



Q4 & Full Year FY2013/14 Results

Financial year ended 31 March 2014

16 May 2014



Executive Summary & Business Update

Financial Results

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

	Q4 FY2013/14	YoY % change	FY2013/14	YoY % change
Revenue	\$193.3M	+5.9%	\$821.1M	+24.6%
Operating expenses	\$169.2M	+5.1%	\$684.9M	+28.5%
Underlying net profit	\$31.4M	(1.3%)	\$145.0M	+2.9%
Free cash flow	n/a	n/a	\$204.1M	+14.3%

Good progress in transformation programme

- Transformation programme on track and progressing:
 - End-to-end e-commerce logistics solutions business
 - Regional expansion gaining ground

Stable performance as M&As and e-commerce parcel growth mitigate postal business decline

- M&A contributions and e-Commerce parcel growth mitigating impact of decline in traditional letter businesses
- Continued significant developmental spending for transformation
- Healthy cash flows support dividend payout

Focused execution for sustainable future

- Focused on execution, synergies and cost management
- Ongoing significant investment for service quality and productivity in Singapore
- Accelerating growth in local and regional e-commerce logistics, organically and via investments

Business Update: Good Progress in Transformation



Achievements in FY2013/14



Further progress on the Group's end-to-end e-commerce logistics capabilities and network in Asian markets: sign-ups of well-known brands and over 600 e-commerce customers for e-commerce logistics offerings; opened in Indonesia



Ongoing integration of M&As including acquisitions of Famous Holdings, Lock+Store, Novation Solutions and Samplestore, joint ventures and partnerships



S\$100M investment into postal infrastructure and service improvements in Singapore, including advanced mail sorting equipment, an intelligent alternative delivery network (POPStations) and a higher delivery capacity three-wheeler fleet



Innovative products, services and solutions: mobile apps and online tools for Mail (SingPost app, Samplestore, ScanDelight) and Logistics (ezy2ship); e-Commerce platforms (enhanced vPOST, omigo marketplace)



Ranked No. 1
postal agency in the world
two years in a row



Global Service Provider
of the Year award



World Mail Award 2013
for People Management



EMS Gold Level
Certification Award
by Universal Postal Union



TAFEP Special Mention for
Outstanding Workplace for
Mature Employees 2014



May Day
Medal of Commendation

Business Update: Building an End-to-End e-Commerce Logistics Network in Asia Pacific



