

Q4 & FY2015/16 Financial Results

10 May 2016



Overview & FY2015/16 Financials

eCommerce-Related Revenues

Segmental Results

Business Update

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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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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FY2015/16: Record net profit, annual revenue crosses S\$1 billion

FY2015/16 P&L, \$M

	FY15/16	FY14/15	YoY % change
Revenue	1,151.5	919.6	+25.2%
Rental and property-related income	39.4	43.9	(10.3%)
Miscellaneous	121.2	11.8	@
Total expenses	1,033.9	789.4	+31.0%
Operating Profit	284.3	186.4	+52.5%
Share of associated companies & JVs	9.1	6.7	+36.1%
Net profit attributable to equity holders	248.9	157.6	+57.9%
Underlying Net Profit	153.6	160.2	(4.1%)

Annual revenue crosses S\$1 billion mark, driven by eCommerce related growth as well as acquisitions

Rental income decline due largely to redevelopment of SPC mall; Other income rose due to one-off gains on divestments

SingPost achieved a record full year Net Profit of S\$248.9 million

Underlying net profit was \$153.6 million, down 4.1%.

Excluding the impact of loss of income from SPC mall redevelopment and deconsolidation of DataPost & Novation Solutions, Underlying Net Profit would be stable

Q4 FY2015/16: eCommerce related activities contribute to strong revenue growth

Q4 FY2015/16 P&L, \$M

	Q4 FY15/16	Q4 FY14/15	YoY % change
Revenue	317.6	248.7	+27.7%
Rental and property-related income	9.5	10.9	(12.8%)
Miscellaneous	75.0	3.0	@
Total expenses	296.9	224.7	+32.1%
Operating Profit	107.5	37.2	189.0
Share of associated companies & JVs	5.5	3.4	+62.2%
Net profit attributable to equity holders	105.4	35.6	+196.4%
Underlying Net Profit	31.8	39.8	(20.1%)

Revenue growth boosted by growth in eCommerce related activities, as well as consolidation of US acquisitions

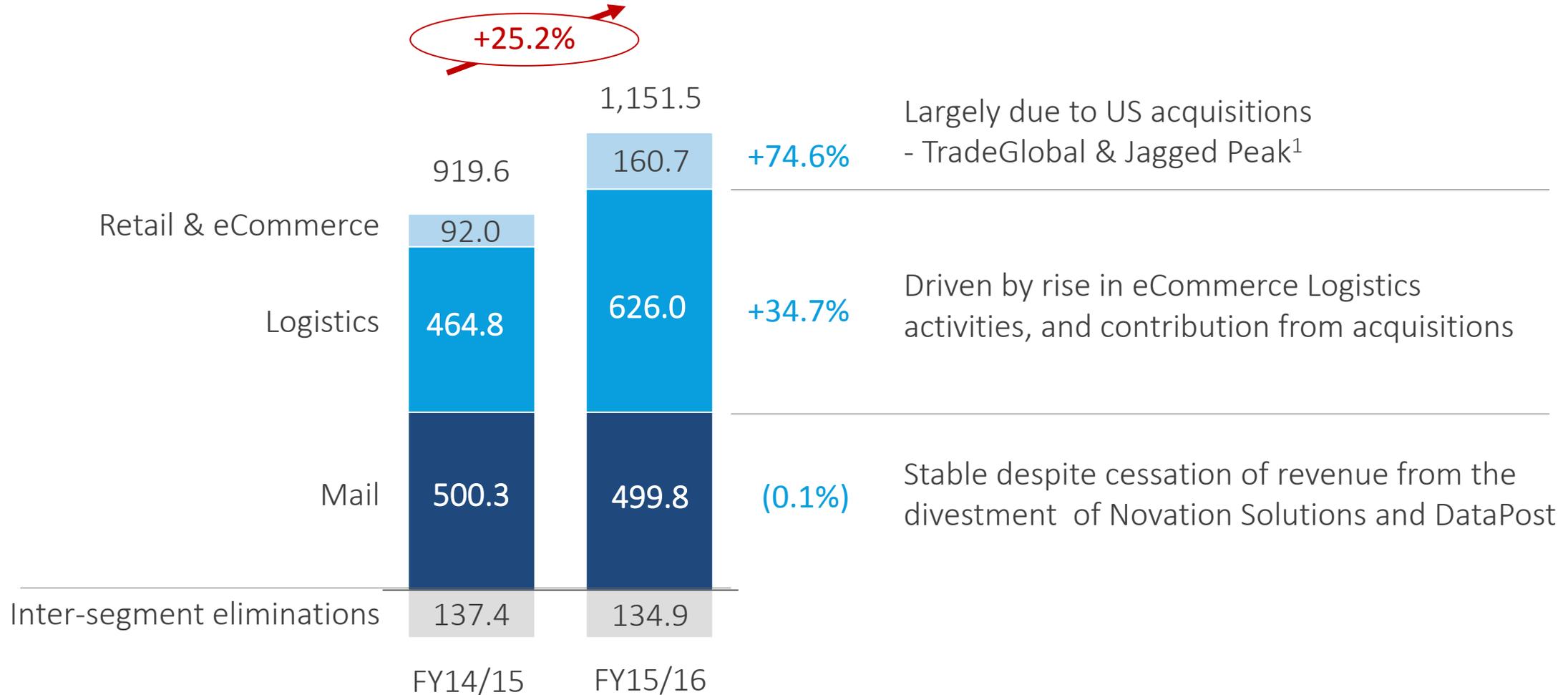
One-off gain largely from partial divestment of an associated company

