

A large-scale version of the Singapore Post logo is displayed on the blue facade of a building. The word "Singapore" is in white cursive, and "POST" is in white on a red rectangular background.

Financial results Q2 & H1 FY2018/19

2 November 2018



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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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.

- Q2 & H1 FY2018/19 Financials
- Cash flow and Balance sheet
- Segmental results



Overview – Q2 FY2018/19

Revenue

S\$368.7 million
+2.2% YoY

Profit on operating activities

S\$40.0 million
+33.5% YoY

Underlying net profit

S\$28.1 million
+0.4% YoY

Q2 interim dividend

0.5 cent per share
same as last year

Strong growth in profit on operating activities

Q2 FY2018/19 financial statement

S\$M	Q2 FY17/18	Q2 FY18/19	YoY % change
Revenue	360.6	368.7	+2.2%
Operating expenses	(333.0)	(331.7)	(0.4%)
Profit on operating activities	29.9	40.0	+33.5%
Share of associated companies & JV	4.9	(3.6)	N.M.
Exceptional items	0.9	(2.9)	N.M.
Income tax expense	(8.5)	(9.3)	+9.3%
Net profit attributable to equity holders	28.9	25.1	(12.9%)
Underlying net profit	28.0	28.1	0.4%

N.M. denotes Not Meaningful

Q2 FY2018/19 operating expenses

S\$M	Q2 FY17/18	Q2 FY18/19	YoY % change
Volume-related	(190.9)	(200.2)	+4.9%
Labour & related	(81.8)	(76.8)	(6.2%)
Admin, selling & others	(45.4)	(40.4)	(11.1%)
Depreciation & amortisation	(14.7)	(14.3)	(2.7%)
Operating expenses	(333.0)	(331.7)	(0.4%)

Highlights – Q2 FY2018/19

Winning in our home market

- strong increase in parcel volumes

Parcel sorting volumes

+38% YoY

Average daily volume of 21,100 in Q2 FY18/19 vs 15,200 in Q2 FY17/18



Extract full value from investments



A specialist in logistics and fulfilment services in the Asia Pacific.

Quantum Solutions narrowed losses significantly compared to last year.

Capture global cross-border eCommerce flows

- strengthening strategic collaboration



Cainiao's further investment in 4PX will allow deeper business integration between 4PX, Alibaba Group and SingPost for cross-border eCommerce volumes