B2B4C

Transportation

Warehousing & Fulfilment

Last Mile Delivery & Returns

Online Content Mgt, Marketing & Payments



Famous Holdings
- air and sea freight



Quantum Solutions
- warehousing, fulfilment

Lock+Store
- self storage solutions

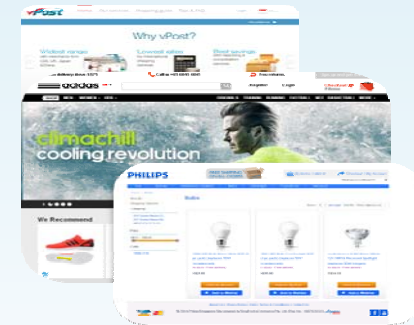


SingPost Mail

SingPost Logistics
- Speedpost, POPStations

Quantum Solutions
- courier

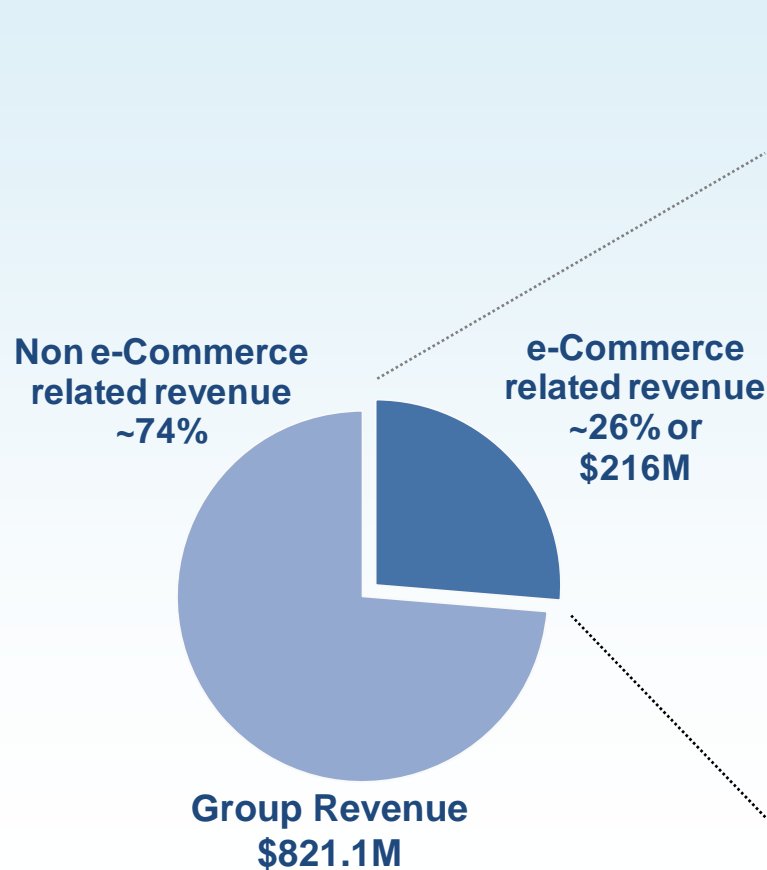
Associated companies
- ITL, 4PX, GDEX



SP e-Commerce
- mono brands, omigo marketplace, vPOST

Business Update: e-Commerce Logistics

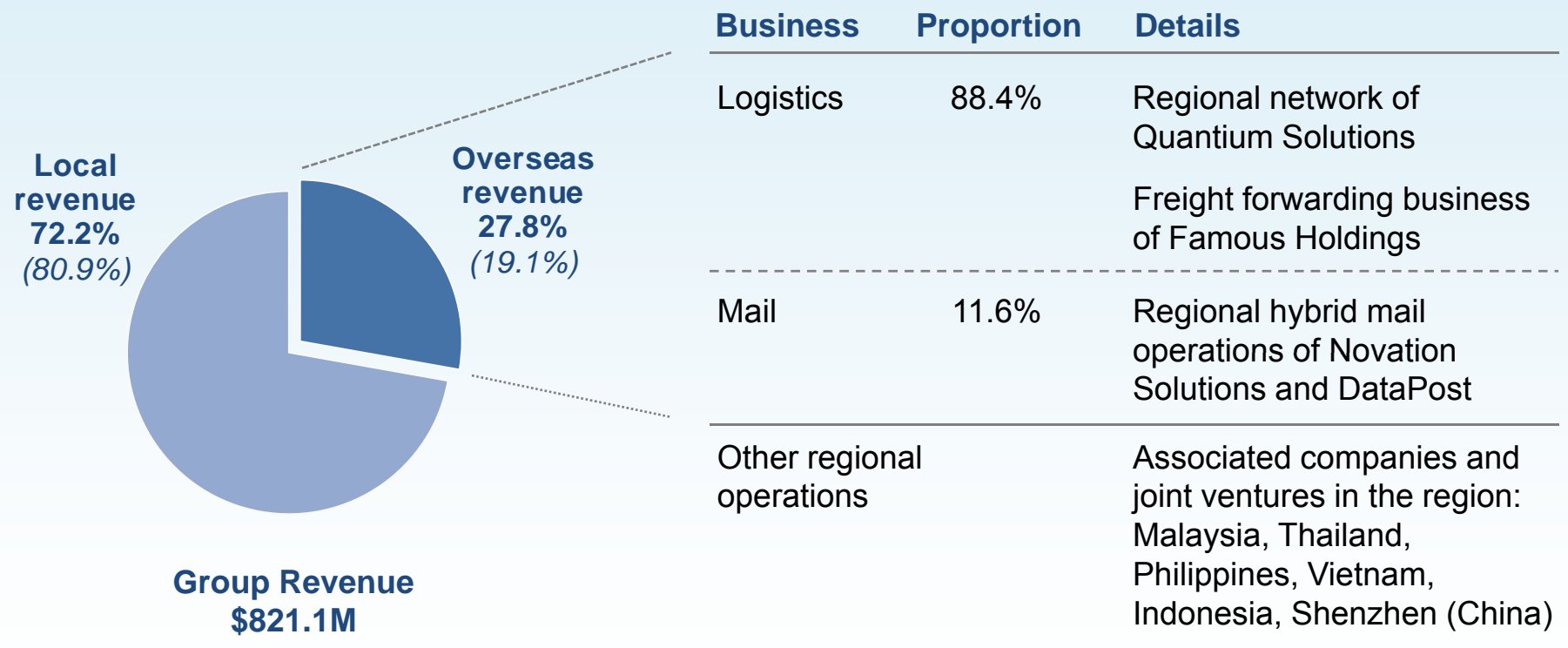
Growing e-Commerce related contributions across business segments, estimated at 26% of Group revenue



Business	% contribution to e-Commerce revenue	Details
Mail	61%	Growth in packages volumes, particularly in international mail business
Logistics	31%	Strong growth in Quantum Solutions' regional e-commerce logistics business Increasing parcel volumes in domestic logistics
Retail & e-Commerce	8%	Successful mono brand sites and omigo marketplace Growth in vPOST shipments