Underlying Net Profit down by 20.1% due largely to loss of income from SPC mall redevelopment as well as higher finance expenses.

Revenue crosses S\$1 billion, driven by eCommerce related activities and acquisitions



FY2014/15 vs. FY2015/16 Revenue performance, \$M



Differences in total due to rounding

1. TradeGlobal acquisition was completed on 14 November 2015 and Jagged Peak acquisition was completed on 8 March 2016

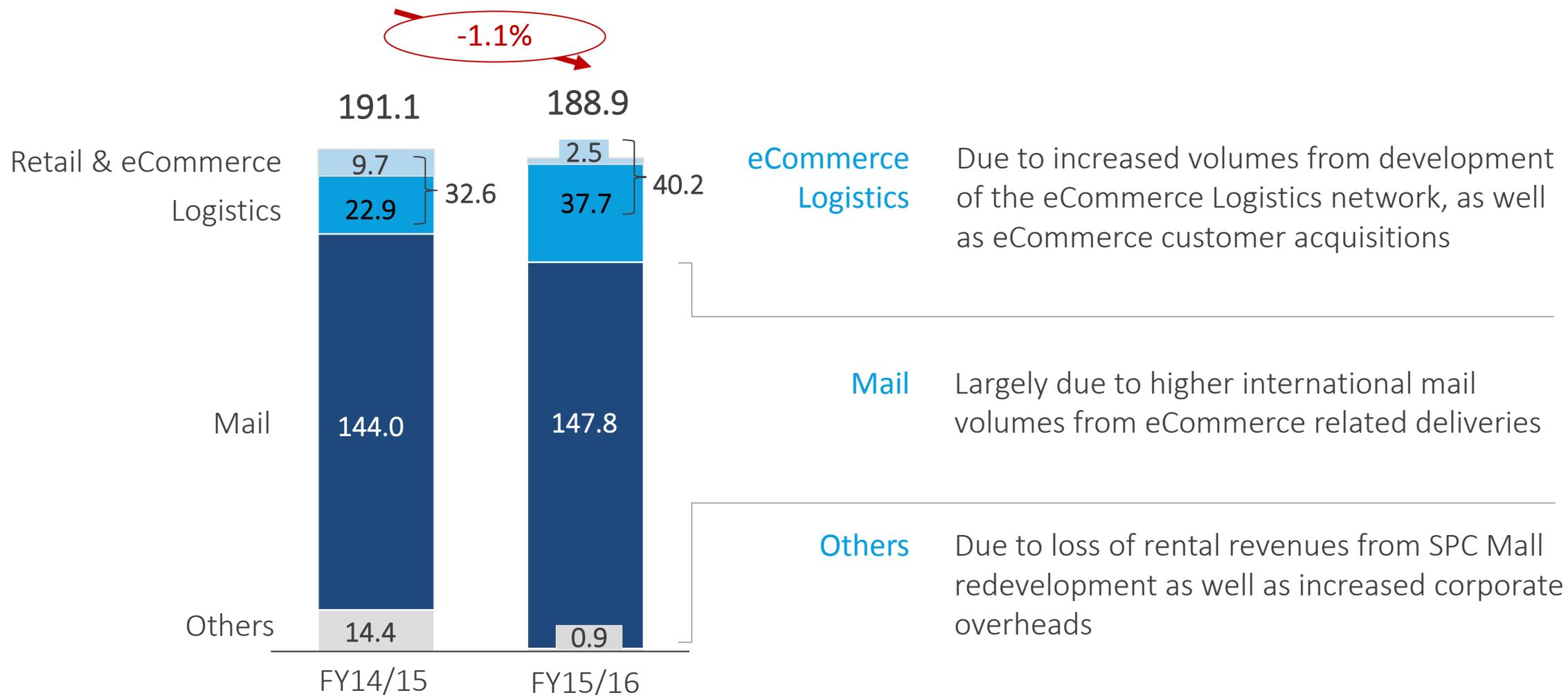
Increased expenses with growth in business volumes and change in business mix