Drive to cost leadership

- successful cost management initiatives

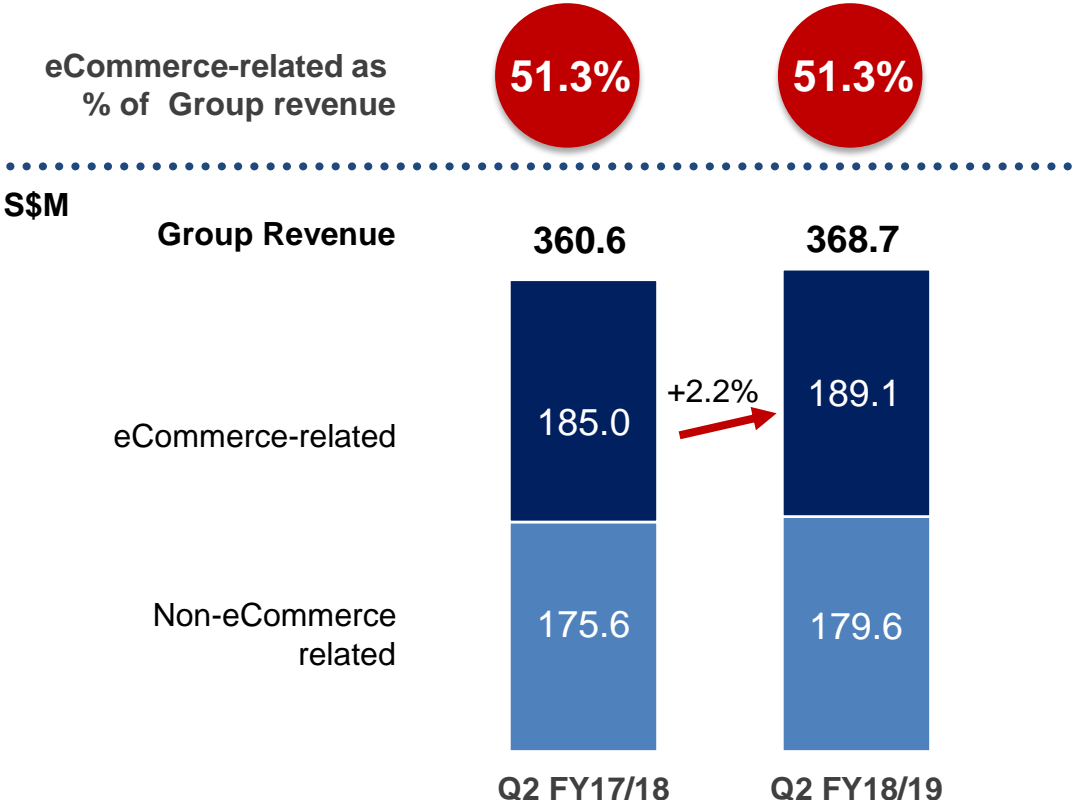
Operating Expenses



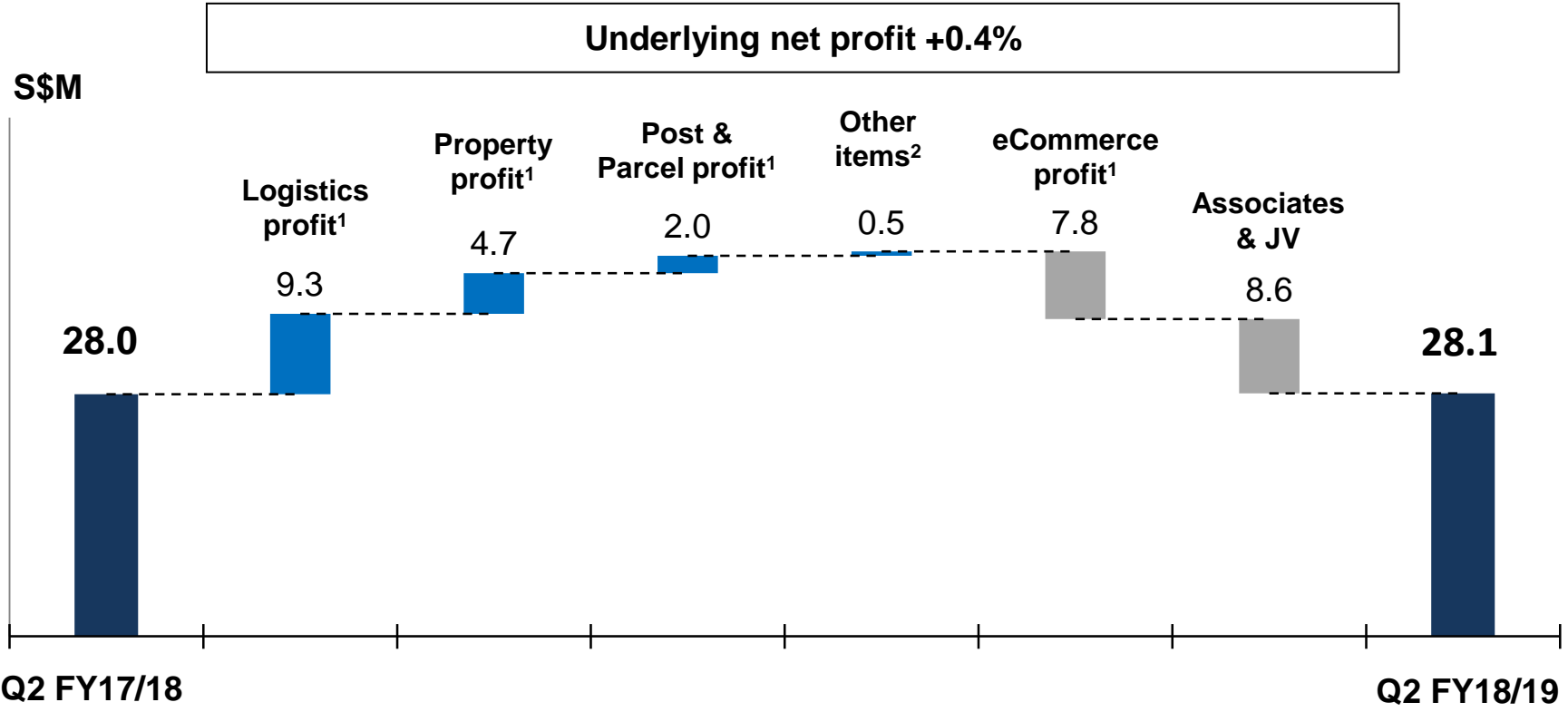
Revenue



eCommerce-related revenue



Q2 FY18/19 Underlying net profit movement



1. Profit on operating activities

2. Includes net finance expense, unallocated corporate overhead items, trade-related foreign currency differences, tax and non-controlling interests

Cash flow & Balance sheet



Free cash flow

S\$M	H1 FY17/18	H1 FY18/19
Operating cash flow before capital charges	94.7	105.1
Changes in working capital	(29.3)	(76.0) ¹
Income tax paid	(14.9)	(17.3)
Net cash provided by operating activities	50.5	11.8
Capital expenditure	(38.9)	(18.8)
