

Q3 & 9M FY2017/18 Financial Results

2 Feb 2018



Q3 & 9M FY2017/18 Financials

Cash flow and Balance sheet

Segmental results

Business & corporate updates

Summary

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Q3 FY2017/18 Profit & Loss

Q3 FY2017/18 P&L, \$M

	Q3 FY17/18	Q3 FY16/17	YoY % change
Revenue	412.8	369.4	+11.7%
Other income and gains (net)			
Rental and property-related income	13.9	9.1	+52.9%
Miscellaneous	2.9	(1.8)	N.M.
Total expenses	386.5	336.9	+14.7%
Exceptional items	0.9	(0.0)	N.M.
Operating profit	46.1	37.3	+23.7%
Share of associated companies & JVs	1.0	(0.2)	N.M.
Net profit attributable to equity holders	43.0	31.4	+37.2%
Underlying net profit	35.2	31.4	+11.9%

Revenue growth across all three segments driven by higher eCommerce-related activities

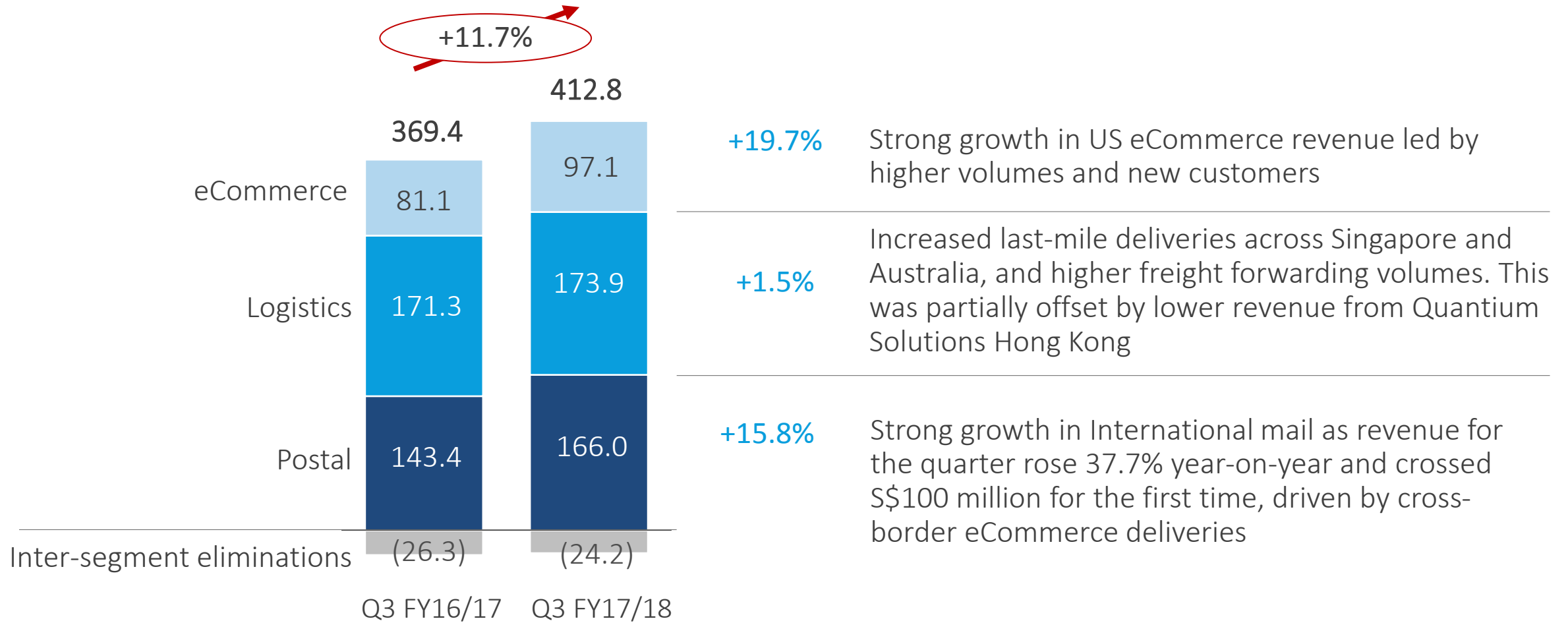
Boosted by rental income from SingPost Centre retail mall which opened in October 2017

Net profit rose 37.2%, driven by improved performance from the Postal, eCommerce and Property segments, as well as a one-off adjustment of deferred tax

Excluding exceptional and one-off items, underlying net profit rose 11.9%.