Total expenses FY2015/16 breakdown, \$M

	FY15/16	FY14/15	YoY % change	
Labour & related	300.4	263.1	+14.2%	
Volume-related	535.4	366.5	+46.1%	Due to higher volumes and change in business mix
Admin & others	145.8	111.4	+30.9%	Due to higher warehousing rentals in line with increased capacity and higher M&A related expenses
Depreciation & amortisation	31.9	34.5	(7.7%)	
Selling	10.0	9.5	+5.7%	
Finance expense	10.4	4.4	+137.2%	Increase in interest expense on higher average borrowings and unrealised forex translation differences
Total	1,033.9	789.4	+31.0%	

Operating Profit (excluding one-off items) declined marginally year-on-year

FY2014/15 vs. FY2015/16 Operating profit performance, excluding one-off items, \$M



Differences in total due to rounding

Balance sheet & financial indicators

\$M, unless otherwise stated

	FY15/16	FY14/15	
Operating Cash Flow (before working capital changes)	202.0	215.1	<p>Resilient operating cash flows</p> <p>Due mainly to higher receivables from growth in international volumes and a one-off receipt of S\$58.0 million from a postassurance collaboration last year</p> <p>Acquisition of new subsidiaries and capex for eCommerce Logistics Hub and SPC Mall</p> <p>Dividends paid during the period. Last year, the Group received proceeds from share issuance to Alibaba</p>
Changes in working capital	(40.0)	55.4	
Cash flow used in investing activities	(457.0)	(235.9)	
Cash flow (used in) / provided by financing activities	(131.8)	180.6	
Net increase / (decrease) in cash & cash equivalents	(457.5)	179.7	
	Mar 2016	Mar 2015	
Cash & cash equivalents at end of financial period	126.6	584.1	
	Mar 2016	Mar 2015	
Financial Indicators	Mar 2016	Mar 2015	
(Net debt) / Net cash position	(153.6)	345.8	Due to investments in strategic acquisitions and capex
EBITDA to interest expense (times)	42.1x	36.4x	
Total equity	1,561.5	1,467.7	
Net debt to total equity (%)	9.8%	Net cash	