Business Update: Regional Expansion

Increasing revenue from regional markets, at 27.8% of Group revenue



Note: FY2012/13 figures in italics

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Q4 FY2013/14 P&L Highlights

Impact of continued developmental expenses and decline in traditional postal business

\$M	Q4 FY12/13	Q4 FY13/14	YoY % change	
Revenue	182.5	193.3	+5.9%	M&A contribution; organic growth +3.0%
Other income	10.7	12.1	13.0%	
Operating expenses	160.9	169.2	+5.1%	Ongoing developmental expenditure
Operating profit	32.2	36.2	+12.4%	
Share of assocs & JVs	1.2	1.9	+61.5%	Better performances by associated companies
Net finance costs	1.7	0.3	(84.6%)	
Income tax	5.5	6.8	+23.2%	\$300M bond repayment
Net profit *	26.2	30.7	+17.7%	
Underlying net profit *	31.8	31.4	(1.3%)	

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

FY2013/14 P&L Highlights

Full year performance boosted by inorganic and organic contributions
 Profit growth despite ongoing investments into transformation

\$M	FY12/13	FY13/14	YoY % change	
Revenue	658.8	821.1	+24.6%	Organic growth; consolidation of new subsidiaries
Other income	48.6	42.4	(12.7%)	Higher rental income offset by miscellaneous loss (trade-related forex loss and provisions for overseas restructuring)
Operating expenses	533.0	684.9	+28.5%	
Operating profit	174.4	178.6	+2.5%	
Share of assocs & JVs	2.4	4.4	+79.2%	Better performances by associated companies
Net finance costs	9.8	4.2	(57.0%)	
Income tax	30.4	34.0	+11.8%	\$300M bond repayment
Net profit *	136.5	143.1	+4.8%	
Underlying net profit *	141.0	145.0	+2.9%	

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

Mail: Q4 & Full Year FY2013/14 Performance

Mail segment performance

\$M / % YoY change

	Q4 FY13/14	YoY % change	FY13/14	YoY % change
Revenue	123.4	+6.6%	491.0	+11.5%
Op. profit	33.2	(2.3%)	142.6	+1.0%

Mail revenue breakdown

\$M / % YoY change

	Q4 FY13/14	YoY % change	FY13/14	YoY % change
Domestic mail	61.5	+1.9%	252.8	+4.0%*
International mail	49.6	+26.8%	188.7	+27.0%
Hybrid mail	11.1	(26.1%)	45.0	+3.6%
Philatelic	1.2	(8.5%)	4.4	(15.3%)
Total	123.4	+6.6%	491.0	+11.5%

* Attributed to growth in direct mail and e-commerce packages, transfer of business lines from Quantum Solutions.

Continued decline in domestic mail volume

- Q4: -1.1% YoY
- Full year: -1.3% YoY

Decline in traditional postal business mitigated by growth in international e-Commerce transshipment volumes, direct mail revenue growth from Samplestore, as well as transfer of business lines (lettershopping, bulk solutions) from Quantum Solutions

Lower profit margin due to change in mail traffic profile and rising operating costs

Logistics: Q4 & Full Year FY2013/14 Performance

Logistics segment performance

\$M / % YoY change

	Q4 FY13/14	YoY % change	FY13/14	YoY % change
Revenue	79.0	+9.9%	368.5	+52.8%
Op. profit	2.1	<i>n.m.</i>	14.2	+104.7%

Logistics revenue breakdown

\$M / % YoY change

	Q4 FY13/14	YoY % change	FY13/14	YoY % change
Quantum Solutions	38.2	-	160.6	+5.2%
Famous Holdings	19.3	+32.4%	119.5	<i>n.m.</i>
Logistics *	21.5	+12.5%	88.5	+19.8%
Total	79.0	+9.9%	368.5	+52.8%

* Including Speedpost, Lock+Store, Transshipment & others

Steady revenue from Quantum Solutions as e-commerce logistics growth offset revenue loss following the exit of several business lines (lettershopping, bulk solutions, self-storage solutions), as part of its restructuring into an e-fulfilment operator

Full consolidation of Famous Holdings and Lock+Store vs partial last year

Improvement in Logistics profits as contributions from new subsidiaries offset restructuring and developmental costs during the year

Retail & e-Commerce: Q4 & Full Year FY2013/14 Performance

Retail & e-Commerce segment performance

\$M / % YoY change

	Q4 FY13/14	YoY % change	FY13/14	YoY % change
Revenue	22.0	+18.7%	86.7	+3.5%
Op. profit	0.7	(72.6%)	7.5	(49.2%)

