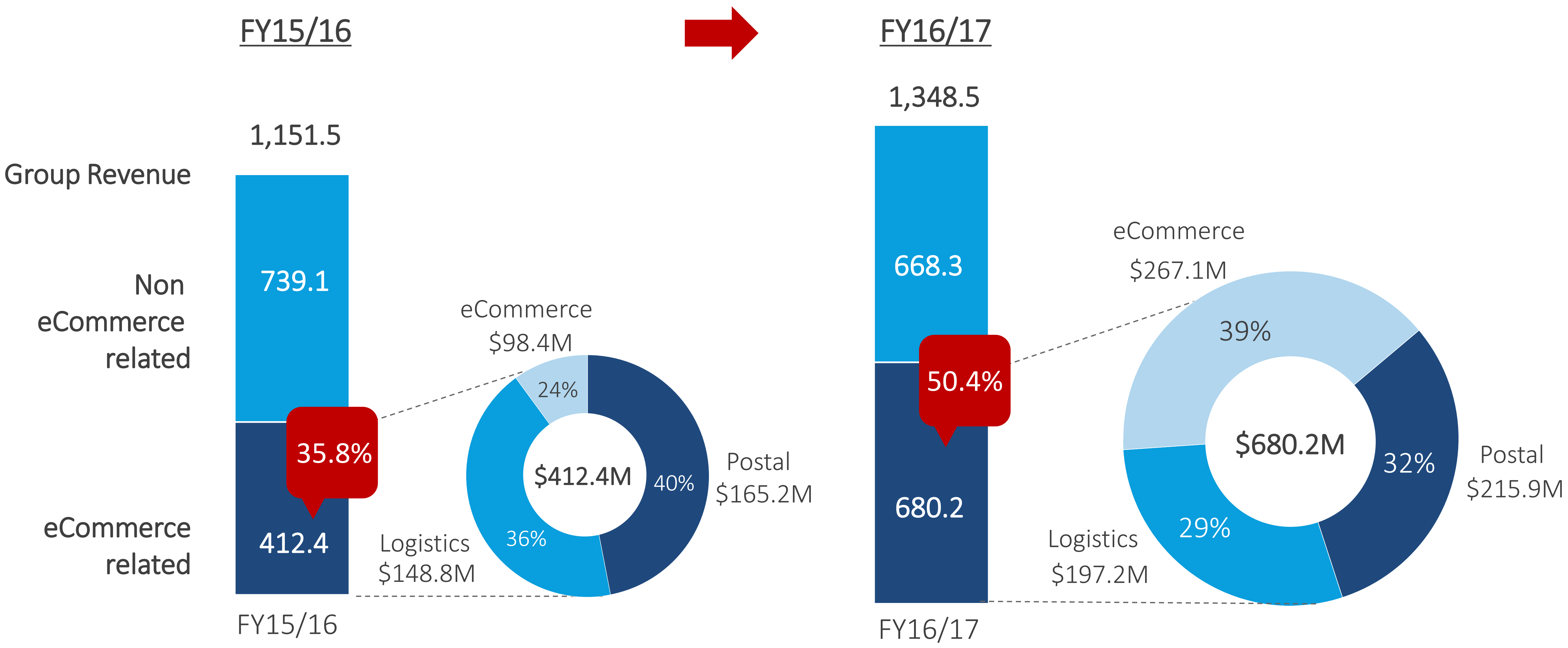
The following presentation contains forward looking statements by the management of Singapore Post Limited ("SingPost") relating to financial trends for future periods, compared to the results for previous periods.

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.

"$" means Singapore dollars unless otherwise indicated.

