

Q1 FY2016/17 Financial Results

4 August 2016



Overview & Q1 FY2016/17 Financials

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

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Q1 FY2016/17: Underlying net profit declined 11.2% due to investments in business transformation

Q1 FY2016/17 P&L, \$M

	Q1 FY16/17	Q1 FY15/16	YoY % change
Revenue	333.4	254.6	+30.9%
Other income and gains			
Rental and property-related income	9.7	10.6	(8.6%)
Miscellaneous	2.4	13.6	(82.0%)
Total expenses	297.6	222.7	+33.6%
Operating Profit	49.4	57.7	(14.5%)
Share of associated companies & JVs	0.6	1.7	(65.5%)
Net profit attributable to equity holders	35.9	46.6	(23.0%)
Underlying Net Profit	35.8	40.3	(11.2%)

Revenue growth driven by continued growth in cross-border eCommerce-related activities and the inclusion of US acquisitions

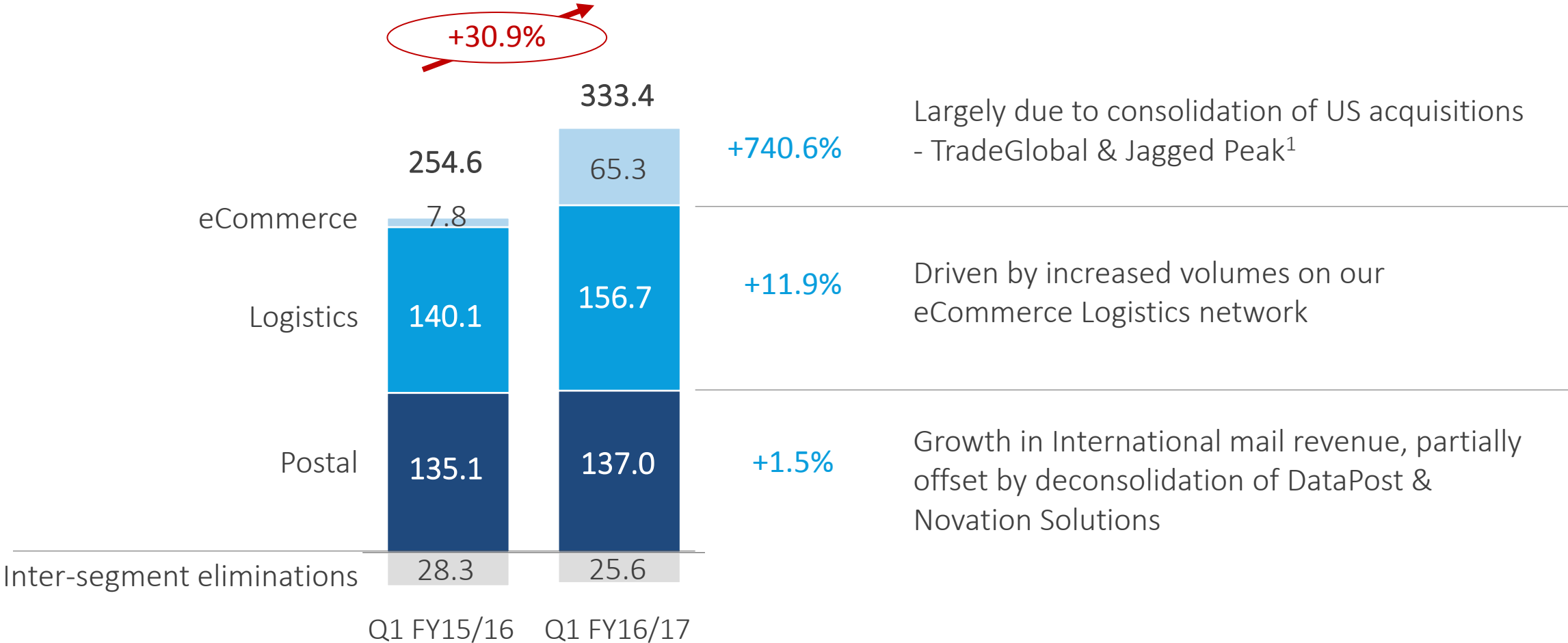
Operating Profit and Net Profit declined due to the one-off gain of \$8.4m from divestment of Novation Solutions and DataPost (HK) last year

Underlying Net Profit declined by 11.2% mainly due to loss of rental income from SPC mall redevelopment, depreciation charges on Regional eCommerce Logistics Hub and investments in eCommerce

