



Q3 & 9M FY2014/15 Financial Results

**Quarter October – December 2014
Financial year ending 31 March 2015**

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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

- Pushing on with transformation and executing our strategy to be regional leader in ecommerce logistics and trusted communications.
- Ongoing challenges in business and operating environment, especially domestic mail with declining revenue and rising costs of operations in Singapore.
- Focused on productivity push and building growth segments in ecommerce and logistics via investments.
- Steady financial performance in Q3 and 9M as growth in new businesses offset declines in traditional postal business, and the Group continues investing in transformation.

Investing in service quality, efficiency, transformation

\$M	Q3 FY14/15	Q3 FY13/14	YoY % change
Revenue	239.6	222.6	+7.6%
Other income	11.1	10.5	+5.3%
Total expenses	199.1	184.4	+8.0%
Share of associated companies & JVs	1.5	1.0	+52.5%
Pre-tax profit	53.1	49.8	+6.6%
Income tax	10.4	10.1	+2.8%
Net profit *	42.2	39.4	+7.3%
Underlying net profit	42.4	40.2	+5.4%

Growth in ecommerce & logistics activities

Last year included \$0.8M provision for restructuring of overseas operations

Increased operating costs to improve service quality in domestic mail; rising costs of operation in Singapore; and investment in transformation

* Net profit attributable to equity holders

Mail & Digital Services: Q3 FY2014/15 Performance

Mail & Digital Services segment performance

\$M	Q3 FY14/15	Q3 FY13/14	YoY % change
Revenue	130.1	133.2	(2.3%)
Operating profit	37.9	37.8	+0.3%
OP margin	29.2%	28.4%	

Mail & Digital Services revenue breakdown

\$M	Q3 FY14/15	Q3 FY13/14	YoY % change
Domestic mail	64.5	65.6	(1.7%)
International mail	54.6	56.1	(2.7%)
Hybrid mail	10.1	10.2	(0.9%)
Philatelic	0.9	1.3	(29.0%)
Total	130.1	133.2	(2.3%)

Significant decline in traditional postal businesses

International mail contributions affected by lower transshipment volumes

Focused on efficiency and productivity improvements

Logistics: Q3 FY2014/15 Performance

Logistics segment performance

\$M	Q3 FY14/15	Q3 FY13/14	YoY % change
Revenue	122.1	101.2	+20.7%
Operating profit	6.9	6.2	+12.8%
OP margin	5.7%	6.1%	

Logistics revenue breakdown

\$M	Q3 FY14/15	Q3 FY13/14	YoY % change
Quantum Solutions	48.6	44.1	+10.2%
Famous Holdings	48.4	33.4	+44.7%
Logistics*	25.1	23.6	+6.3%
Total	122.1	101.2	+20.7%

* Comprises Singapore Parcels and General Storage.

Growth in ecommerce logistics activities and new acquisitions in freight

Continued investments to strengthen and expand regional network

Retail & eCommerce: Q3 FY2014/15 Performance

Retail & eCommerce segment performance

\$M	Q3 FY14/15	Q3 FY13/14	YoY % change
Revenue	22.9	22.6	+1.3%
Operating profit	1.7	2.6	(32.5%)
OP margin	7.6%	11.4%	

Retail & eCommerce revenue breakdown

\$M	Q3 FY14/15	Q3 FY13/14	YoY % change
eCommerce	7.4	5.4	+36.5%
Financial services	5.2	6.3	(17.5%)
Agency services & retail products	10.2	10.8	(5.5%)
Total	22.9	22.6	+1.3%

Declining customer traffic and transactions in the post offices

Increasing ecommerce contributions with customer acquisitions and growth

Continued expenditure to build ecommerce operations

Operating Expenses: Q3 FY2014/15

Revenue vs operating expenses growth

\$M	Q3 FY14/15	Q3 FY13/14	Amount YoY chg
Revenue	239.6	222.6	+17.0
Operating expenses	199.7	182.2	+17.4