eCommerce-related revenues now 50.4% of Group revenue

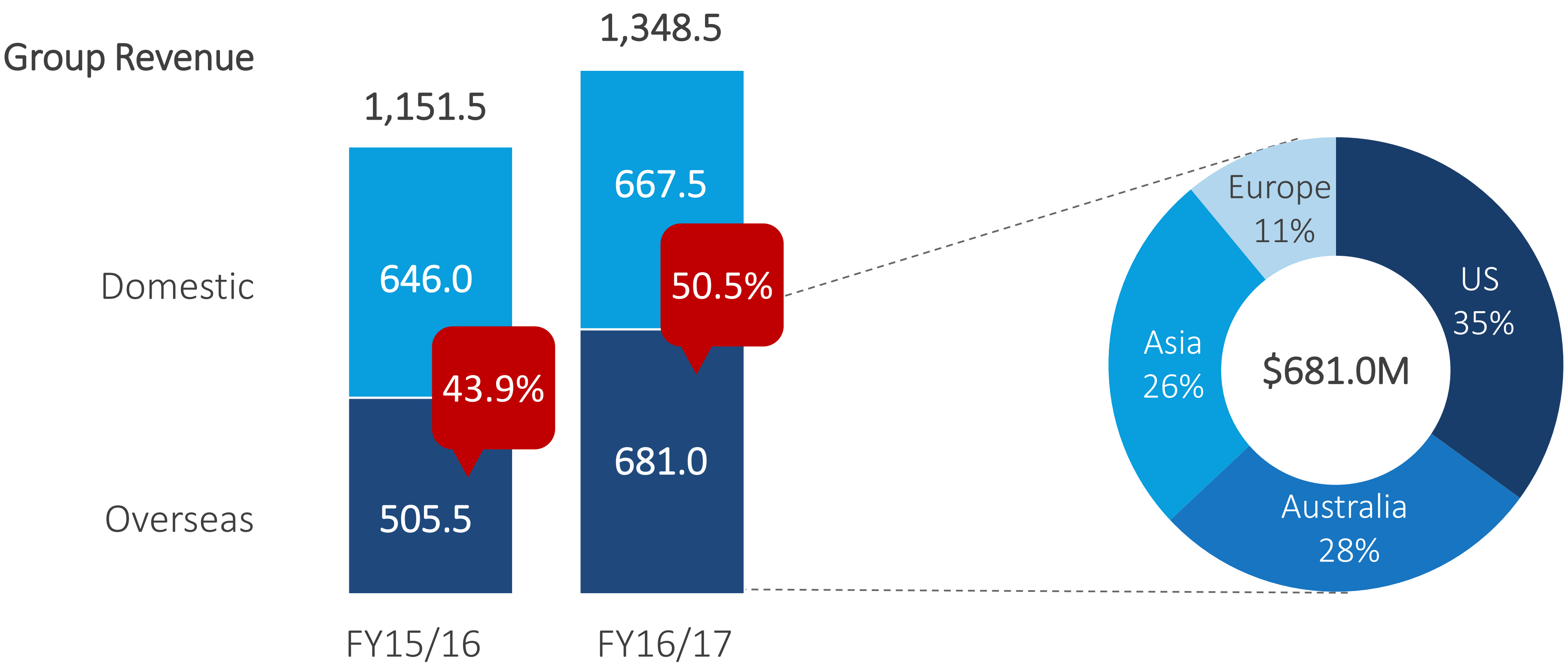
Revenue performance, FY2015/16 vs FY2016/17, $M



Differences in total due to rounding

Overseas revenue now 50.5% of Group revenue

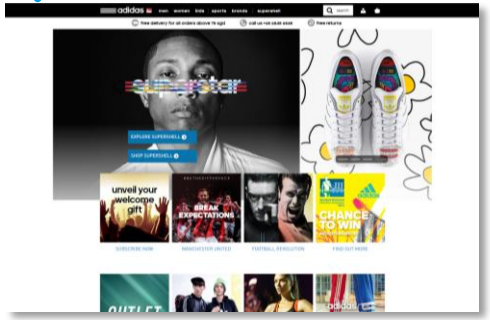
Group revenue footprint FY2015/16 vs FY2016/17, $M



Differences in total due to rounding

eCommerce Logistics Network Development

1 eCommerce Services



2 Freight, Customs & Regulations Mgmt

3 Warehousing & Fulfilment

4 Last Mile Delivery & Returns

Key management

eCommerce

Paul Demirdjian
Interim CEO,
US Businesses

Logistics

Sam Ang
CEO,
Quantium Solutions
Famous Holdings Group

Postal

Woo Keng Leong
CEO,
Postal Services

International mail

Goh Hui Ling
Deputy CEO,
International Mail

Group CEO (effective 1 June 2017)

Paul Coutts,
Group CEO

Deputy GCEO (Corporate Services), GCFO

Mervyn Lim,
Deputy GCEO (Corporate Services);
Group CFO

Thank you