Free cash flow	11.6	(7.0)

1. Due to timing difference in terms of outpayments made largely for international mail payables, while the receivables have not been collected as at 30 September 2018. Since the close of the period ended 30 September 2018, about \$50 million in payments have been received.

Financial indicators

S\$M	Financial indicators	As at Mar 2018	As at Sep 2018
	Cash & cash equivalents at end of financial period	314.1	285.2
	Borrowings	244.0	293.7
	Net cash / (debt) position	70.1	(8.5) ¹
		H1 FY17/18	H1 FY18/19
	EBITDA ²	99.7	100.8
	EBITDA ² to interest expense (times)	17.4x	20.8x

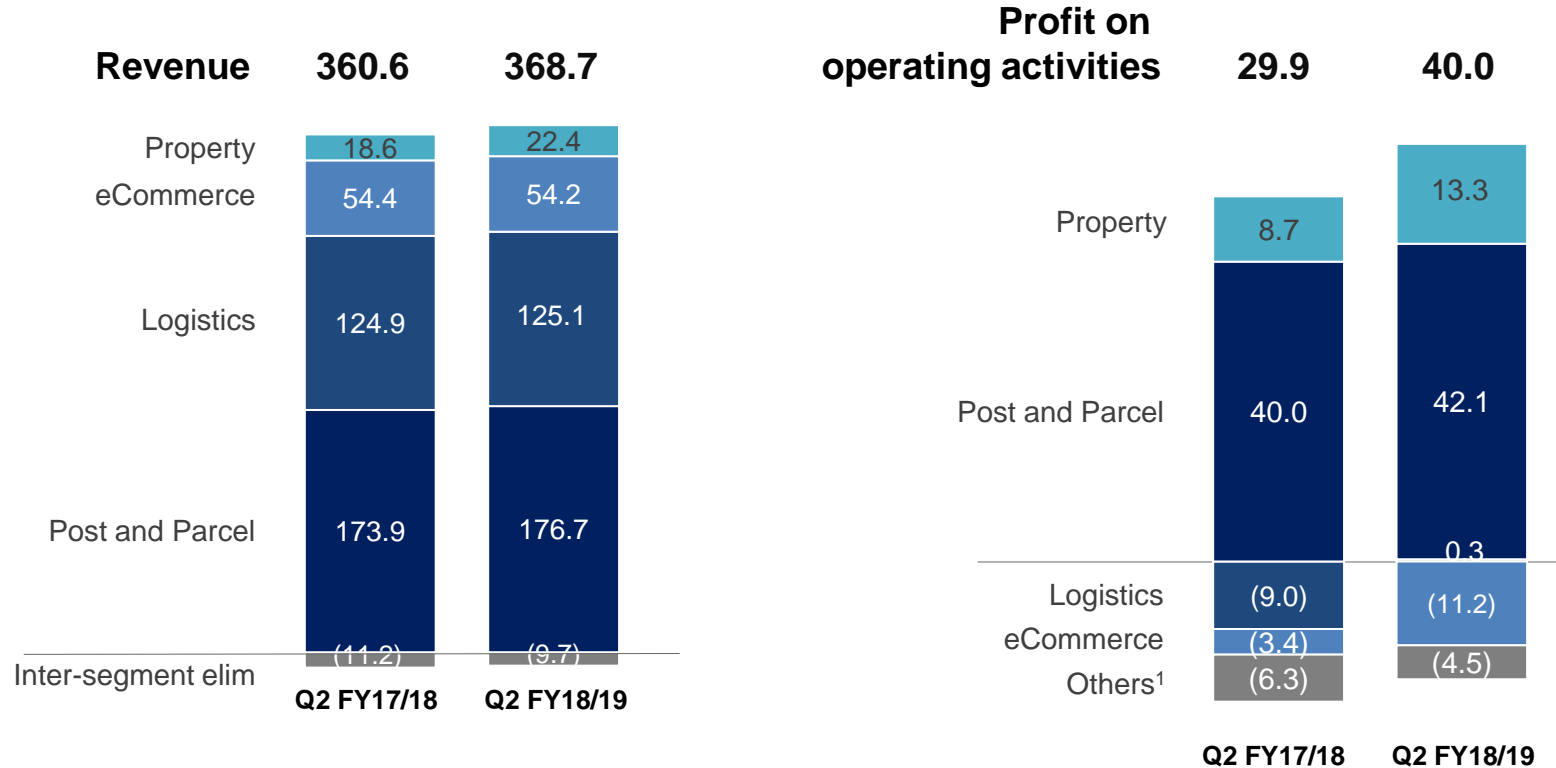
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2. Excluding exceptional items

