



# **Q3 & 9M FY2013/14 Results**

**Financial year ending 31 March 2014**



5 February 2014

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# Executive summary

	Q3 FY2013/14	YoY % change	9M FY2013/14	YoY % change
Revenue	\$222.6M	+30.2%	\$627.8M	+31.8%
Operating expenses	\$182.2M	+36.6%	\$515.7M	+38.6%
Underlying net profit	\$40.2M	+0.8%	\$113.7M	+4.1%
Operating cash flow			\$156.8M	+21.0%

## Good results from transformation efforts

- Third full quarter consolidation of new subsidiaries
- Organic business growth from e-Commerce activities

## Healthy cash flows with slower profit growth

- Impact of higher costs, growth in low-margin businesses, one-off items
- Maintaining tight cost management

## Investment into sustainable future

- Investing for service quality and productivity in Singapore
- Accelerating growth in e-commerce and logistics, organically and via investments

## Q3 FY2013/14 P&L highlights

Continued boost from M&As and organic performance  
Ongoing developmental spending in transformation efforts

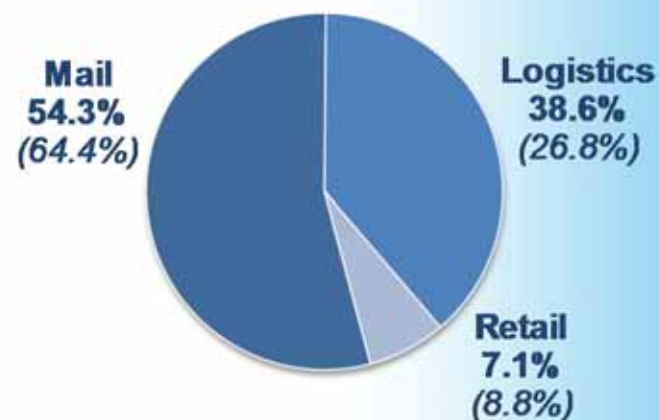
\$M	Q3 FY12/13	Q3 FY13/14	YoY % change	
Revenue	171.0	<b>222.6</b>	+30.2%	M&A contribution; organic growth +9.3%
Other income	12.5	<b>9.8</b>	(21.5%)	
Operating expenses	133.4	<b>182.2</b>	+36.6%	Rental income growth offset by foreign exchange translation loss, one-off items
Operating profit	50.1	<b>50.2</b>	+0.3%	
Share of assocs & JVs	0.7	<b>1.0</b>	+46.6%	Better performances by associated companies
Net finance costs	2.6	<b>1.4</b>	(45.5%)	
Income tax	8.7	<b>10.1</b>	+15.5%	\$300M bond repayment
Net profit *	39.5	<b>39.4</b>	(0.2%)	
Underlying net profit *	39.8	<b>40.2</b>	+0.8%	

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

# Revenue breakdown (as at 9M FY2013/14)

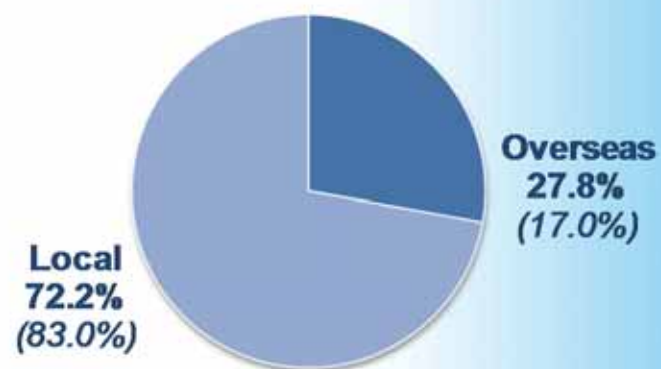
## Revenue by business segments

% of revenue



## Revenue by geography

% of revenue



Significant shifts in revenue composition in 9M FY2013/14 with regional expansion and new subsidiary Famous Holdings

- Logistics revenue 26.8% → 38.6%
- Overseas revenue 17.0% → 27.8%

Note: 9M FY2012/13 figures in italics



# Mail: Q3 & 9M FY2013/14 performance

## Mail segment performance

\$M / % YoY change

	Q3 FY13/14	YoY % change	9M FY13/14	YoY % change
Revenue	133.2	+12.8%	367.6	+13.3%
Op. profit	37.8	+0.1%	109.4	+2.0%

## Mail revenue breakdown

\$M / % YoY change

	Q3 FY13/14	YoY % change	9M FY13/14	YoY % change
Domestic mail	65.6	+4.7%	191.3	+4.7%
International mail	56.1	+28.3%	139.1	+27.0%
Hybrid mail	10.2	(2.0%)	33.9	+19.3%
Philatelic	1.3	(0.5%)	3.3	(17.6%)
Total	133.2	+12.8%	367.6	+13.3%

Continued decline in domestic mail volume

- Q3: -1.2% YoY
- 9M: -1.4% YoY

Growth in domestic and international mail revenue attributable to increase in e-Commerce package volumes, especially in transshipment

Focused on service quality, innovation and productivity

# Logistics: Q3 & 9M FY2013/14 performance

## Logistics segment performance

\$M / % YoY change

	Q3 FY13/14	YoY % change	9M FY13/14	YoY % change
Revenue	101.2	+64.5%	289.5	+71.0%
Op. profit	6.2	+34.3%	12.0	+46.8%