Retail & e-Commerce revenue breakdown

\$M / % YoY change

	Q4 FY13/14	YoY % change	FY13/14	YoY % change
Financial services	6.6	+20.6%	25.2	+6.2%
e-Commerce	4.5	+8.1%	17.9	+16.2%
Retail	4.2	(10.0%)	16.9	(3.8%)
Total *	15.3	+7.8%	59.9	+6.6%

* Excluding inter-segment revenue

Growth in e-Commerce and financial services offset decline in Retail contributions (agency services and retail products)

e-Commerce revenue growth from vPOST, new mono-brands and omigo marketplace customers, despite loss in Clout Shoppe revenue following its sale in Q4

Continued profit impact from developmental costs for e-Commerce business

Operating Expenses: Q4 & Full Year FY2013/14

Revenue vs operating expenses growth

\$M / % YoY change

	Q4 FY13/14	YoY change	FY13/14	YoY change
Revenue	193.3	+\$10.8M +5.9%	821.1	+\$162.4M +24.6%
Operating expenses	169.2	+\$8.2M +5.1%	684.9	+\$151.9M +28.5%

Operating expenses breakdown

\$M / % YoY change

	Q4 FY13/14	YoY % change	FY13/14	YoY % change
Volume related	68.1	+7.0%	311.4	+54.1%
Labour & related	57.3	+4.3%	229.6	+11.5%
Admin. & others	30.7	+26.1%	98.9	+24.2%
Depreciation & amortisation	9.0	(37.6%)	34.7	(4.5%)
Selling	4.1	+13.1%	10.4	+15.0%
Operating expenses	169.2	+5.1%	684.9	+28.5%

Structural changes in Group's cost structure in FY2013/14:

- Higher cost base with inclusion of new subsidiaries
- Change in business model to a more diversified group
- Growth in lower margin businesses

Ongoing developmental spending on transformation program, estimated \$15.5M for FY2013/14

Financial Position and Cash Flow

Balance sheet highlights

\$M

	As at Mar 13	As at Mar 14
Ordinary shareholders' equity	320.7	346.8
Borrowings	536.6	234.1
Net cash	91.8	170.3
Net cash plus perp. securities to equity	0.8x	0.5x
EBITDA to interest expenses	16.8x	34.8x

Strong financial position

- \$300M bond repaid in April 2013
- Healthy cash flows
- Free cash flow of \$204.1M vs \$178.6M last year
- Continued conservation of cash for investments, capital expenditure, working capital and other requirements

Cash flow highlights

\$M

	FY12/13	FY13/14
Net cash from operating activities	203.0	241.8
Net cash used in investing activities	(52.0)	(37.6)
Net cash used in financing activities	(140.1)	(428.2)
Net increase / (decrease) in cash	11.0	(223.9)
Cash & cash equivalents	628.3	404.3

Dividends

FY2013/14 dividends

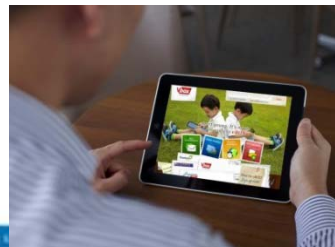
Quarter	Dividend per share
Q1 interim	1.25 ¢
Q2 interim	1.25 ¢
Q3 interim	1.25 ¢
Q4 final – proposed	2.50 ¢
Total	6.25 ¢

Proposed final dividend for FY2013/14

- Proposed final dividend of 2.50¢ per share, to be approved by shareholders at AGM
- Total annual dividend of 6.25¢ per share

Dividend policy

- Base annual dividend of 5.00¢ per share
- Quarterly dividend payments of 1.25¢ per share based on minimum dividend



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Group Outlook: Focused Execution for a Sustainable Future

Ready for the next trajectory in the Group's transformation into a regional leader in e-commerce logistics and trusted communications

Committed to service obligations and high Quality of Service as Public Postal Licensee

- Continued investment in service quality, innovation and productivity in Singapore
- \$100M over 3 years from FY2013/14

Managing cost challenges

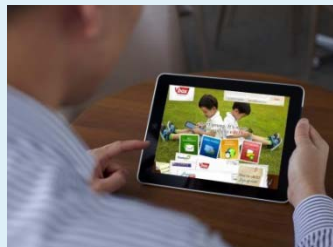
- Rising operating costs
- Increasing manpower costs, tight labour market

Accelerating growth in e-commerce logistics

- Further acceleration of growth efforts in e-commerce logistics

Regional and growth

- Continued expansion of Group's businesses in Asia Pacific
- Pursuing investment opportunities including M&As





Thank You