Segmental results

Segment revenue and profit on operating activities

S\$M



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

S\$M

Post and Parcel	Q2 FY17/18	Q2 FY18/19	YoY % change	H1 FY17/18	H1 FY18/19	YoY % change
Revenue	173.9	176.7	+1.6%	349.9	362.7	+3.6%
<i>Domestic mail</i>	55.7	55.8	0.0%	114.1	112.7	(1.3%)
<i>SP Parcels</i>	21.2	20.7	(2.5%)	43.0	43.3	+0.7%
<i>International mail¹</i>	89.6	93.8	+4.7%	177.8	193.5	+8.8%
<i>Post office pdts and svcs</i>	7.4	6.5	(12.5%)	15.0	13.2	(11.9%)
Profit on operating activities	40.0	42.1	+5.1%	83.4	83.8	+0.5%
OP margin	23.0%	23.8%		23.8%	23.1%	

Revenue rose 1.6% in Q2 and 3.6% in H1, as higher international mail revenue from cross-border eCommerce deliveries helped offset the impact of lower domestic letter mail volumes.

However, profit on operating activities rose 5.1% in Q2 and 0.5% in H1, driven by higher margins from domestic last mile eCommerce-related deliveries in Singapore. The Group is starting to reap operating synergies from the ongoing integration of our last mile delivery capabilities in the post and parcel divisions.

1. Includes cross-border eCommerce items via transhipment

S\$M

Logistics	Q2 FY17/18	Q2 FY18/19	YoY % change	H1 FY17/18	H1 FY18/19	YoY % change
Revenue	124.9	125.1	+0.2%	247.9	245.4	(1.0%)
<i>Quantium Solutions</i>	23.8	21.6	(9.2%)	48.9	45.6	(6.7%)
<i>CouriersPlease</i>	38.5	38.1	(0.8%)	73.3	74.7	+1.9%
<i>Famous</i>	62.6	65.4	+4.3%	125.8	125.2	(0.5%)
Profit on operating activities	(9.0)	0.3	N.M.	(11.4)	0.4	N.M.
OP margin	(7.2%)	0.3%		(4.6%)	0.2%	

Revenue rose slightly in Q2, driven by the freight forwarding business under Famous Holdings. This was offset by revenue decline at Quantum Solutions, which lost some customers amid an ongoing review of unfavourable customer contracts to improve profitability.