## Logistics revenue breakdown

\$M / % YoY change

	Q3 FY13/14	YoY % change	9M FY13/14	YoY % change
Quantum Solutions	44.1	+8.1%	122.3	+6.9%
Famous Holdings	33.4	-	100.2	-
Logistics *	23.6	+14.1%	67.0	+22.3%
<b>Total</b>	<b>101.2</b>	<b>+64.5%</b>	<b>289.5</b>	<b>+71.0%</b>

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

Growth attributable to new subsidiaries and organic performance

- Third full quarter consolidation of Famous Holdings and Lock+Store
- Organic revenue growth of 4.3% in Q3 and 5.8% in 9M

Focused on building end to end e-Commerce logistics solutions in the region

# Retail & e-Commerce: Q3 & 9M FY2013/14 performance

## Retail & e-Commerce segment performance

\$M / % YoY change

	Q3 FY13/14	YoY % change	9M FY13/14	YoY % change
Revenue	22.6	(6.1%)	64.7	(0.8%)
Op. profit	2.6	(6.9%)	6.8	(38.0%)

## Retail & e-Commerce revenue breakdown

\$M / % YoY change

	Q3 FY13/14	YoY % change	9M FY13/14	YoY % change
Retail & e-Commerce	9.6	+6.7%	26.1	+8.1%
Financial services	6.3	+9.6%	18.5	+1.8%
Inter-segment	6.7	(28.2%)	20.1	(12.4%)
Total	22.6	(6.1%)	64.7	(0.8%)

Growth in e-Commerce and financial services contributions, offsetting continued decline in agency services revenue

Profit impact from ongoing developmental costs for e-Commerce business



# Operating expenses: Q3 & 9M FY2013/14

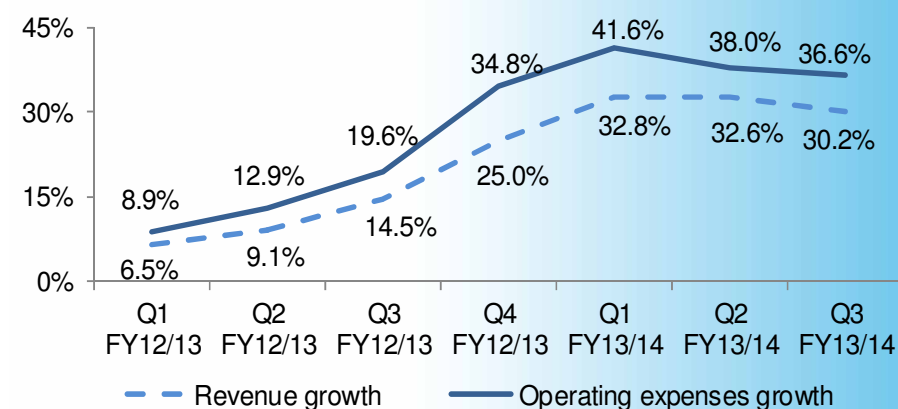
## Revenue vs operating expenses growth

\$M / % YoY change

	Q3 FY13/14	YoY % change	9M FY13/14	YoY % change
Revenue	222.6	+30.2%	627.8	+31.8%
Operating expenses	182.2	+36.6%	515.7	+38.6%

## Revenue vs operating expenses trend

% YoY change



Higher cost base with inclusion of new subsidiaries

Change in business model to a more diversified group and growth in lower margin businesses

Ongoing developmental spending on transformation initiatives

Continued controls over non strategic spending

# Operating expenses: Q3 & 9M FY2013/14

## Expenses breakdown

\$M / % YoY change

	Q3 FY13/14	YoY % change	9M FY13/14	YoY % change
Volume related	89.2	+71.1%	243.2	+75.7%
Labour & related	58.3	+13.9%	172.4	+14.1%
Admin & others	23.5	+19.5%	68.2	+23.3%
Depreciation & amortisation	8.5	+1.9%	25.7	+17.2%
Selling	2.8	+32.6%	6.3	+16.2%
Operating expenses	182.2	+36.6%	515.7	+38.6%

Strong growth in international traffic  
Volume related expenses form high proportion of Famous Holdings' costs

Inclusion of new subsidiaries; higher property related expenses

# Financial position, cash flow, dividend

## Balance sheet highlights

\$M

	As at Mar 13	As at Dec 13
Ordinary shareholders' equity	320.7	<b>340.0</b>
Borrowings	536.6	<b>228.0</b>
Net cash	91.8	<b>134.6</b>
Net cash plus perp. securities to equity	0.8x	<b>0.6x</b>
EBITDA to interest expenses	17.6x	<b>35.2x</b>

## Cash flow highlights

\$M

	9M FY12/13	9M FY13/14
Net cash from operating activities	129.6	<b>156.8</b>
Net cash from/(used in) investg activities	24.9	<b>(18.3)</b>
Net cash used in financing activities	(110.3)	<b>(404.3)</b>
Net increase / (decrease) in cash	44.2	<b>(265.8)</b>
Cash & cash equivalents	661.5	<b>362.5</b>

### Strong financial condition

- \$300M bond repaid in April 2013
- Higher interest coverage ratio

### Healthy cash flows

- Operating cash flow +21.0% YoY

Q3 interim dividend  
1.25 cents per share  
Payable 28 Feb 2014

# Developments and outlook



Transformation program progressing well  
Developing the Group into a regional leader  
in e-commerce logistics and trusted communications



Investing into service quality, innovation and productivity  
in domestic market



Accelerating growth in e-Commerce, regional logistics  
Pursuing organic and investment opportunities



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



SingPost  
Inclusivity Fund

Caring • Changing • Cultivating



**Thank You**