Revenue growth driven by eCommerce Logistics



Q1 FY2015/16 vs. Q1 FY2016/17 Revenue performance, \$M



Differences in total due to rounding

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

Increased expenses with growth in business volumes and change in business mix

Total expenses Q1 FY2016/17 breakdown, \$M

	Q1 FY16/17	Q1 FY15/16	YoY % change	
Labour & related	85.0	72.7	+16.9%	— Higher headcount post acquisitions
Volume-related	160.9	106.9	+50.5%	— See next slide
Admin & others	35.4	31.2	+13.5%	— Increased warehouse rental expenses in line with higher capacity
Depreciation & amortisation	10.8	6.6	+64.4%	└ Depreciation on Regional eCommerce Logistics Hub ¹ and amortisation on intangible assets from customer relationships in TradeGlobal
Selling	3.7	2.2	+70.2%	
Finance expense	1.9	3.2	(40.9%)	└ Favourable forex translation differences compared to same period last year
Total expenses	297.6	222.7	+33.6%	

Differences in total due to rounding

1. The building obtained Temporary Occupation Permit or TOP in April 2016, and is expected to be fully operational in the 2nd half of calendar year 2016.

Volume-related expenses largely driven by growth in International mail and eCommerce Logistics, reflects change in Group business mix

Volume-related expenses Q1 FY2016/17 breakdown, \$M

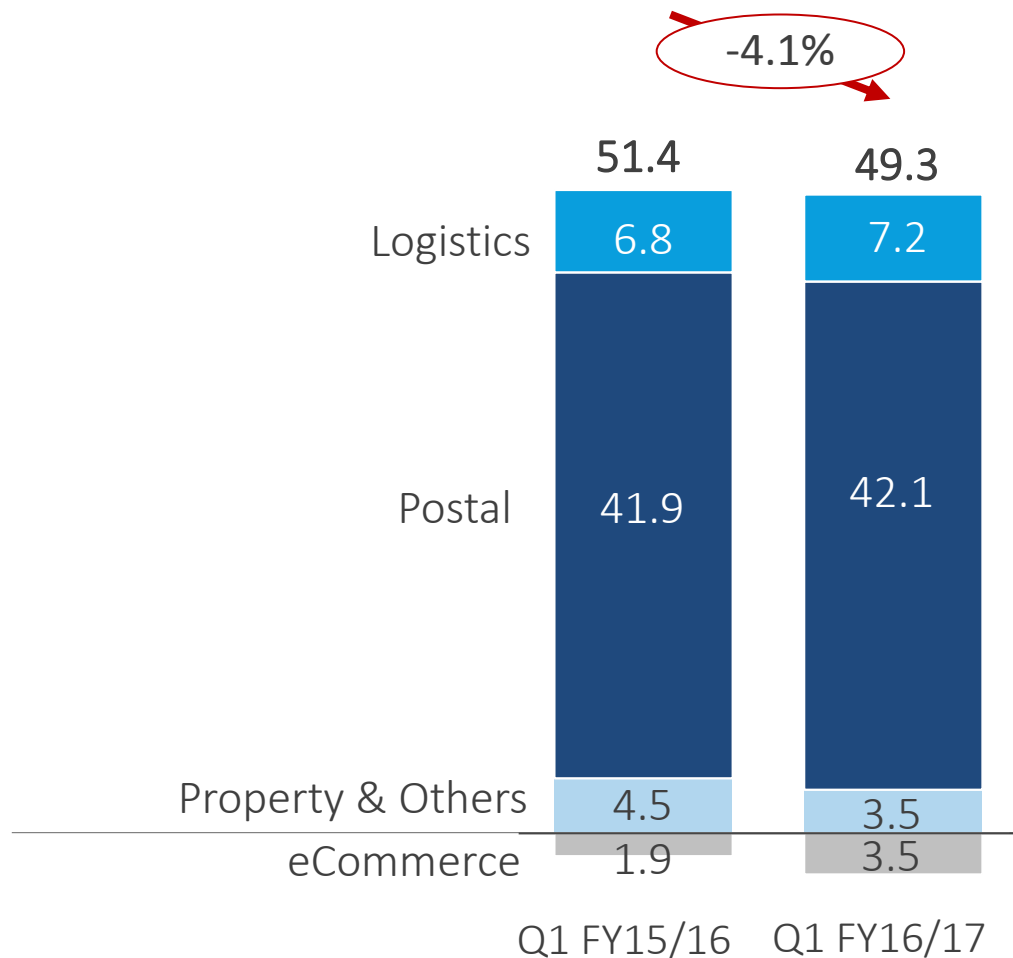
	Q1 FY16/17	Q1 FY15/16	Change (%)
Traffic & related	92.6	71.3	+30.0%
Outsourced services	68.2	35.7	+91.5%
Volume-related expenses	160.9	106.9	+50.5%