Revenue movement

Q3 FY2016/17 vs. Q3 FY2017/18 Revenue performance, \$M



Differences in total due to rounding

Operating expenses

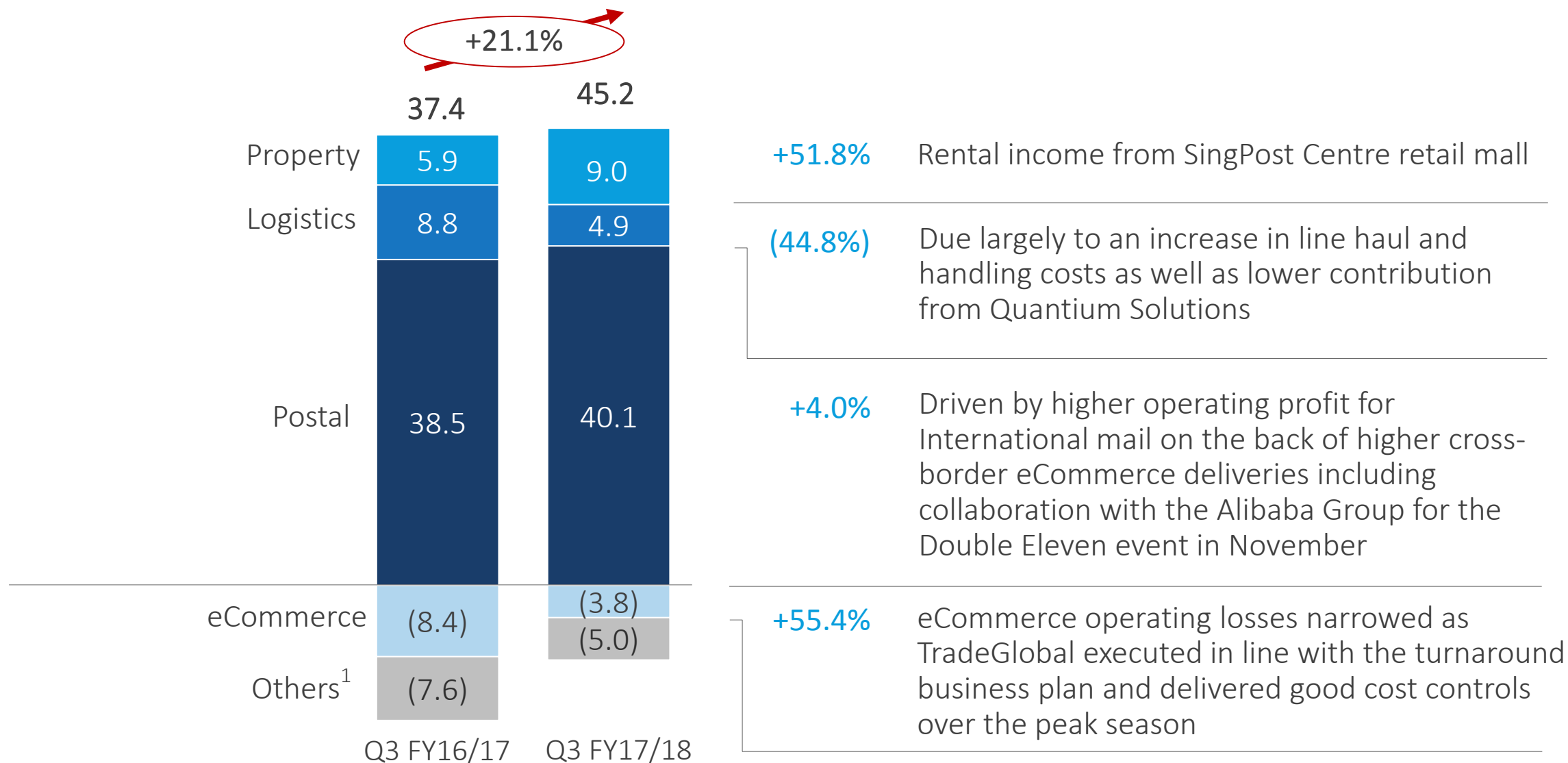
Total expenses Q3 FY2017/18 breakdown, \$M

