



# **Q4 & Full Year FY2014/15 Financial Results**

**Quarter January to March 2015**  
**Financial year ended 31 March 2015**

12 May 2015



- **Executive Summary**
- **Group Financials**
- **Business Overview**
- **Building Our Capabilities**
- **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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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.

- Solid performance for Q4 and full year FY2014/15, with growth in ecommerce related businesses and inclusion of new subsidiaries.
- Continued challenges in traditional postal business, especially declining volumes and rising operating costs in domestic mail.
- Good progress in transformation to be regional ecommerce logistics operator, with continued development of regional network.
- Acceleration of transformation efforts with increased investments in infrastructure and resources.
- Cautiously optimistic on business outlook.

- Solid financial performance achieved in Q4 and FY2014/15.
- Continued growth in ecommerce related activities offsetting declines in traditional postal business. Boost from inclusion of new subsidiaries.
- Higher expenses due to inclusion of new subsidiaries, rising business costs and transformation initiatives.
- Improved underlying profit performance despite increased investment in transformation.
- Greater transparency underlying change in accounting policy for investment properties from cost model to fair value model.

## Solid financial performance in FY14/15 despite ongoing investment in transformation

\$M	FY14/15	FY13/14 (restated)	YoY % change	FY13/14 (previously stated)	
Revenue	919.6	821.1	+12.0%	821.1	Inclusion of new subsidiaries, ecommerce related growth offset decline in traditional postal business
Rental & property-related income	43.9	44.9	(2.3%)	44.9	
Miscellaneous	6.6	(0.1)	<i>n.m.</i>	(0.1)	Higher interest income, lower trade related FX loss vs last year
Total expenses	(789.4)	(687.1)	+14.9%	(691.5)	
Profit before fair value gain and share of associated cos & JVs	180.7	178.8	+1.1%	174.4	Inclusion of new subsidiaries; asset write-off; investments in transformation
Fair value gain on investment properties	5.2	44.5	(88.4%)	not applicable	
Share of associated cos & JVs	6.7	4.4	+52.8%	4.4	Change to fair value accounting; lower fair value gain vs last year
Income tax	(33.0)	(34.0)	(3.1%)	(34.0)	Impact of lower fair value gain and one-off items
Net profit attributable to equity holders	157.6	192.0	(17.9%)	143.1	
<b>Underlying net profit</b>	<b>157.2</b>	<b>149.5</b>	<b>+5.2%</b>	145.0	

Note: FY2013/14 financial statements have been restated.

# Effect of Change in Accounting Policy on Investment Properties on Financial Statements

\$M	Cost method		Fair value method		
	31 Mar 15 <sup>(1)</sup>	31 Mar 14 <sup>(2)</sup>	31 Mar 15	31 Mar 14	
Investment properties	232.2	231.4	638.8	629.1	Adjustment of value of investment properties
Property, plant & equipment	308.5	234.0	330.0	254.9	
Retained earnings	256.2	250.7	682.6	668.0	Increase due to revaluation gain
Other reserve	2.4	2.4	7.4	3.7	
NAV per share (cents)	48.5	36.5	68.4	58.5	Increase in Group's net asset value
Fair value gain on investment properties	-	-	5.2	44.5	
Depreciation & amortisation	(38.5)	(34.7)	(34.5)	(30.3)	Depreciation not charged on investment properties
Net profit attributable to equity holders	148.5	143.1	157.6	192.0	
EPS (cents)	6.40	6.75	6.85	9.32	Impact of fair value gains on net profit
Underlying net profit	153.2	145.0	157.2	149.5	
Underlying EPS (cents)	7.14	7.61	7.32	7.84	

(1) Estimated figures for comparison purpose only.

(2) Figures previously stated.