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Business Update

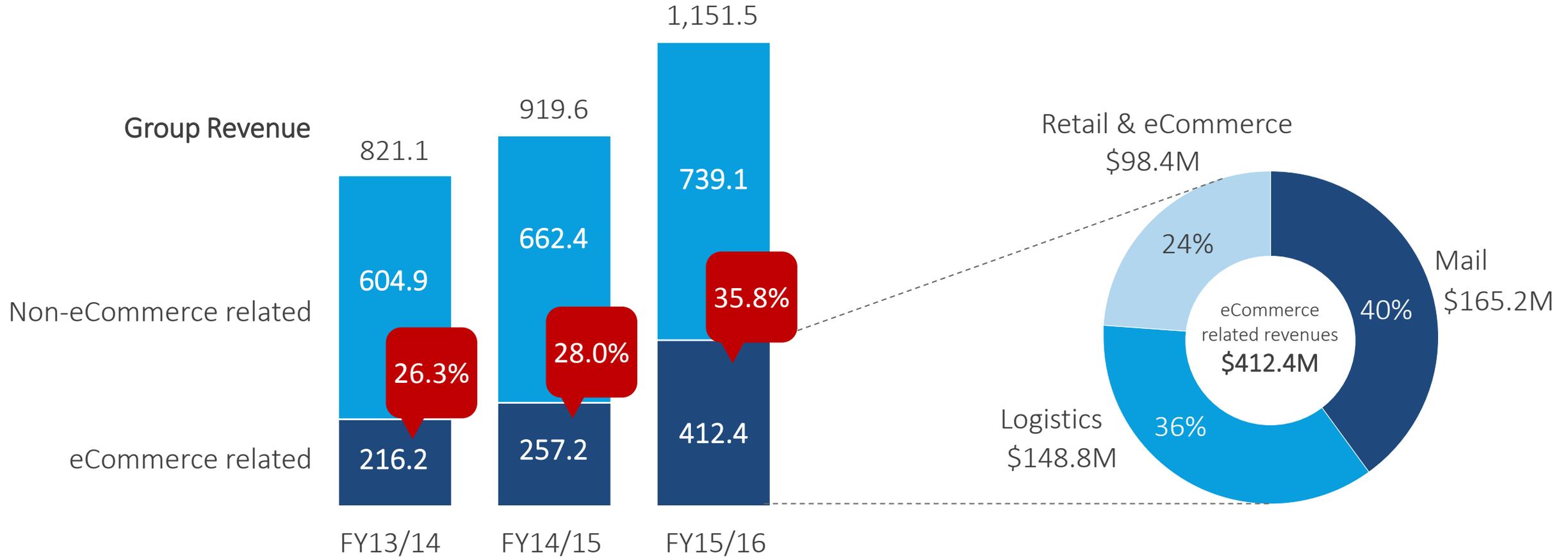
Summary & Outlook

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eCommerce related revenues rose 60.4% year-on-year to S\$412m