Largely due to International mail outpayments, as well as conveyance costs related to the freight forwarding business under Famous Holdings

Largely due to outsourced services engaged by Couriers Please & Jagged Peak, and cost of sales related to eCommerce business

Underlying Operating Profit

Q1 FY2015/16 vs. Q1 FY2016/17 Underlying Operating Profit performance, \$M



+5.7% Ongoing integration of acquired subsidiaries

+0.4% Growth in international mail volumes from eCommerce-related activities, partially offset by decline in domestic mail volumes and deconsolidation of DataPost and Novation Solutions

-23.5% Loss of rental income due to redevelopment of SPC retail mall

-82.7% Due to continued investments in IT & operational capabilities as part of integration efforts

Differences in total due to rounding

Balance sheet & financial indicators

\$M, unless otherwise stated

	Cash flow	Q1 FY16/17	Q1 FY15/16	
Operating cash flow (before working capital changes)		59.6	52.3	Improved operating cash flows, further boosted by positive working capital movement.
<i>Changes in working capital</i>		20.9	8.2	
Net cash provided by operating activities		78.6	59.2	Net cash from operating activities up 33% to \$78.6 million
Cash flow used in investing activities		(61.2)	(80.2)	Included capital expenditure for the construction of the Regional eCommerce Logistics Hub and redevelopment of SPC retail mall
Cash flow (used in) / provided by financing activities		88.8	2.8	
Net increase / (decrease) in cash & cash equivalents		106.2	(18.2)	

Financial indicators	Jun 2016	Mar 2016	
Cash & cash equivalents at end of financial period	232.8	126.6	Increased borrowings with cash and short-term funds utilised for committed capital expenditure
Borrowings	367.6	280.3	
(Net debt) / Net cash position	(134.8)	(153.6)	Interest coverage ratio remains strong. The ratio in March was boosted by one-off divestment gains
EBITDA to interest expense (times)	30.2X	42.1X	
Net debt to ordinary shareholders equity (%)	10.9%	12.8%	Improved net debt to equity ratio

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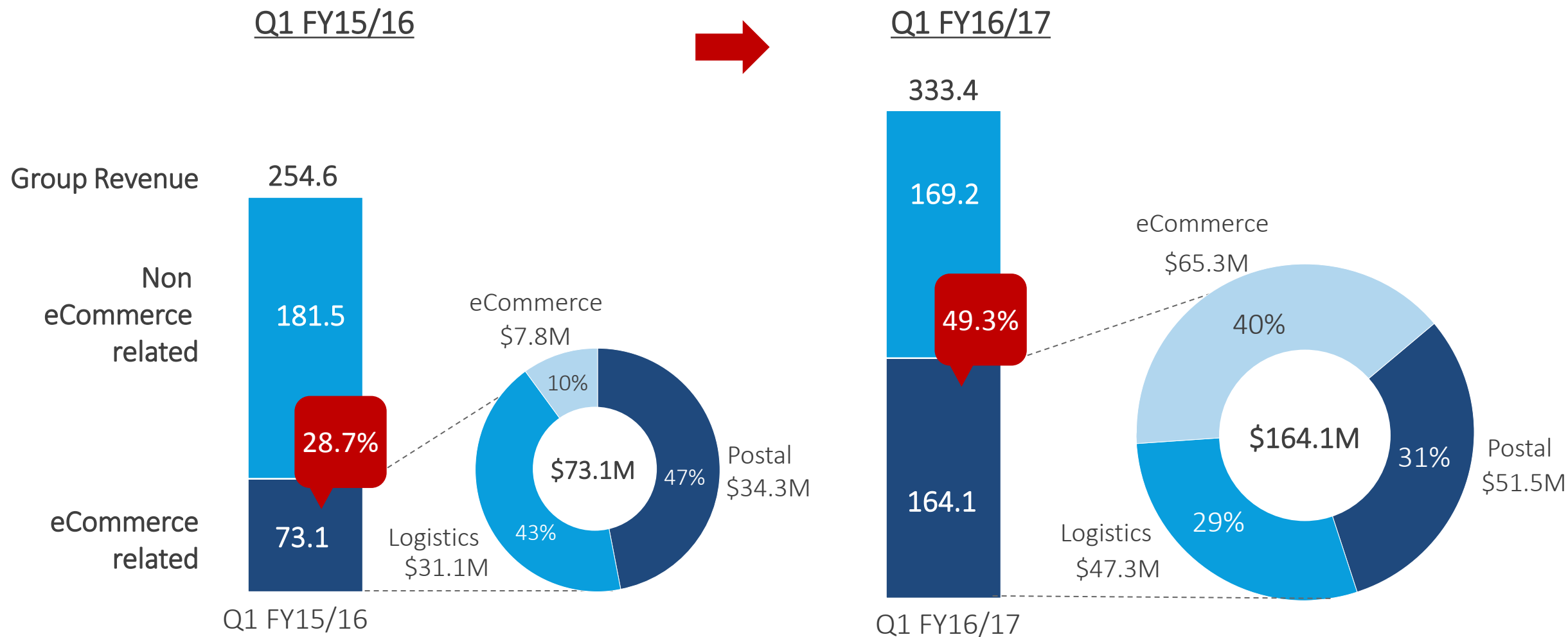
Summary & Outlook