# Q4 FY2014/15 P&L

## Solid underlying performance in Q4

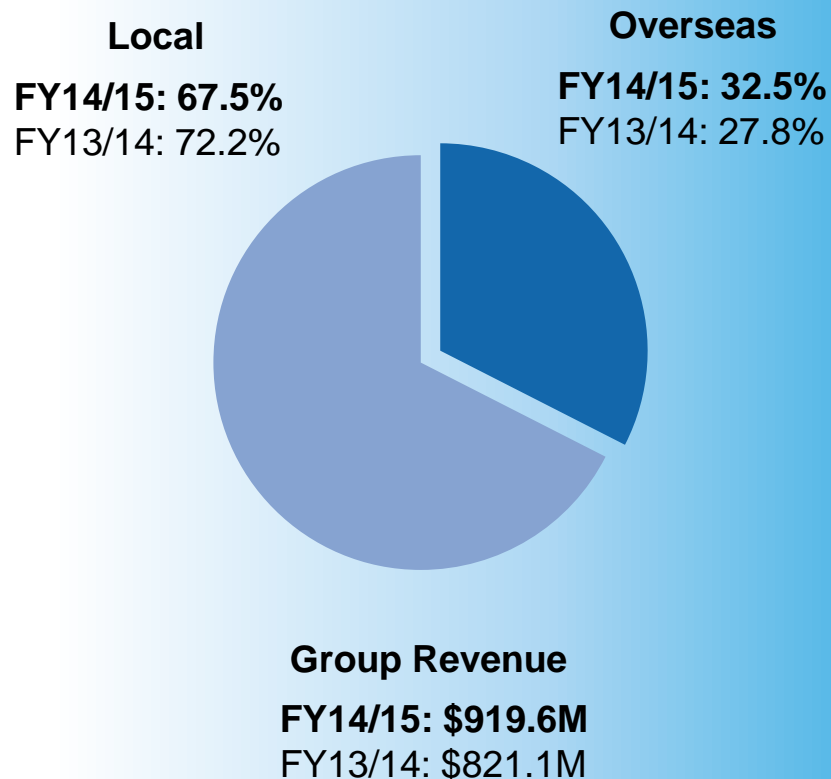
\$M	Q4 FY14/15	Q4 FY13/14 (restated)	YoY % change	Q4FY13/14 (previously stated)	
Revenue	248.7	193.3	+28.7%	193.3	Inclusion of new subsidiaries, ecommerce related revenue growth
Rental & property-related income	10.9	10.9	(0.6%)	10.9	
Miscellaneous	(2.2)	1.8	<i>n.m.</i>	1.8	Inclusion of new subsidiaries; asset write-off; investments in transformation
Total expenses	(221.7)	(165.6)	+33.9%	(170.0)	
Profit before fair value gain and share of associated cos & JVs	35.7	40.4	(11.6%)	36.0	Impact of write-off of intangible asset
Fair value gain on investment properties	5.2	44.5	(88.4%)	not applicable	
Share of associated cos & JVs	3.4	1.9	+75.9%	1.9	Change to fair value accounting; lower fair value gain vs last year
Income tax	(5.3)	(6.8)	(22.7%)	(6.8)	
Net profit attributable to equity holders	38.5	79.6	(51.6%)	30.7	Impact of lower fair value gain and one-off items
<b>Underlying net profit</b>	<b>41.1</b>	<b>35.8</b>	<b>+14.9%</b>	31.4	

Note: FY2013/14 financial statements have been restated.