Higher operating expenses in line with revenue growth

Increased operating costs to improve service quality in domestic mail; rising costs of operation in Singapore; and investment in transformation

Operating expenses breakdown

\$M	Q3 FY14/15	Q3 FY13/14	YoY % change
Volume related	98.9	89.2	+10.9%
Labour & related	65.4	58.3	+12.3%
Administrative & others	25.2	23.5	+7.2%
Depreciation & amortisation	7.8	8.5	(7.6%)
Selling	2.3	2.8	(17.2%)
Total	199.7	182.2	+9.6%

Growing business activities

New expertise for the transformation

Higher property related expenses such as warehouse rental costs; higher professional fees for M&A and transformation initiatives

Certain assets fully depreciated

Financial Position and Cash Flow

Balance sheet highlights

\$M	As at Dec 14	As at Mar 14
Ordinary shareholders' equity	686.8	346.8
Borrowings	235.5	234.1
Net cash	298.6	170.3
EBITDA to interest expenses	41.4x	34.6x

Increase in ordinary equity and net cash due to new share issue and transfer of treasury shares to Alibaba Investment Ltd

Cash flow highlights

\$M	9M FY14/15	9M FY13/14
Net cash from operating activities	113.9	156.8
Net cash from/(used in) investing activities	(199.9)	(18.3)
Net cash from/(used in) financing activities	215.7	(404.3)
Net increase/(decrease) in cash	129.7	(265.8)
Cash & cash equivalents	534.1	362.5

Timing differences arising from consolidation of new acquisitions and working capital movements as a result of business operations

Capex, acquisition of subsidiaries, investment in financial assets

Share issue and transfer proceeds; bond repayment last year

Q3 dividend of 1.25 cents per share; payable 6 Mar 2015

Regional Leader in eCommerce Logistics & Trusted Communications

- Pushing into the region, with continued investments to develop, strengthen and expand the Group's regional ecommerce logistics business and network.
- Focusing on productivity and managing costs in the mail business.