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eCommerce-related revenues now 49.3% of Group revenue

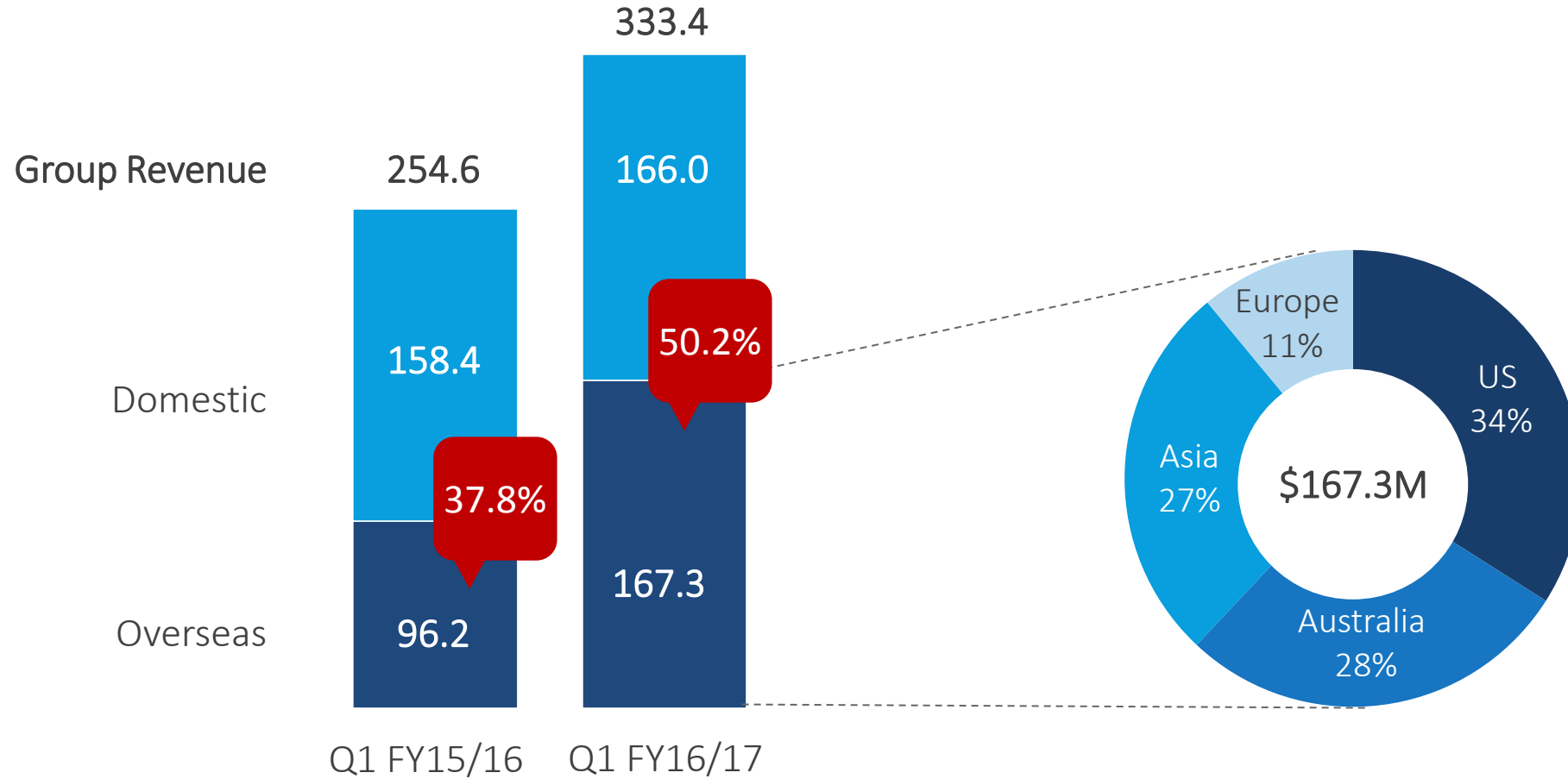
Revenue performance, Q1 FY2015/16 vs Q1 FY2016/17, \$M