# Regional Revenue Breakdown

## Continued growth in share of overseas revenue



Overseas revenue amounted to \$298.8M or 32.5% of Group revenue

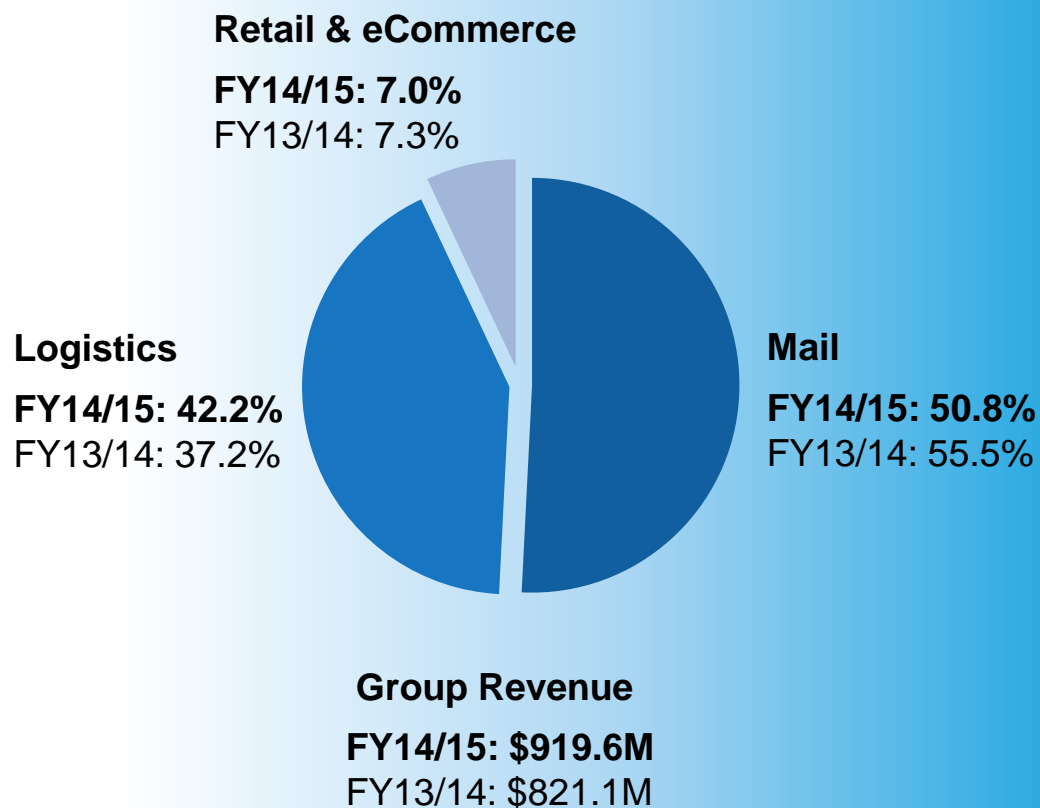
Growth in regional business; overseas acquisitions

30.8% YoY growth in overseas revenue contributions



# Segmental Revenue Breakdown

Growing share of Logistics business  
with continued expansion in ecommerce logistics



Proportion of Logistics expanded to 42.2% from 37.2% with the Group's push into ecommerce logistics

Share of Mail revenue reduced to approximately half of Group revenue

# Mail & Digital Services: Q4 FY2014/15 Performance

## Mail & Digital Services segment performance

\$M	Q4 FY14/15	Q4 FY13/14	YoY % change
Revenue	<b>123.5</b>	123.4	+0.1%
Operating profit	<b>36.9</b>	33.2	+11.0%
OP margin	<b>29.9%</b>	26.9%	

## Mail & Digital Services revenue breakdown

\$M	Q4 FY14/15	Q4 FY13/14	YoY % change
Domestic mail	<b>61.9</b>	61.5	+0.6%
Hybrid mail	<b>11.0</b>	11.1	(0.4%)
Philatelic	<b>0.9</b>	1.2	(20.5%)
International mail	<b>49.6</b>	49.6	-
Total	<b>123.5</b>	123.4	+0.1%

Continued challenges in traditional postal business and increased competition in international transshipment business

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

# Logistics: Q4 FY2014/15 Performance

## Logistics segment performance

\$M	Q4 FY14/15	Q4 FY13/14	YoY % change
Revenue	<b>136.3</b>	79.0	+72.5%
Operating profit	<b>5.0</b>	2.1	+134.0%
OP margin	<b>3.6%</b>	2.7%	

## Logistics revenue breakdown

\$M	Q4 FY14/15	Q4 FY13/14	YoY % change
Quantum Solutions	<b>72.1</b>	38.2	+88.6%
Famous Holdings	<b>40.5</b>	19.3	+109.8%
Others	<b>23.7</b>	21.5	+10.3%
Total	<b>136.3</b>	79.0	+72.5%

Note: Others comprise General Storage and Singapore Parcels.

Inclusion of new subsidiaries and growth in ecommerce related business underpinned Logistics division's performance

Higher operating profit from improved business performance

# Retail & eCommerce: Q4 FY2014/15 Performance

## Retail & eCommerce segment performance

\$M	Q4 FY14/15	Q4 FY13/14	YoY % change
Revenue	<b>24.0</b>	22.0	+9.1%
Operating profit	<b>2.5</b>	0.7	255.8%
OP margin	<b>10.4%</b>	3.2%	

## Retail & eCommerce revenue breakdown

\$M	Q4 FY14/15	Q4 FY13/14	YoY % change
eCommerce	<b>7.5</b>	4.5	+66.1%
Financial services	<b>5.7</b>	6.6	(13.9%)
Agency services & retail products	<b>10.8</b>	10.8	(0.5%)
Total	<b>24.0</b>	22.0	+9.1%