The Logistics segment registered profit on operating activities of S\$0.3 million in Q2 and S\$0.4 million in H1, compared to operating losses last year, largely due to a reduction in losses at Quantum Solutions.

S\$M

eCommerce	Q2 FY17/18	Q2 FY18/19	YoY % change	H1 FY17/18	H1 FY18/19	YoY % change
Revenue	54.4	54.2	(0.5%)	112.1	109.4	(2.4%)
Profit on operating activities	(3.4)	(11.2)	(227.0%)	(8.2)	(20.5)	(149.5%)
OP margin	(6.3%)	(20.7%)		(7.3%)	(18.8%)	

Revenue declined 0.5% in Q2 and 2.4% in H1. The US businesses were impacted by pricing pressures due to competitive intensity.

Operating losses rose to S\$11.2 million in Q2 and S\$20.5 million in H1, largely due to the US Businesses. The pricing pressures had led to certain customer contracts being renewed at lower rates. This was exacerbated by an increase in costs due to ongoing initiatives to integrate TradeGlobal and Jagged Peak, as well as investments in automation.

S\$M

Property	Q2 FY17/18	Q2 FY18/19	YoY % change	H1 FY17/18	H1 FY18/19	YoY % change
Revenue	18.6	22.4	+20.7%	35.6	45.1	+26.5%
Profit on operating activities	8.7	13.3	+54.1%	16.6	26.5	+60.3%
OP margin	46.6%	59.5%		46.5%	58.9%	

Property segment revenue, which comprises commercial property rental and revenue from the self-storage business, rose 20.7% in Q2 and 26.5% in H1 due largely to the SingPost Centre retail mall which re-opened in October 2017 after a period of redevelopment.

Committed occupancy for the mall improved to 99.1% as at 30 September 2018, from 96.7% as at 30 June 2018.

