

# Q1 FY2013/14 Results

Financial year ending 31 March 2014

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2 August 2013

*Singapore*  
**POST**



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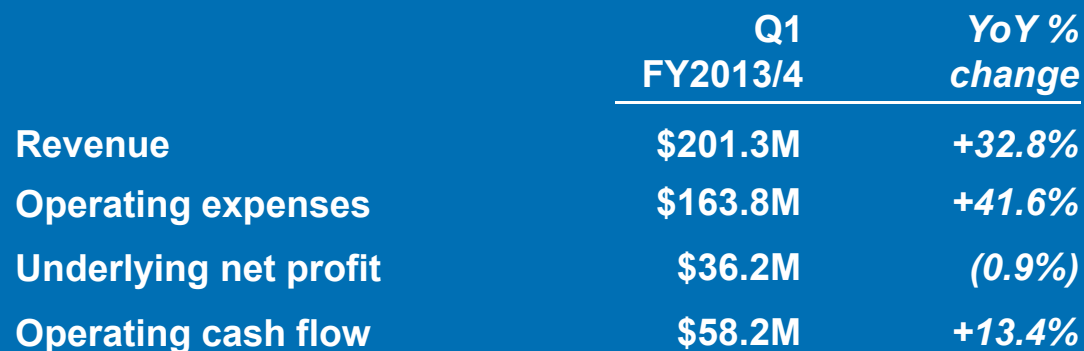
## **Forward-looking Statements – Important Note**

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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





	Q1 FY2013/4	YoY % change
Revenue	\$201.3M	+32.8%
Operating expenses	\$163.8M	+41.6%
Underlying net profit	\$36.2M	(0.9%)
Operating cash flow	\$58.2M	+13.4%

## Robust business performance

- Revenue growth from new subsidiaries and organic business growth

## Changes in cost structure

- Shifts in cost structure with changing business models and growth in lower-margin businesses
- Strong focus on productivity and cost management while accelerating revenue growth

## Flat underlying profit; strong operating cash flow

- Robust business performance offset by integration and developmental costs, FX fluctuations
- Strong cashflow generation

# Q1 FY2013/14 P&L Highlights



Boost from M&As and organic growth

Ongoing integration and developmental spending to build businesses

\$M	Q1 FY12/13	Q1 FY13/14	% change	
Revenue	151.6	<b>201.3</b>	+32.8%	New subsidiaries, business growth
Other income	12.8	<b>11.0</b>	(14.6%)	Rental income growth offset by trade related FX loss
Operating expenses	115.6	<b>163.8</b>	+41.6%	Slide 10
Operating profit	48.7	<b>48.5</b>	(0.5%)	
Share of associated cos & JVs	0.1	<b>0.4</b>	+>100%	Better performances by associated companies
Net finance costs	2.4	<b>1.5</b>	(38.7%)	
Income tax	8.4	<b>9.5</b>	+13.1%	\$300M bond repaid
Net profit *	38.1	<b>37.3</b>	(2.0%)	
Underlying net profit *	36.6	<b>36.2</b>	(0.9%)	

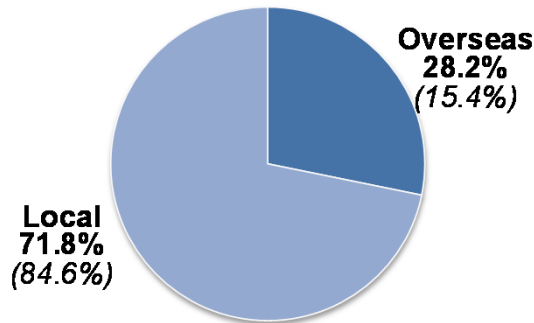
\* Profit after tax attributable to equity holders of the Company; underlying net profit excludes one-off items.