Growth in ecommerce business with customer acquisitions and higher traffic; declines in traditional agency & retail business and financial services

Improved profits with ongoing rationalisation of product/business lines

# Total Expenses: Q4 FY2014/15

## Revenue vs expenses growth

\$M	Q4 FY14/15	Q4 FY13/14 (restated)	YoY % change
Revenue	248.7	193.3	+28.7%
Total expenses	221.7	165.6	+33.9%

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	Q4 FY14/15	Q4 FY13/14 (restated)	YoY % change
Volume related	100.7	68.1	+47.8%
Labour & related	71.4	57.3	+24.6%
Admin. & others	34.9	30.7	+13.7%
Depreciation & amortisation	11.0	4.6	+139.7%
Selling	3.4	4.1	(17.5%)
Finance	0.4	0.9	(49.9%)
Total	221.7	165.6	+33.9%

- Consolidation of new subsidiaries; growth in business activities
- Salary increments, additional headcount
- Increase in property related expenses such as warehouse rental costs; higher professional fees for M&As and growth initiatives
- One-off write-off of intangible asset offset decline in depreciation following change in accounting policy for investment properties

# Financial Position and Cash Flow

## Financial position

\$M	Mar 15	Mar 14	Mar 14
		(restated)	(previously stated)
NAV (cents per share)	<b>68.4</b>	58.5	36.5
Ordinary shareholders' equity	<b>1,117.2</b>	765.5	346.8
Borrowings	<b>238.3</b>	234.1	234.1
Net cash*	<b>345.8</b>	170.3	170.3
EBITDA to interest expenses	<b>36.4x</b>	41.6x	34.6x

Issue of new shares and transfer of treasury shares to Alibaba Investment Limited; fair value gains following accounting policy change for investment properties

\* Cash and cash equivalents less borrowings

## Cash flow highlights

\$M	FY14/15	FY13/14
Net cash from operating activities	<b>235.0</b>	241.8
Net cash from/(used in) investing activities	<b>(235.9)</b>	(37.6)
Net cash from/(used in) financing activities	<b>180.6</b>	(428.2)
Net increase/(decrease) in cash	<b>179.7</b>	(223.9)
Cash & cash equivalents	<b>584.1</b>	404.4

Steady operating cash flows

Increased capex (\$104.4M), acquisitions of new subsidiaries

Share issue and treasury share transfer proceeds

## FY2014/15 dividends

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

Proposed final dividend of 2.5¢ per share for Q4 FY2014/15

To be approved by shareholders at AGM

Total annual dividend of 6.25¢ for FY2014/15



- Extensive business developments and transformation initiatives across the entire organisation.
- Good business momentum in the Group's ecommerce related activities. Growing contributions from eCommerce related revenue with new customers and traffic growth.

# Developments over FY2014/15

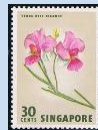
## Focus on productivity and service improvements in postal business