Differences in total due to rounding

Overseas revenue now 50.2% of Group revenue

Group revenue footprint Q1 FY2015/16 vs Q1 FY2016/17, \$M



Differences in total due to rounding

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Reclassification of segmental reporting in line with transformation



From 1 April 2016, SingPost Group has reclassified the reporting of certain business units within the three business segments. These changes are in alignment with the Group's strategy and enhance tracking of performance.



Postal

Comprises the core postal business of the Group. This includes both Domestic mail and International mail, as well as products and services transacted at the post offices.



Logistics

Comprises the Logistics businesses of the Group. Includes Quantum Solutions, Couriers Please, SP Parcels, Famous Holdings and other logistics entities.



eCommerce¹

Comprises the front-end related eCommerce businesses. Includes SP eCommerce in Asia Pacific and the US, as well as TradeGlobal and Jagged Peak.

1. 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

Postal: Q1 FY2016/17 Performance

\$M



Postal	Q1 FY16/17	Q1 FY15/16	YoY % change
Revenue	137.0	135.1	+1.5%
Operating profit	42.1	41.9	+0.4%
OP margin	30.7%	31.0%	

Revenue breakdown	Q1 FY16/17	Q1 FY15/16	YoY % change
Domestic mail ¹	64.0	66.9	(4.3%)
International mail	65.5	50.3	+30.3%
Post office products & services ²	7.5	9.9	(24.8%)
Novation Solutions/DataPost ³	-	8.0	N.M.
Total	137.0	135.1	+1.5%



Excluding the impact of the divestments, Postal revenue and OP would have risen 7.8% and 2.0% respectively, driven by higher International mail revenue

Decline in Post office products and services revenue reflects shift to alternative online options such as internet bill payments

1. Includes Philatelic

2. Includes Agency services, Retail products and Financial services

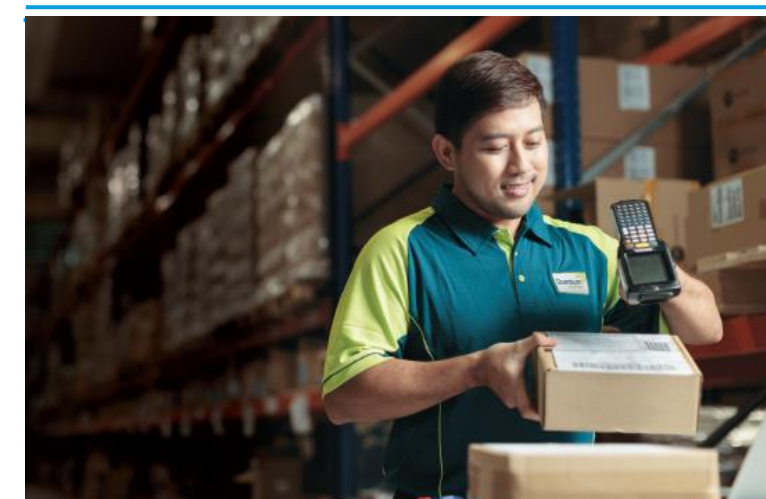
3. Novation Solutions was divested in Q1 FY15/16 and DataPost was divested in Q2 FY15/16

Logistics: Q1 FY2016/17 Performance

\$M

Logistics	Q1 FY16/17	Q1 FY15/16 ¹	YoY % change
Revenue	156.7	140.1	+11.9%
Operating profit	7.2	6.8	+5.7%
OP margin	4.6%	4.9%	

Revenue breakdown	Q1 FY16/17	Q1 FY15/16 ¹	YoY % change
Quantium Solutions	28.5	26.4	+7.7%
CouriersPlease	33.9	29.6	+14.8%
SP Parcels	18.8	18.9	N.M.
Famous	56.1	46.6	+20.2%
Others	19.4	18.6	+4.2%
Total	156.7	140.1	+11.9%



Revenue rose 11.9%, with steady organic growth led by Quantium Solutions and Couriers Please, boosted by a new subsidiary under Famous Holdings.