Thank You



Supplementary information



H1 FY2018/19 financial statement

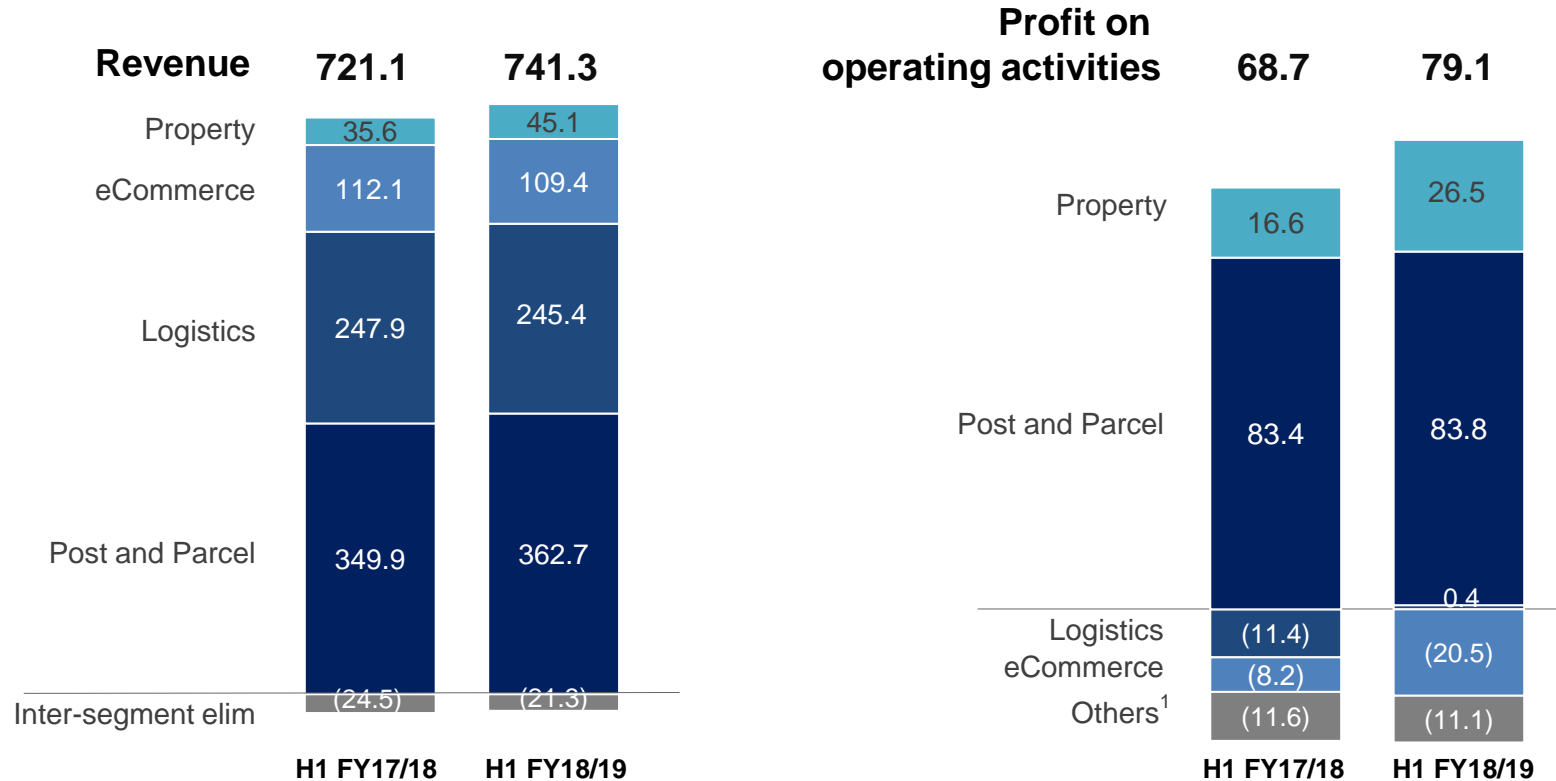
S\$M	H1 FY17/18	H1 FY18/19	YoY % change
Revenue	721.1	741.3	+2.8%
Operating expenses	(656.2)	(665.4)	+1.4%
Profit on operating activities	68.7	79.1	+15.2%
Share of associated companies & JV	2.1	(7.1)	N.M.
Exceptional items	4.9	(8.9)	N.M.
Income tax expense	(16.8)	(20.9)	+24.0%
Net profit attributable to equity holders	60.2	43.9	(27.2%)
Underlying net profit	55.3	52.8	(4.6%)

H1 FY2018/19 operating expenses

S\$M	H1 FY17/18	H1 FY18/19	YoY % change
Volume-related	(379.6)	(400.6)	+5.5%
Labour & related	(164.6)	(155.0)	(5.8%)
Admin, selling & others	(83.2)	(81.1)	(2.4%)
Depreciation & amortisation	(28.9)	(28.7)	(0.6%)
Operating expenses	(656.2)	(665.4)	1.4%