# Q1 FY2013/14 Revenue Breakdown

Moving towards being the Regional Leader in e-Commerce Logistics and Trusted Communications



Revenue by geography

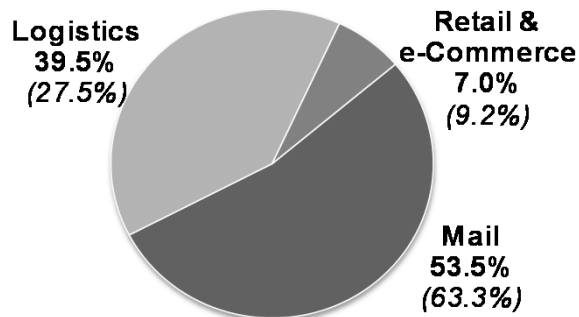


## Shifts in revenue composition

Overseas revenue at 28.2% of total revenue: Boost from Famous Holdings and regional operations

Logistics contributions at 39.5% of total revenue: Inclusion of Famous Holdings and Lock+Store, and growing regional logistics business

Revenue by business segments



Note: Q1 FY2012/13 figures in italics

# Mail Segment: Q1 FY2013/14



	Q1 FY13/14	% change
Revenue (including Novation Solutions)	\$114.7M	+13.7%
Operating profit	\$36.8M	+6.3%
<b>Revenue breakdown</b>		
<i>Domestic mail</i>	\$62.5M	+3.1%
<i>International mail</i>	\$40.6M	+25.0%
<i>Hybrid mail*</i>	\$10.8M	+57.8%
<i>Philatelic</i>	\$0.7M	(19.2%)



\* Comprising DataPost and Novation Solutions

Full quarter consolidation of Novation Solutions vs partial consolidation in Q1 last year

Growth in e-commerce package volumes especially international mail

Continued decline in letter mail volumes leading to decline in operating profit





# Mail Segment: Q1 FY2013/14

## Continued decline in domestic mail volume

	Q1 FY12/13	Q2 FY12/13	Q3 FY12/13	Q4 FY12/13	Q1 FY13/14
<b>Mail volume – YoY % decline</b>	(2.5%)	(3.1%)	(1.8%)	(3.1%)	<b>(3.8%)</b>



Seventh quarter of decline in domestic mail volumes

Domestic mail operating profit -1% YoY

More households and delivery points reducing network density; continued escalation in operating costs

# Logistics Segment: Q1 FY2013/14



	Q1 FY13/14	% change
Revenue	\$93.8M	+70.7%
Operating profit	\$3.3M	+35.9%

## Revenue breakdown

<i>Quantum Solutions</i>	\$39.0M	+2.0%
<i>Famous Holdings</i>	\$33.7M	-
<i>Logistics*</i>	\$21.1M	+26.1%

\* Including Speedpost, Lock+Store, Transshipment & others

Full quarter consolidation of new subsidiaries, Famous Holdings and Lock+Store

Growth in regional e-fulfilment business

Impact of trade related foreign exchange fluctuations, integration and developmental costs





# Retail & e-Commerce Segment: Q1 FY2013/14



	Q1 FY13/14	% change
Revenue	\$20.8M	(0.1%)
Operating profit	\$2.8M	(34.7%)

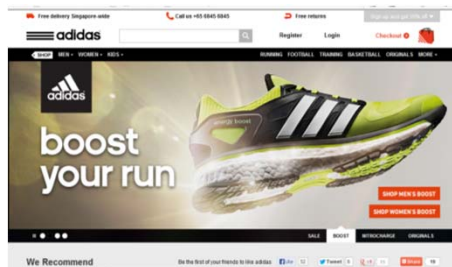
## Revenue breakdown (excluding intersegment)

<i>Retail &amp; e-Commerce*</i>	\$8.3M	+7.2%
<i>Financial services</i>	\$5.8M	(7.6%)