	Q3 FY17/18	Q3 FY16/17	YoY % change	
Labour & related	102.4	88.4	+15.9%	higher temporary and contract staff costs to support growth in the business
Volume-related	223.6	196.2	+13.9%	higher International mail terminal dues and air conveyance costs in line with higher volume
<i>Traffic & related</i>	130.0	101.6	+28.0%	
<i>Outsourcing services and delivery expenses</i>	93.5	94.6	(1.2%)	
Admin & others	40.0	37.6	+6.4%	higher professional fees
Depreciation & amortisation	15.3	12.9	+18.4%	mainly due to equipment depreciation costs at the Regional eCommerce Logistics Hub, and shortening of amortisation period for intangible assets of TradeGlobal
Selling	2.1	3.5	(39.4%)	
Finance expense	3.1	(1.7)	N.M.	mainly due to unfavourable non-trade related foreign exchange translation differences
Total expenses	386.5	336.9	+14.7%	

N.M. denotes Not Meaningful

Operating Profit before exceptional items

Q3 FY2016/17 vs. Q3 FY2017/18 Operating Profit performance, \$M



Differences in total due to rounding

1. Refer to unallocated corporate overhead items and trade-related foreign currency translation differences

Q3 FY2017/18 Underlying Net Profit movement



Underlying Net Profit performance, \$M

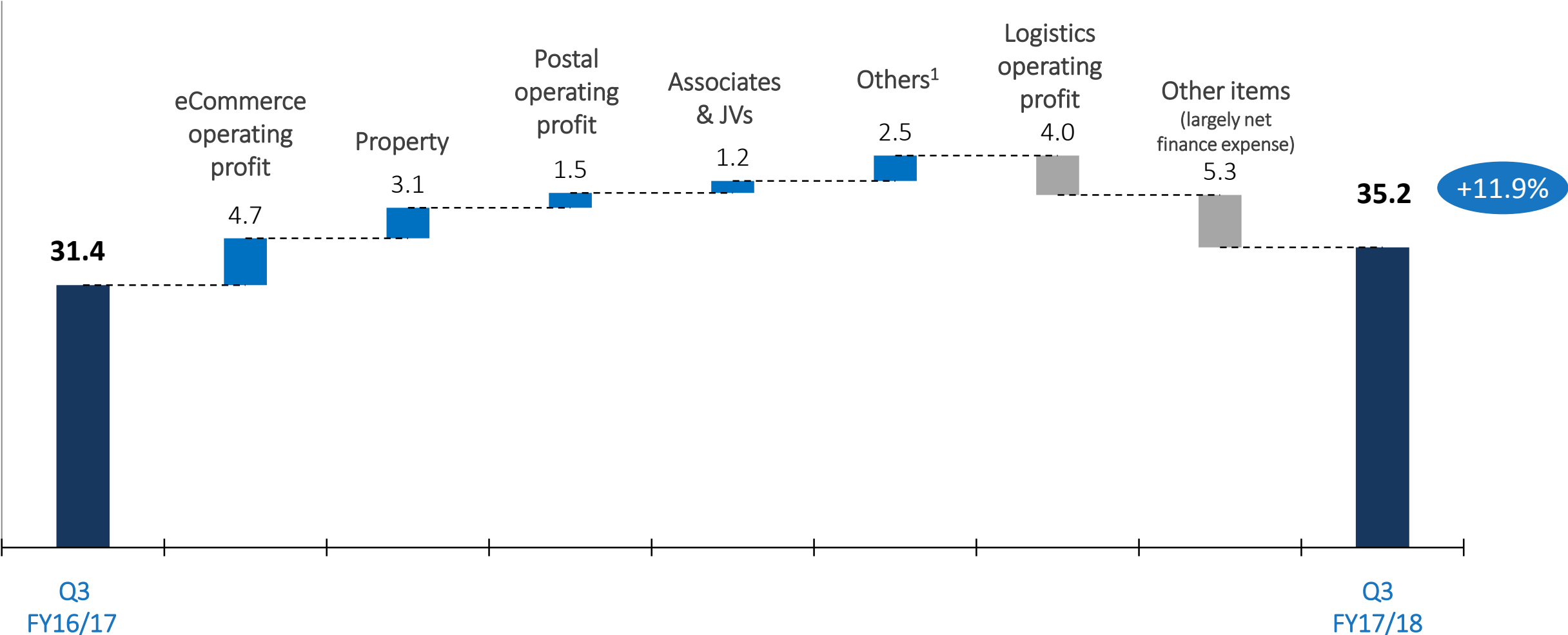


Chart not shown to scale, differences in total due to rounding

1. Previously grouped in "Property & Others". Refers to unallocated corporate overhead items and trade-related foreign currency translation differences

9M FY2017/18 Profit & Loss

9M FY2017/18 P&L, \$M

	9M FY17/18	9M FY16/17	YoY % change
Revenue	1,121.6	1,024.5	+9.5%
Other income and gains (net)			
Rental and property-related income	33.6	27.8	+20.9%
Miscellaneous	9.3	2.4	+280.3%
Total expenses	1,058.6	932.3	+13.5%
Exceptional items	5.8	4.4	+32.6%
Operating profit	117.9	124.8	(5.5%)
Share of associated companies & JVs	3.1	0.7	@
Net profit attributable to equity holders	102.5	98.6	+3.9%
Underlying net profit	89.7	94.2	(4.8%)

— Revenue growth across all three segments driven by higher eCommerce-related activities

Underlying net profit declined 4.8% due largely to lower operating profit in the Logistics segment

@ denotes variance exceeding 300%

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Cash Flow movement