15 new-generation integrated 24/7 post offices



New mail sorting centre



Postage rate increase

## M&A activities



**F.S. Mackenzie group**  
delivering freight, delivering solutions

**THE STORE HOUSE**

self-storage

## Process & technology



ezy2ship



## Innovations



Mobile apps

**SampleStore.com**



MySAM

## Investments in infrastructure



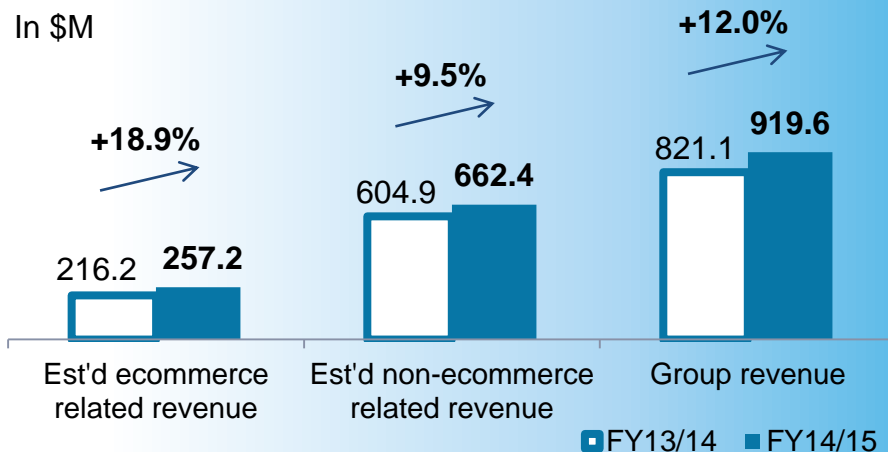
Rollout of POPStations



Development of Regional eCommerce Logistics Hub

# Revenue Breakdown – eCommerce vs Non eCommerce

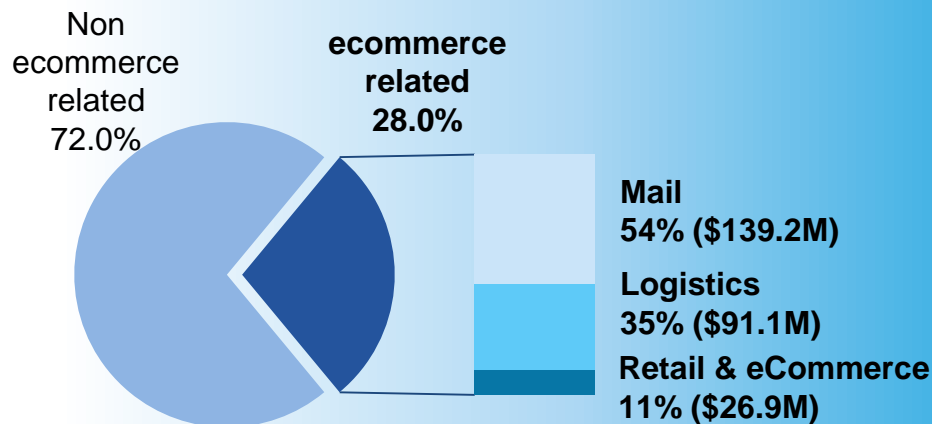
## Continued growth in ecommerce related revenue



18.9% YoY growth in ecommerce related revenue

Non-ecommerce revenue growth (+9.5%) from acquisitions tempered increase in ecommerce revenue share

eCommerce revenue estimated at 28% of Group revenue vs 26.3% last year



## Over 1,000 ecommerce customers across the Group

- Continued growth in ecommerce customers across the business segments
- Increase in warehousing and delivery volumes from new customers and customer growth
- Mono brand sites operating across 9 countries in Asia Pacific; new clients include leading brands such as Deckers Outdoors, Muji and Triumph
- Launch of ezyCommerce – ecommerce platform for SMEs
- Collaborating with Alibaba in various markets for end-delivery resulting in good volume growth

**Omigo**  
powered by vPost

**ezyCommerce**  
Making online businesses click



**TOSHIBA**



**MUJI**  
無印良品



**PHILIPS**

**Rakuten**

**adidas**

- Good progress in building and strengthening the Group's ecommerce logistics solutions network in Asia Pacific.
- Focusing on development of regional warehousing and last mile delivery networks.
- Increase in capital expenditure and operating costs as the Group builds regional business and network.



Integration of acquisitions by Famous Holdings:

- Famous Pacific Shipping (NZ) in Jan 2015
- F.S. Mackenzie (UK) in Aug 2014
- Tras-Inter Co (Japan) in Feb 2014

Expanding Quantum Solutions' regional warehousing network

Regional expansion by self-storage solutions operator General Storage:

- The Store House (HK) in Oct 2014
- Axis Plaza (Malaysia) in Mar 2014

Building regional end-delivery network in Asia Pacific:

- JV in Indonesia announced Mar 2015
- Acquisition of Couriers Please (Australia) in Dec 2104

~100 POPStations across Singapore

Extended SP eCommerce's managed sites across 9 countries

Partnerships with postal operators for vPOST solutions

Launched first SMEs-on-ezyCommerce platform

Recognised as one of top 10 full service eCommerce enablers globally by Forrester Research

Developing Regional eCommerce  
Logistics Hub in Singapore

# Warehousing Network Development

## Warehousing network

Country	Set-up
Asia Pacific	19 warehousing facilities totalling approx. 33,000 sqm
- SE Asia	5 warehouses in Singapore; 6 warehouses in Malaysia, Thailand, Philippines, Indonesia
- North Asia	5 warehouses in Japan, Taiwan, HK
- Pacific	2 warehouses in Australia, New Zealand
- India	1 warehouse; restructuring completed