\* Including vPOST, Clout Shoppe and SP e-Commerce

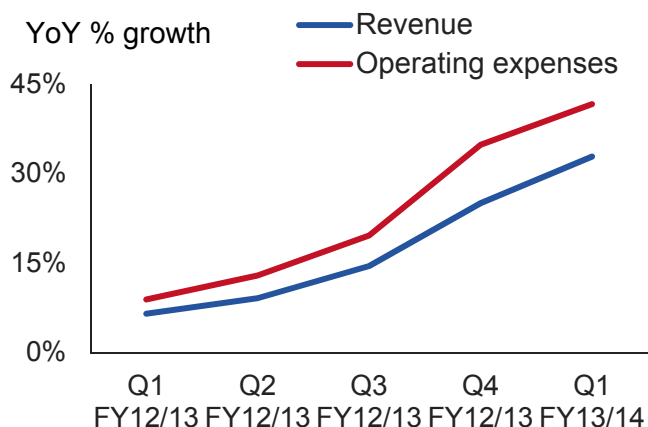
Growth in e-Commerce business offset declines in revenue from Retail and Financial Services

Impact of developmental spending for building of e-Commerce business



# Operating Expenses: Q1 FY2013/14

	Q1 FY13/14	% change	% differential vs revenue growth
Revenue	\$201.3M	+32.8%	
Operating expenses	\$163.8M	+41.6%	+8.8% pt
<i>Volume related</i>	<i>\$76.3M</i>	<i>+81.2%</i>	<i>+48.4% pt</i>
<i>Labour &amp; related</i>	<i>\$55.5M</i>	<i>+14.9%</i>	<i>(17.9)% pt</i>
<i>Admin, property related</i>	<i>\$21.9M</i>	<i>+31.5%</i>	<i>(1.3)% pt</i>
<i>Depreciation &amp; amortisation</i>	<i>\$8.6M</i>	<i>+25.9%</i>	<i>(6.9)% pt</i>
<i>Selling</i>	<i>\$1.4M</i>	<i>(17.3)%</i>	<i>(50.1)% pt</i>



**Stabilising gap between growth rates of revenue and operating expenses**

**Impact of inclusion of new subsidiaries, integration and developmental spending, cost pressures**

**Shift in cost structure with changing business models: Increase in volume related expenses**

Note: Operating expenses included one-off items

# Financial Position, Cash Flow, Dividend

## Healthy cash flows

\$M	Q1 FY12/13	Q1 FY13/14
Net cash provided by operating activities	51.3	<b>58.2</b>
Net cash provided by investing activities	3.2	<b>2.2</b>
Net cash used in financing activities	(3.2)	<b>(305.6)</b>
Net increase in cash	51.3	<b>(245.2)</b>
Cash & cash equivalents	668.6	<b>383.1</b>

## Strong financial position

	As at Mar 2013	As at Jun 2013
Ord. shareholders' equity	\$320.7M	<b>\$315.1M</b>
Borrowings	\$536.6M	<b>\$227.6M</b>
Net cash	\$91.8M	<b>\$155.5M</b>
Net cash plus perpetual securities to ord. equity	0.8x	<b>0.6x</b>
EBITDA to interest expenses	18.1x	<b>32.1x</b>

Q1 FY2013/14 interim dividend - 1.25 cents per share

Our Post. Future Ready.

“Regional Leader  
in e-Commerce Logistics  
and Trusted Communications”

Focusing on productivity enhancement

Investing into efficiency and service:  
\$60M investments into postal infrastructure  
and network; \$30M into service quality and  
innovation; \$10M into people

Cost management remains key:  
Outsourcing, lean operations, spending  
controls



SingPost  
Inclusivity Fund  
Caring • Changing • Cultivating



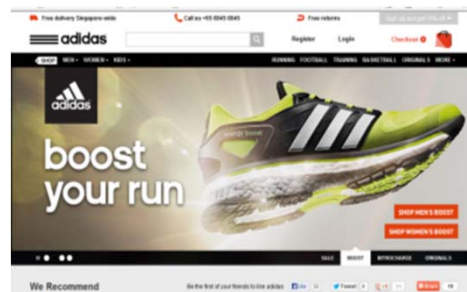
Our Post. Future Ready.

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**Good progress in transformation:**  
Contributions from organic and inorganic initiatives; integration of M&As on track, first synergies visible

**Industry climate remains challenging**

**Investing into a sustainable future:**  
Postal infrastructure, service and operational enhancements; growth and innovation





*The complete set of financial statements is available on SGXNET and our website at [www.singpost.com](http://www.singpost.com).*