\$M, unless otherwise stated

	9M FY17/18	9M FY16/17
Operating cash flow before working capital changes	152.2	157.8
Changes in working capital	24.7	24.2
Income tax paid	(30.4)	(29.6)
Net cash provided by operating activities	146.5	152.5
Capital expenditure	(52.9)	(164.1)
Free cash flow	93.6	(11.6)

- Largely stable operating cash flow
- Lower capital expenditure with the completion of Regional eCommerce Logistics Hub and SingPost Centre retail mall
- Improved free cash flow

	9M FY17/18	9M FY16/17
Net cash provided by operating activities	146.5	152.5
Cash flow used in investing activities	(41.9)	(65.4)
Cash flow (used in) / provided by financing activities	(186.9)	15.4
Net increase / (decrease) in cash & cash equivalents	(82.3)	102.4

- Due to net repayment of short term bank term loans of S\$127.7 million in 9M FY17/18
- Decrease in cash & cash equivalents due to net repayment of short term bank term loans, compared to loan proceeds last year

Balance Sheet and financial indicators



\$M, unless otherwise stated

Financial indicators	As at Dec 2017	As at Mar 2017	
Cash & cash equivalents at end of financial period	284.3	366.6	Includes cash proceeds from Alibaba to be used in accordance with the investment agreements
Borrowings	235.3	364.0	Lower borrowings with partial repayment of short term bank loans
Net cash position	49.0	2.6	Improved net cash position
EBITDA to interest expense (times)	24.6x	13.3x ¹	Interest coverage ratio remains strong

1. Includes one-off gains and losses.

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Postal: Q3 FY2017/18 Performance

\$M



Postal	Q3 FY17/18	Q3 FY16/17	YoY % change
Revenue	166.0	143.4	+15.8%
Operating profit	40.1	38.5	+4.0%
OP margin	24.2%	26.9%	

Revenue breakdown	Q3 FY17/18	Q3 FY16/17	YoY % change
Domestic mail ¹	58.5	62.9	(7.0%)
International mail	100.5	73.0	+37.7%
Post office products & services ²	7.0	7.5	(6.6%)
Total	166.0	143.4	+15.8%

International mail revenue rose 37.7%, as quarterly revenue crossed S\$100 million for the first time on the back of higher cross-border eCommerce deliveries including collaboration with the Alibaba Group for the Double Eleven event in November.