MAIL

- New mail sorting equipment fully operational

DIGITAL SERVICES

- Merging various platforms into a new-gen digital platform

LOGISTICS

- Expanding into Pacific and SE Asia markets

eCOMMERCE

- Focusing on customer acquisitions, esp major US brands

RETAIL & FIN'L SERVICES

- Rolling out new-gen post offices
- AXA partnership for insurance starting up

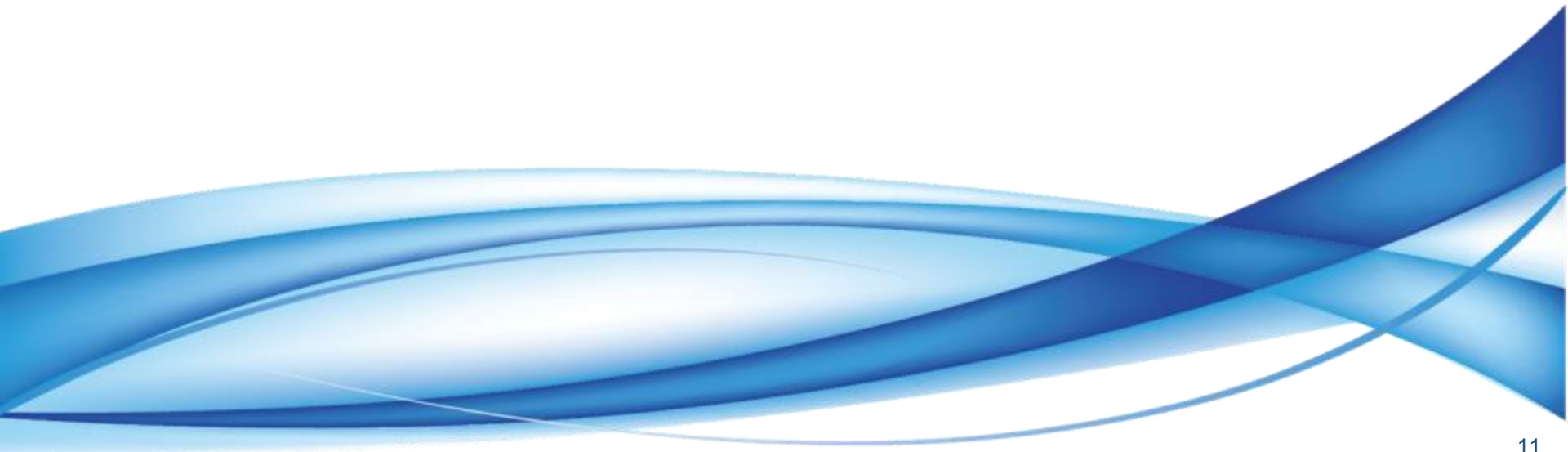
PROPERTY

- Looking to redevelop retail space in Singapore Post Centre
 - Construction of eCommerce Logistics Hub



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

APPENDIX



9M FY2014/15 P&L Highlights

Continued investments in transformation in FY2014/15

\$M	9M FY14/15	9M FY13/14	YoY % change
Revenue	670.9	627.8	+6.9%
Other income	41.8	32.1	+30.0%
Total expenses	567.7	521.5	+8.8%
Share of associated companies & JVs	3.3	2.4	+34.8%
Pre-tax profit	148.3	140.9	+5.3%
Income tax	27.7	27.2	+1.8%
Net profit *	119.1	112.3	+6.0%
Underlying net profit	116.1	113.7	+2.1%

Driven by ecommerce activities

Gain on disposal of property, higher interest income, trade related currency gains; last year included provision for restructuring

Increased operating costs to improve service quality in domestic mail; rising costs of operation in Singapore; and investment in transformation

Excluding one-off items, namely gain on disposal of property and provisions for restructuring of overseas operations

* Net profit attributable to equity holders

Mail & Digital Services: 9M FY2014/15 Performance

Mail & Digital Services segment performance

\$M	9M FY14/15	9M FY13/14	YoY % change
Revenue	376.8	367.6	+2.5%
Operating profit	107.1	109.4	(2.1%)
OP margin	28.4%	29.8%	

Mail & Digital Services revenue breakdown

\$M	9M FY14/15	9M FY13/14	YoY % change
Domestic mail	186.9	191.3	(2.3%)
Hybrid mail	31.4	33.9	(7.5%)
Philatelic	2.5	3.3	(22.6%)
International mail	156.0	139.1	+12.1%
Total	376.8	367.6	+2.5%



Logistics: 9M FY2014/15 Performance

Logistics segment performance

\$M	9M FY14/15	9M FY13/14	YoY % change
Revenue	328.5	289.5	+13.5%
Operating profit	16.6	12.0	+37.7%
OP margin	5.0%	4.2%	



Logistics revenue breakdown

\$M	9M FY14/15	9M FY13/14	YoY % change
Quantum Solutions	130.7	122.3	+6.9%
Famous Holdings	127.4	100.2	+27.2%
Logistics	70.3	67.0	+4.9%
Total	328.5	289.5	+13.5%



Note: "Logistics" line comprises Singapore Parcels and General Storage. Certain logistics revenue was reclassified to Quantum Solutions with the transfer of business lines.

Retail & eCommerce: 9M FY2014/15 Performance

Retail & eCommerce segment performance

\$M	9M FY14/15	9M FY13/14	YoY % change
Revenue	68.0	64.7	+5.2%
Operating profit	7.2	6.8	+6.7%
OP margin	10.6%	10.5%	



Retail & eCommerce revenue breakdown

\$M	9M FY14/15	9M FY13/14	YoY % change
eCommerce	19.3	13.4	+44.4%
Financial services	17.7	18.5	(4.5%)
Retail	31.0	32.8	(5.4%)
Total	68.0	64.7	+5.2%