- Consolidating two warehouses in Australia with investment in automation
- Relocating and expanding warehouse in New Zealand
- Setting up warehouse in Indonesia
- Construction of Regional eCommerce Logistics Hub progressing well
- Enhancements in warehouse technology and systems



Your Asian Fulfilment Partner





## Last mile delivery network

Country	Set-up
Singapore	Singapore Parcel network comprising couriers and POPStations More than 100 POPStations installed throughout Singapore
Asia Pacific	Organic last mile delivery set-ups in Thailand, Philippines, India Full nationwide coverage in Australia through Couriers Please Partnerships and joint venture with delivery partners, e.g. GD Express, ITL, and others

- Installed 100 POPStations in Singapore as scheduled, and targeting 200
- Developing regional last mile delivery network in selected regional markets
- Rolling out last-mile technology in Australia



Your Asian Fulfilment Partner



# Good Progress in Integration of Couriers Please

## Actively working on synergies and growth together



**Alignment:** Aligning vision, values and culture; incorporating best practices



**Active collaboration on synergies:** Channelling QS Australia deliveries through Couriers Please; customer service; human resources



**Work underway on strategic initiatives:** New products, network expansion and enhancement in IT capabilities

- Good progress in the Group's transformation to be a regional ecommerce logistics operator.
- Strategic investments in M&As, capital expenditure to continue as part of growth strategy for eCommerce Logistics.
- Driving productivity and service improvements, innovation in Mail & Digital Services.
- Cautiously optimistic outlook, barring unforeseen circumstances.

## Regional Leader in eCommerce Logistics & Trusted Communications

- Accelerating transformation, with increasing investments in infrastructure and resources, and M&As to develop the Group's regional eCommerce Logistics business and network.
- Focused on productivity, innovation and service quality in postal business.

### MAIL

- Improving productivity and service quality
- Transforming postal network to tap ecommerce opportunities

### DIGITAL SERVICES

- Merging services on physical and digital channels onto new-gen digital platform

### LOGISTICS

- Expanding network and capability in Asia Pacific markets

### eCOMMERCE

- Focusing on customer acquisitions

### RETAIL & FIN'L SERVICES

- Further rollout of new-gen post offices
- AXA@POST

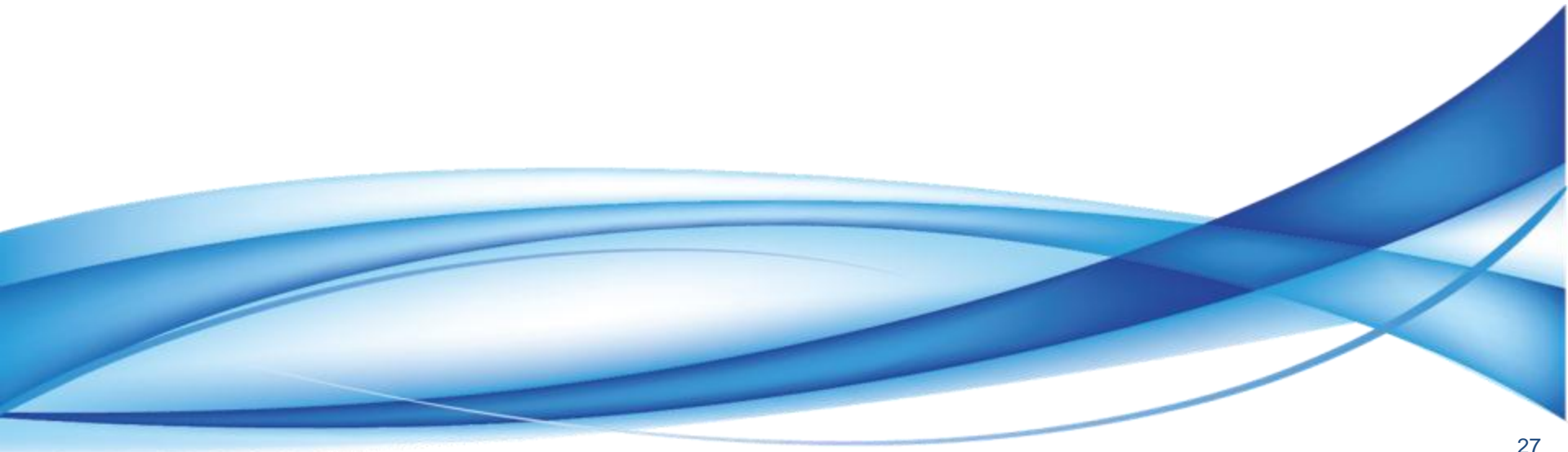
### PROPERTY

- Feasibility studies and planning for potential redevelopment of SingPost Centre retail mall
  - Ongoing construction of eCommerce Logistics Hub; target completion mid 2016