Domestic mail revenue decline reflects continued migration towards electronic statements and bills.

Postal operating profit rose 4.0%, as higher International mail operating profit helped offset the decline in the Domestic mail business.

1. Includes Philatelic

2. Includes Agency services, Retail products and Financial services

Postal: 9M FY2017/18 Performance

\$M



Postal	9M FY17/18	9M FY16/17	YoY % change
Revenue	464.2	407.3	+14.0%
Operating profit	111.5	113.9	(2.2%)
OP margin	24.0%	28.0%	

Revenue breakdown	9M FY17/18	9M FY16/17	YoY % change
Domestic mail ¹	172.6	187.3	(7.9%)
International mail	270.3	197.5	+36.9%
Post office products & services ²	21.3	22.6	(5.5%)
Total	464.2	407.3	+14.0%

The revenue trends for 9M are similar to that for Q3.

In 9M, although International mail operating profit rose, this was not sufficient to offset the impact of the decline in Domestic mail operating profit.

Consequently, Postal operating profit declined marginally.

1. Includes Philatelic

2. Includes Agency services, Retail products and Financial services

Logistics: Q3 FY2017/18 Performance



\$M

Logistics	Q3 FY17/18	Q3 FY16/17	YoY % change
Revenue	173.9	171.3	+1.5%
Operating profit	4.9	8.8	(44.8%)
OP margin	2.8%	5.2%	

Revenue breakdown	Q3 FY17/18	Q3 FY16/17	YoY % change
Quantium Solutions	24.4	29.5	(17.3%)
Couriers Please	41.3	38.5	+7.2%
SP Parcels	25.1	21.3	+17.7%
Famous	62.1	60.8	+2.1%
Others ¹	21.0	21.1	(0.4%)
Total	173.9	171.3	+1.5%

SP Parcels and Couriers Please's revenue rose with increased last-mile delivery volumes in Singapore and Australia respectively, while Famous Holdings' revenue grew in line with higher freight forwarding volumes.

The above were partially offset by a revenue decline at Quantium Solutions, which continues to face competitive pressures at its Hong Kong operations. This negated the improved performance in Singapore from higher utilisation at the Regional eCommerce Logistics Hub.

OP declined 44.8%, which reflects an increase in line haul and handling costs as well as lower contribution from Quantium Solutions.

1. Includes the self storage business under Lock+Store

Logistics: 9M FY2017/18 Performance

\$M

Logistics	9M FY17/18	9M FY16/17	YoY % change
Revenue	506.0	482.1	+5.0%
Operating profit	5.1	21.0	(76.0%)
OP margin	1.0%	4.4%	

The revenue trends for 9M are similar to that for Q3.

For 9M, operating profit declined 76% as it included a doubtful debt provision in Q2 for a key customer.

Revenue breakdown	9M FY17/18	9M FY16/17	YoY % change
Quantium Solutions	71.1	84.4	(15.8%)
Couriers Please	114.5	107.4	+6.6%
SP Parcels	67.8	58.2	+16.5%
Famous	187.2	173.0	+8.2%
Others ¹	65.4	59.0	+10.8%
Total	506.0	482.1	+5.0%

1. Includes the self storage business under Lock+Store

eCommerce: Q3 FY2017/18 Performance

\$M

eCommerce	Q3 FY17/18	Q3 FY16/17	YoY % change
Revenue	97.1	81.1	+19.7%
Operating profit	(3.8)	(8.4)	+55.4%
OP margin	(3.9%)	(10.4%)	

Jagged Peak revenue rose 43.9% as volume surged over the US peak shopping season of October to December while TradeGlobal overcame the loss in revenue from two major customers as previously disclosed and grew revenue marginally in Q3, aided by the addition of new customers.