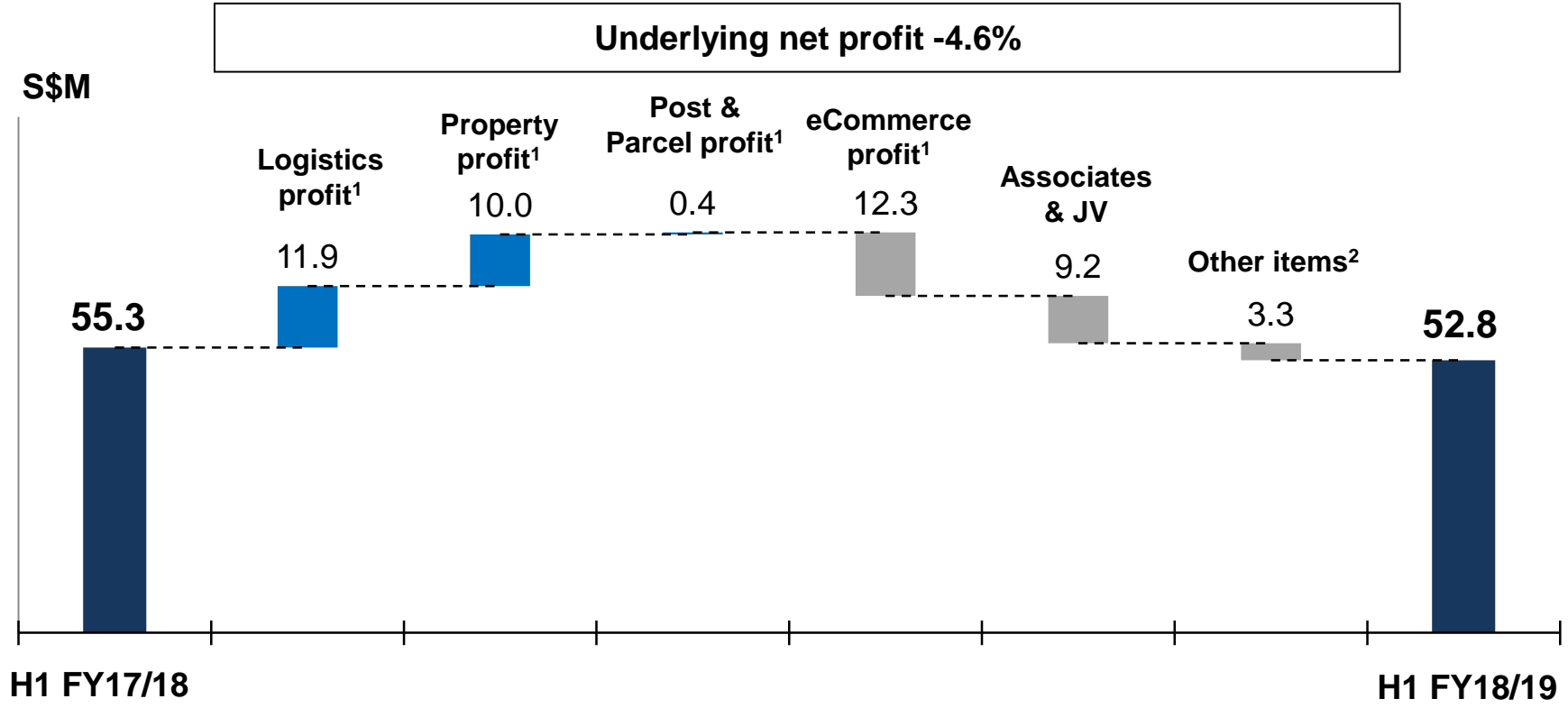
Segment revenue and profit on operating activities

S\$M



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

H1 FY18/19 Underlying net profit movement



1. Profit on operating activities
 2. Includes net finance expense, unallocated corporate overhead items, trade-related foreign currency differences, tax and non-controlling interests

Exceptional items



S\$M	Q2 FY17/18	Q2 FY18/19	YoY % change	H1 FY17/18	H1 FY18/19	YoY % change
Losses on disposal of PPE	(76)	(67)	11.8%	(15)	(43)	(186.7%)
Professional fees	(764)	(138)	81.9%	(1,482)	(166)	88.8%
Fair value gain / (loss) on warrants from an associated company	1,730	(2,739)	N.M.	7,405	(8,697)	N.M.
Provision for restructuring of operation	-	-	-	(991)	-	N.M.
Exceptional items	890	(2,944)	N.M.	4,917	(8,906)	N.M.

Our Strategy

A Win in our home market

- Gain leading share in Parcels
- Drive scale of eCommerce warehouse and fulfillment
- Accelerate urban solutions for a Smart Nation
- Mitigate mail decline through innovative digital solutions

B Ignite future growth engines

- Drive Southeast Asia with end-to-end capabilities
- Capture global cross-border eCommerce flows

C Extract full value from investments

- Maximise value from international subsidiaries and associates
- Turnaround TradeGlobal and scale combined US businesses

D Drive to cost leadership

- Optimise cost position
- Drive productivity, reduce non-conformance
- Instill continuous improvement