



Q1 FY2015/16 Financial Results

**Quarter April to June 2015
Financial year ending 31 March 2016**

29 July 2015



- **Executive Summary**
- **Group Financials**
- **Outlook**

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

Executive Summary

- Good performance in first quarter of FY2015/16 demonstrates progress in transformation of SingPost. Continued growth in ecommerce and logistics activities; contributions from new subsidiaries.
- In strong position. Good ecommerce momentum, and further development of ecommerce logistics platform, particularly in forwarding capability.
- Strengthened collaboration with Alibaba Group – joint venture agreement; joint strategic business framework; new share issue.

Q1 FY2014/15 P&L

eCommerce related growth and acquisitions contribute to good first quarter performance

\$M	Q1 FY15/16	Q1 FY14/15	YoY % change	
Revenue	254.6	210.9	+20.7%	New acquisitions; ecommerce related growth
Rental & property-related income	10.6	10.8	(1.9%)	
Miscellaneous	13.6	5.9	+129.2%	One-off gains on disposals of subsidiaries, property, plant & equipment
Total expenses	(222.7)	(178.4)	+24.9%	
Share of associated cos & JVs	1.7	0.9	+93.3%	New acquisitions; investment in transformation
Income tax	(10.6)	(9.4)	+13.6%	
Net profit attributable to equity holders	46.6	40.2	+15.8%	
Underlying net profit	40.3	37.3	+8.0%	Excluding one-off gains on disposals of subsidiaries, property, plant & equipment; and professional fees related to M&As

Mail & Digital Services: Q1 FY2015/16 Performance



Mail & Digital Services segment performance

\$M	Q1 FY15/16	Q1 FY14/15	YoY % change
Revenue	125.1	123.2	+1.6%
Operating profit *	38.9	35.0	+10.9%
OP margin *	31.1%	28.4%	

* Excluding one-off gain from disposal of subsidiaries

Mail & Digital Services revenue breakdown

\$M	Q1 FY15/16	Q1 FY14/15	YoY % change
Domestic mail	66.1	62.5	+5.7%
Hybrid mail	8.0	9.8	(18.7%)
Philatelic	0.8	0.7	+22.2%
International mail	50.3	50.3	+0.1%
Total	125.1	123.2	+1.6%

Decline in hybrid mail revenue from the disposal of Novation Solutions and DataPost HK in Q1; DataPost sale expected to be completed in Q2

Improved profitability from the Group's focus on productivity and efficiency to manage higher operating costs

Logistics: Q1 FY2015/16 Performance

Logistics segment performance

\$M	Q1 FY15/16	Q1 FY14/15	YoY % change
Revenue	140.1	97.6	+43.6%
Operating profit	6.7	3.8	+74.6%
OP margin	4.7%	3.9%	

Logistics revenue breakdown

\$M	Q1 FY15/16	Q1 FY14/15	YoY % change
Quantum Solutions	69.9	40.2	+74.0%
Famous Holdings	46.6	34.8	+33.9%
Others	23.5	22.5	+4.2%
Total	140.1	97.6	+43.6%

Note: Others comprise General Storage and Singapore Parcels.

Acquisitions and growth in ecommerce related business underpinned Logistics division's performance

Higher operating profit from inclusion of new subsidiaries

Retail & eCommerce: Q1 FY2015/16 Performance

Retail & eCommerce segment performance

\$M	Q1 FY15/16	Q1 FY14/15	YoY % change
Revenue	24.1	22.8	+5.6%
Operating profit	1.1	2.9	(60.0%)
OP margin	4.7%	12.5%	

Retail & eCommerce revenue breakdown

\$M	Q1 FY15/16	Q1 FY14/15	YoY % change
eCommerce	7.8	6.3	+23.3%
Financial services	5.5	6.0	(9.2%)
Agency services & retail products	10.8	10.5	3.5%
Total	24.1	22.8	+5.6%

Growth in ecommerce business with customer acquisitions and higher traffic; decline in financial services

Continued investments in developing ecommerce business

Total Expenses: Q1 FY2015/16

Revenue vs expenses growth

\$M	Q1 FY15/16	Q1 FY14/15	YoY % change
Revenue	254.6	210.9	+20.7%
Total expenses	222.7	178.4	+24.9%

Higher expenses with consolidation of new subsidiaries, ongoing expenditure for transformation, and increased costs in productivity and service improvements for postal business

Total expenses breakdown

\$M	Q1 FY15/16	Q1 FY14/15	YoY % change
Volume related	106.9	78.7	+35.9%
Labour & related	72.7	64.0	+13.6%
Admin. & others	31.2	24.9	+25.2%
Depre, amortisation & impairment	6.6	6.8	(3.9%)
Selling	2.2	2.1	+0.3%
Finance	3.2	1.8	+74.2%
Total	222.7	178.4	+24.9%

- Consolidation of new subsidiaries; growth in business activities
- Additional headcount from new subsidiaries and for transformation initiatives and service improvements
- Higher professional fees for M&As; Increased property related expenses such as warehouse rental costs

Financial Position and Cash Flow

Financial position

\$M	Jun 15	Mar 15
NAV (cents per share)	70.4	68.4
Ordinary shareholders' equity	1,159.8	1,117.2
Borrowings	236.9	238.3
Net cash *	329.0	345.8
EBITDA to interest expenses	42.1x	36.4x

Cash holdings of \$565.9M; for investment needs, capex, working capital and other funding requirements

* Cash and cash equivalents less borrowings

Cash flow highlights

\$M	Q1 FY15/16	Q1 FY14/15
Net cash from operating activities	59.2	51.3
Net cash used in investing activities	(80.2)	(13.1)
Net cash from financing activities	2.8	2.8
Net increase/(decrease) in cash	(18.2)	41.0
Cash & cash equivalents	565.9	445.4

Healthy operating cash flows

Additions to property, plant & equipment and investments in associated company, financial assets; offset by proceeds from disposal of subsidiary, maturity of financial assets

Updates on eCommerce Logistics Network Development



Freight, Customs & Regulations Management



Broadening freight forwarding network with acquisitions:

- 80% stake in FPS Rotterdam in July 2015

Warehousing & Fulfilment



JV agreement with Alibaba Investment Ltd for the latter's acquisition of 34% of Quantum Solutions Int'l

Last Mile Delivery & Returns



Building regional end-delivery network in Asia Pacific:

- 30% stake in Hubbed Holdings Pty Ltd in June 2015

eCommerce Web Services



Focusing on customer acquisitions

Developing Regional eCommerce Logistics Hub in Singapore

Regional Leader in eCommerce Logistics & Trusted Communications

MAIL

DIGITAL
SERVICES

LOGISTICS

eCOMMERCE

RETAIL & FIN'L
SERVICES

- Strengthening ecommerce partnership with Alibaba Group
 - ✓ JV agreement for Quantum Solutions International as platform for collaboration
 - ✓ Established joint strategic business development framework
 - ✓ Raising approximately S\$187.1M from issue of 107.6M new shares (representing 4.76% of enlarged share capital)
- Accelerating transformation, with increasing investments in infrastructure and resources, and M&As to develop the Group's regional eCommerce Logistics business and network.



The complete set of financial statements is available on
SGXNET and our website at www.singpost.com.