Revenue breakdown	Q3 FY17/18	Q3 FY16/17	YoY % change
TradeGlobal	42.1	41.2	+2.3%
Jagged Peak	46.6	32.4	+43.9%
SP eCommerce	8.4	7.6	+11.2%
Total	97.1	81.1	+19.7%

The eCommerce segment's operating losses narrowed significantly by 55.4% as TradeGlobal performed largely in line with the turnaround business plan and delivered good cost controls over the peak season in Q3.

eCommerce: 9M FY2017/18 Performance

\$M

eCommerce	9M FY17/18	9M FY16/17	YoY % change
Revenue	225.3	210.4	+7.1%
Operating profit	(10.8)	(18.7)	+41.9%
OP margin	(4.8%)	(8.9%)	

Revenue rose 7.1% for 9M as growth for Jagged Peak was partially offset by a decline at TradeGlobal and SP eCommerce.

Operating losses narrowed by 41.9% as TradeGlobal continues to execute on the turnaround business plan.

Revenue breakdown	9M FY17/18	9M FY16/17	YoY % change
TradeGlobal	97.6	101.7	(4.1%)
Jagged Peak	102.5	82.6	+24.1%
SP eCommerce	25.2	26.1	(3.3%)
Total	225.3	210.4	+7.1%

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New international airmail rates for Small Packets

- SingPost announced new international airmail rates for Small Packets from 2 January 2018.
- This serves to better track the costs associated with the processing and delivery of packets, and reflects the rise in international postal settlement rates between countries.
- International postal settlement rates, which determine what SingPost compensates other postal organisations for mail delivery in their country, were raised on 1 January 2018.
- These are set every four years by the Universal Postal Union (UPU), the United Nations agency that sets the rules for international mail exchanges among its 192 member countries.



SingPost's flyer for International airmail rates for Small Packets

With effect from 2 January 2018, new international airmail rates for Small Packets will apply and Surface Mail service for packets/packages will cease.

Small Packets refer to mail containing goods or merchandise up to 2kg in weight. Examples include accessories, clothes and household products.

Destination	Letters & Printed Papers ²		Small Packets ³ NEW		Postcards ⁴
	Weight-Step Up To (max weight: 2kg)	Postage Rate	Weight-Step Up To (max weight: 2kg)	Postage Rate	
Zone 1 Malaysia and Brunei	20g	\$0.50	100g	\$2.50	\$0.40
	50g	\$0.70	250g	\$3.90	
	100g	\$1.10	500g	\$5.20	
	per additional 100g	\$1.10	per additional 100g	\$1.10	
Zone 2 Countries in Asia & The Pacific (except Australia, Japan & New Zealand)	1 st 20g	\$0.70	100g	\$3.20	\$0.60
			250g	\$6.80	
	per additional 10g	\$0.25	500g	\$12.00	
			per additional 100g	\$2.50	
Zone 3 Countries in the rest of the world, including Australia, Japan, New Zealand, Africa, The Americas, Europe & The Middle East	1 st 20g	\$1.30	100g	\$4.70	\$0.60
			250g	\$9.85	
	per additional 10g	\$0.35	500g	\$17.00	
			per additional 100g	\$3.50	
Aerogrammes (to all countries except Malaysia & Brunei)					\$0.60