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

# APPENDIX



# eCommerce Market Potential



2016F Asia Pacific ecommerce logistics market  
**US\$175 billion**

Source: Forrester/Transport Intelligence

2012-2016 CAGR of **20.5%** in Asia Pacific  
ecommerce logistics market

Source: Forrester/Transport Intelligence

2016F Asia Pacific B2C ecommerce sales  
**US\$675 billion**

Source: eMarketer

Asia Pacific active internet users  
**1.407 billion**

Asia Pacific mobile connections  
**3.722 billion**

Source: We are Social, 2015



# Mail & Digital Services: FY2014/15 Performance

## Mail & Digital Services segment performance

\$M	FY14/15	FY13/14	YoY % change
Revenue	<b>500.3</b>	491.0	+1.9%
Operating profit	<b>144.0</b>	142.6	+0.9%
OP margin	<b>28.8%</b>	29.1%	

## Mail & Digital Services revenue breakdown

\$M	FY14/15	FY13/14	YoY % change
Domestic mail	<b>248.7</b>	252.7	(1.6%)
Hybrid mail	<b>42.4</b>	45.0	(5.8%)
Philatelic	<b>3.5</b>	4.4	(22.1%)
International mail	<b>205.6</b>	188.7	+8.9%
Total	<b>500.3</b>	491.0	+1.9%



# Logistics: FY2014/15 Performance

## Logistics segment performance

\$M	FY14/15	FY13/14	YoY % change
Revenue	<b>464.8</b>	368.5	+26.1%
Operating profit	<b>21.5</b>	14.2	+52.1%
OP margin	<b>4.6%</b>	3.8%	

## Logistics revenue breakdown

\$M	FY14/15	FY13/14	YoY % change
Quantum Solutions	<b>202.9</b>	160.6	+26.3%
Famous Holdings	<b>167.9</b>	119.5	+40.5%
Others	<b>94.0</b>	88.5	+6.2%
Total	<b>464.8</b>	368.5	+26.1%

Note: Others comprise General Storage and Singapore Parcels



# Retail & eCommerce: FY2014/15 Performance

## Retail & eCommerce segment performance

\$M	FY14/15	FY13/14	YoY % change
Revenue	<b>92.0</b>	86.7	+6.2%
Operating profit	<b>9.7</b>	7.5	+30.1%
OP margin	<b>10.6%</b>	8.6%	



## Retail & eCommerce revenue breakdown

\$M	FY14/15	FY13/14	YoY % change
eCommerce	<b>26.8</b>	17.9	+49.9%
Financial services	<b>23.4</b>	25.2	(7.0%)
Agency services & retail products	<b>41.8</b>	43.6	(4.2%)
Total	<b>92.0</b>	86.7	+6.2%

**ezyCommerce**  
Making online businesses click

**Post** powered by vPost

# Total Expenses: FY2014/15

## Revenue vs expenses growth

\$M	FY14/15	FY13/14 (restated)	YoY % change
Revenue	<b>919.6</b>	821.1	+12.0%
<b>Total expenses</b>	<b>789.4</b>	687.1	+14.9%

Higher expenses with consolidation of new subsidiaries, productivity and service improvements for postal business, and transformation initiatives

## Total expenses breakdown

\$M	FY14/15	FY13/14 (restated)	YoY % change
Volume related	<b>366.5</b>	311.4	+17.7%
Labour & related	<b>263.1</b>	229.6	+14.6%
Administrative & others	<b>111.4</b>	98.9	+12.6%
Depreciation & amortisation	<b>34.5</b>	30.3	+14.1%
Selling	<b>9.5</b>	10.4	(8.4%)
Finance	<b>4.4</b>	6.7	(34.5%)
<b>Total</b>	<b>789.4</b>	687.1	+14.9%