Decline in margins reflects depreciation expenses and one-off costs incurred for the move to Regional eCommerce Logistics Hub.

N.M.: Not meaningful

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

eCommerce¹: Q1 FY2016/17 Performance



\$M

eCommerce	Q1 FY16/17	Q1 FY15/16	YoY % change
Revenue	65.3	7.8	740.6%
Operating profit	(3.5)	(1.9)	(82.7%)
OP margin	(5.4%)	(24.8%)	



Revenue breakdown	Q1 FY16/17	Q1 FY15/16	YoY % change
TradeGlobal	30.8	-	N.M.
Jagged Peak	25.4	-	N.M.
SP eCommerce	9.0	7.8	+16.4%
Total	65.3	7.8	740.6%

TradeGlobal & Jagged Peak together contributed to operating profit despite investments in IT and operational capabilities to prepare for the upcoming peak season.

This was offset by marketing and sales efforts in the US to build scale.

N.M.: Not meaningful

1. 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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Creating a global end-to-end eCommerce Logistics network



SingPost Group today

Global eCommerce Logistics network spanning **19** markets

About **50** fulfilment centres globally

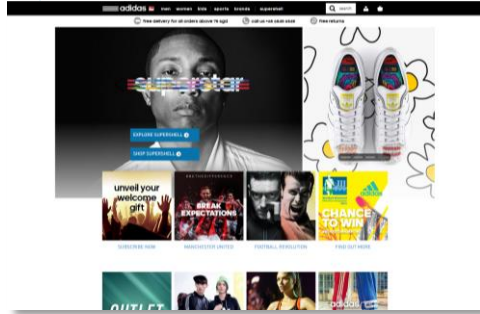
Processes **>S\$5 billion** in gross merchandise value annually through our eCommerce networks



eCommerce Logistics Network Development



1 eCommerce Services



2 Freight, Customs & Regulations Mgmt



3 Warehousing & Fulfilment



4 Last Mile Delivery & Returns



Key management

eCommerce



Marcelo Wessler
CEO,
SP eCommerce

Logistics



Sam Ang
CEO,
Quantum Solutions
Famous Holdings Group

Postal



Woo Keng Leong
CEO,
Postal Services

International mail



Goh Hui Ling
Deputy CEO,
International Mail

Corporate Services, Post-merger integration



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

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Revenue growth driven by continued expansion of cross-border eCommerce-related activities, and the inclusion of contributions from new subsidiaries.

Underlying net profit declined as a result of investments in business transformation

- Loss of rental income from redevelopment of SPC Retail mall
- Depreciation charges incurred on Regional eCommerce Logistics Hub
- Investments in eCommerce IT and operational capabilities

Q1 FY16/17 interim dividend of 1.5 cents per share

Domestic mail remains under pressure with declining volumes but this was offset by growth from International mail volumes. The Group will continue to defend the core postal business, while growing its global end-to-end eCommerce Logistics network

The acquisitions of TradeGlobal and Jagged Peak in the US have provided the Group with a foothold in one of the world's most important eCommerce markets. The Group will maintain a sharp focus on execution over the upcoming peak period in November and December

As SingPost continues its transformation into an eCommerce Logistics enabler, the Group will focus on integration and extracting synergies from its acquisitions

SingPost will be reviewing the dividend policy to ensure there is a clear link to underlying earnings. The dividend must be sustainable through the transformation of the business, and provide for future growth.

Thank you



Appendix: Historical performance provided for the reclassified segments Q1 FY2015/16 to Q4 FY2015/16

(\$M)

	Q1 FY15/16	Q2 FY15/16	Q3 FY15/16	Q4 FY15/16
Postal				
Revenue	135.1	125.9	139.3	136.0
Operating Profit	41.9	37.2	41.3	36.9
OP margin	31.0%	29.6%	29.6%	27.2%
Logistics				
Revenue	140.1	156.1	162.2	167.6
Operating Profit	6.8	7.7	12.7	11.6
OP margin	4.9%	4.9%	7.8%	6.9%
eCommerce				
Revenue	7.8	8.1	39.2	43.3
Operating Profit	(1.9)	(2.1)	1.8	(5.1)
OP margin	(24.8%)	(26.0%)	4.6%	(11.7%)