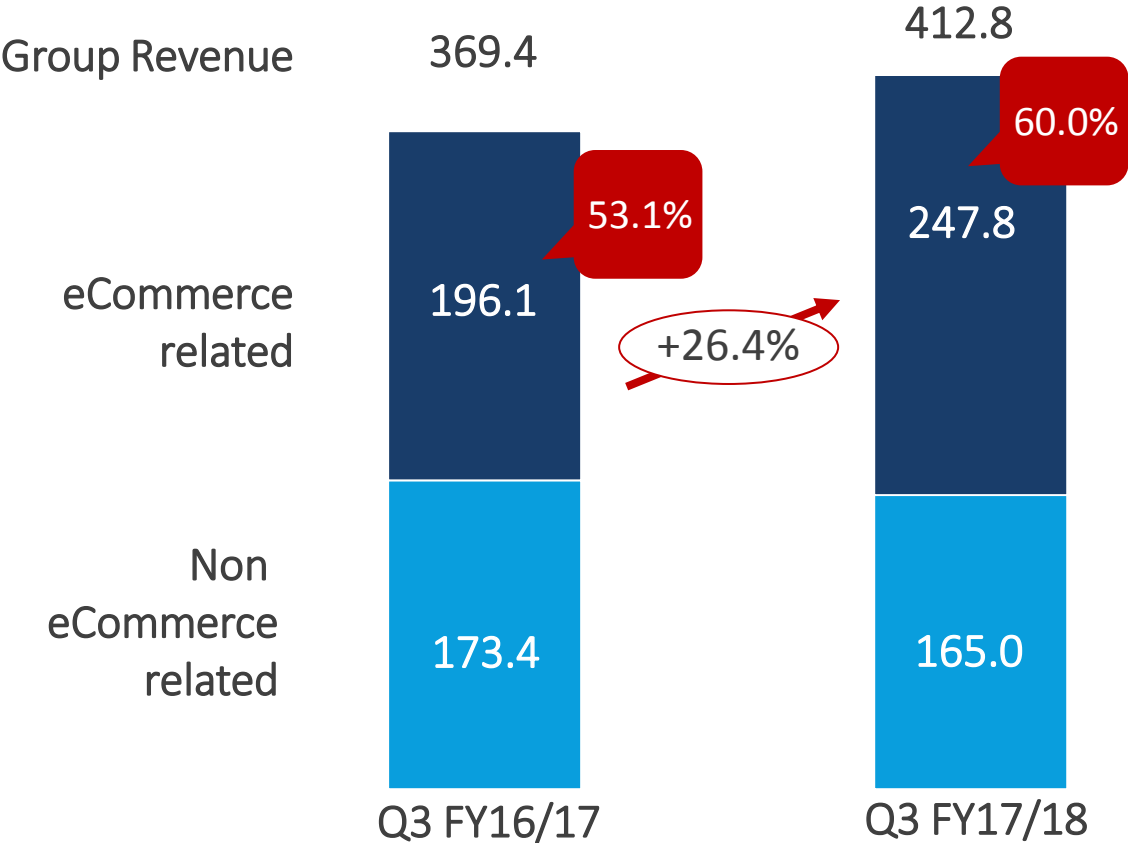
For more information, visit www.singpost.com/postage-rate

All rates refer to Singapore Currency.
¹ GST is not applicable for international mail rates.
² Printed papers include annual reports, books, catalogues, direct mail, newspapers or periodicals.
³ Small Packets are mail containing goods or merchandise that are up to 2kg in weight. The largest dimension should not exceed 600mm, with length, width and height combined not exceeding 900mm.
⁴ Letter rate applies if the postcard exceeds the maximum dimensions of 120mm x 235mm (for overseas posting only).

eCommerce-related revenue

Revenue performance, Q3 FY2016/17 vs Q3 FY2017/18, \$M

eCommerce-related revenue rose 26.4% year-on-year, forming 60.0% of Group revenue



Differences in total due to rounding

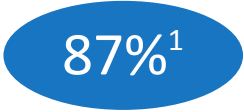
Key operating indicators

Regional eCommerce Logistics Hub

Warehousing



Utilisation



Parcel sorting



Utilisation



Processed up to **33,000** parcels a day during peak

SingPost Centre retail mall



Committed occupancy



1. As at 31 December 2017

2. Average daily utilisation for the quarter ended 31 December 2017, based on handling capacity of 100,000 parcels a day

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- Revenue rose 11.7% with growth across all three segments.
- Underlying net profit rose 11.9% largely due to:
 - higher operating profit from Postal, narrowed operating losses in eCommerce and improved contribution from Property.
- Cash flow and balance sheet position:
 - higher free cash flow due to lower capital expenditure
 - improved net cash position
- Q3 FY17/18 interim dividend of 0.5 cent per share declared.

Thank you