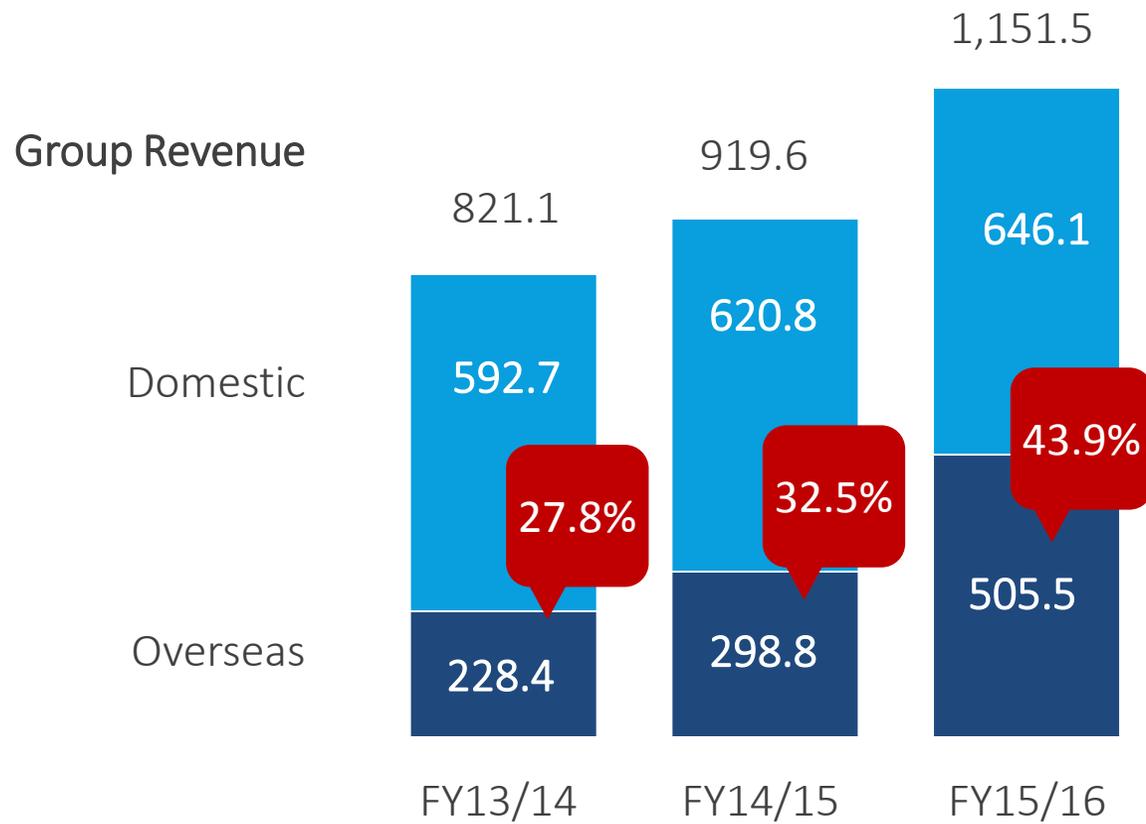
Revenue FY2013/14 – FY2015/16, \$M



Differences in total due to rounding

Overseas revenue now 43.9% of Group revenue

Group revenue footprint FY2013/14 – FY2015/16



Differences in total due to rounding

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Mail: Q4 FY2015/16 Performance

\$M

Mail	Q4 FY15/16	Q4 FY14/15	YoY % change
Revenue	127.5	123.5	+3.3%
Operating profit	35.1	36.9	(5.0%)
OP margin	27.5%	29.9%	
Revenue breakdown			
Revenue breakdown	Q4 FY15/16	Q4 FY14/15	YoY % change
Domestic mail	63.4	61.9	+2.4%
International mail	63.5	49.6	+27.9%
Hybrid mail ¹	-	11.0	N.M.
Philatelic	0.7	0.9	(27.0%)
Total	127.5	123.5	+3.3%

Mail revenue rose 3.3% despite cessation of revenues from the divestment of Novation Solutions in Q1 and DataPost in Q2

Excluding impact of divestment, Mail revenue would have risen 13.4% in Q4 and 6.7% for the full year

International mail revenues rose 27.9%, driven by higher cross-border eCommerce related volumes

Mail Operating Profit declined 5.0%, due to deconsolidation of DataPost and Novation Solutions and decline in domestic letter mails compared to the same quarter last year

N.M. = Not meaningful

1. Novation Solutions and DataPost were divested in Q1 & Q2 FY15/16 respectively

Mail: FY2015/16 Performance



\$M

Mail	FY15/16	FY14/15	YoY % change
Revenue	499.8	500.3	0.1%
Operating profit	147.8	144.0	2.6%
OP margin	29.6%	28.8%	
Revenue breakdown			
Revenue breakdown	FY15/16	FY14/15	YoY % change
Domestic mail	255.4	248.7	+2.7%
International mail	228.8	205.6	+11.3%
Hybrid mail ¹	11.3	42.4	(73.4%)
Philatelic	4.3	3.5	+24.5%
Total	499.8	500.3	(0.1%)



1. Novation Solutions and DataPost were divested in Q1 & Q2 FY15/16 respectively

Logistics: Q4 FY2015/16 Performance



\$M

Logistics	Q4 FY15/16	Q4 FY14/15	YoY % change
Revenue	167.6	136.3	+23.0%
Operating profit	11.6	5.0	+132.9%
OP margin	6.9%	3.6%	

Strong revenue growth driven by higher contributions from eCommerce logistics related activities and inclusion of new subsidiaries

Operating Profit more than doubled, to S\$11.6 million

Revenue breakdown	Q4 FY15/16	Q4 FY14/15	YoY % change
Quantium Solutions	80.2	72.1	+11.3%
Famous	62.6	40.5	+54.7%
Others	24.7	23.7	+4.5%
Total	167.6	136.3	+23.0%

Operating Profit margins rose to 6.9% on improved operating efficiency and synergies from post-merger integration

Logistics: FY2015/16 Performance

\$M

Logistics	FY15/16	FY14/15	YoY % change
Revenue	626.0	464.8	+34.7%
Operating profit	37.7	21.5	+75.0%
OP margin	6.0%	4.6%	
Revenue breakdown			
Revenue breakdown	FY15/16	FY14/15	YoY % change
Quantium Solutions	297.0	202.9	+46.4%
Famous	229.4	167.9	+36.6%
Others	99.5	94.0	+5.9%
Total	626.0	464.8	+34.7%



Retail & eCommerce: 4Q FY2015/16 Performance

\$M

Retail & eCommerce	Q4 FY15/16	Q4 FY14/15	YoY % change
Revenue	58.1	24.0	+142.3%
Operating profit	(3.2)	2.5	N.M.
OP margin	(5.5%)	10.4%	
Revenue breakdown	Q4 FY15/16	Q4 FY14/15	YoY % change
eCommerce ¹	43.3	7.5	+577.3%
Financial services	5.2	5.7	(8.8%)
Agency services & retail products	9.6	10.8	(11.2%)
Total	58.1	24.0	+142.3%

Revenue growth driven by TradeGlobal and Jagged Peak

Operating Profit was impacted by lower contributions from agency services, as well as investments in eCommerce in Asia Pacific and the US to accelerate customer acquisitions

US subsidiaries formed approx. 80% of eCommerce revenue

1. The acquisition of TradeGlobal was completed on 14 Nov 2015 and the acquisition of Jagged Peak was completed on 8 Mar 2016

Retail & eCommerce: FY2015/16 Performance

\$M

Retail & eCommerce	FY15/16	FY14/15	YoY % change
Revenue	160.7	92.0	+74.6%
Operating profit	2.2	9.7	(76.9%)
OP margin	1.4%	10.6%	
Revenue breakdown			
Revenue breakdown	FY15/16	FY14/15	YoY % change
eCommerce ¹	98.4	26.8	+267.0%
Financial services	21.4	23.4	(8.6%)
Agency services & retail products	40.9	41.8	(2.2%)
Total	160.7	92.0	+74.6%



1. The acquisition of TradeGlobal was completed on 14 Nov 2015 and the acquisition of Jagged Peak was completed on 8 Mar 2016

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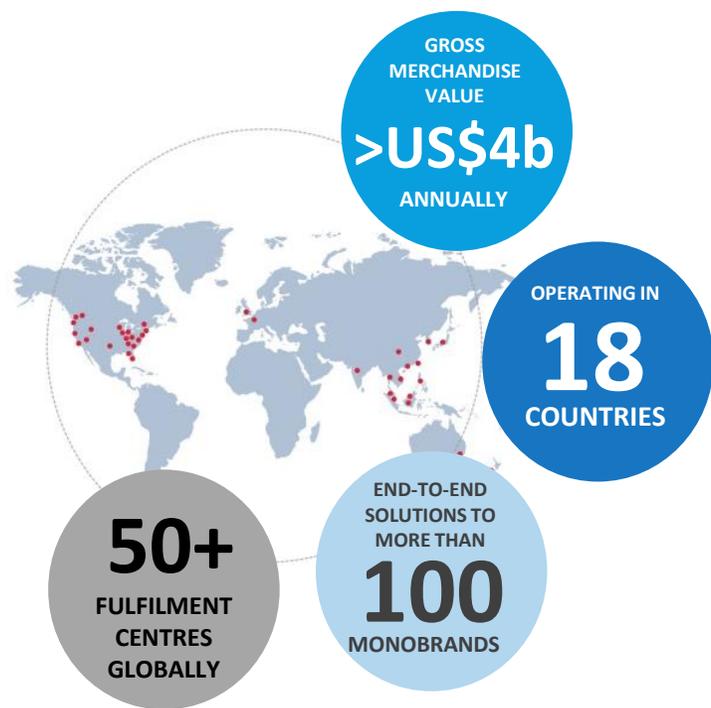
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Key developments in FY2015/16

Building a global eCommerce ecosystem



Building a global eCommerce logistics solution via acquisitions of TradeGlobal & Jagged Peak

Enhancing infrastructure & capabilities



Topping up for Regional eCommerce Logistics Hub: state-of-the-art integrated warehousing & parcel sorting facility ready in 2nd half of 2016



Rolled out >140 POPStations and targeting to reach 200 - one of the densest smart locker networks in the world; won top award for Retail Customer Access at World Mail Awards 2015

Strengthening eCommerce Logistics network & partnerships



Volumes are growing; awarded best Logistics Partner under Alibaba's Cainiao network



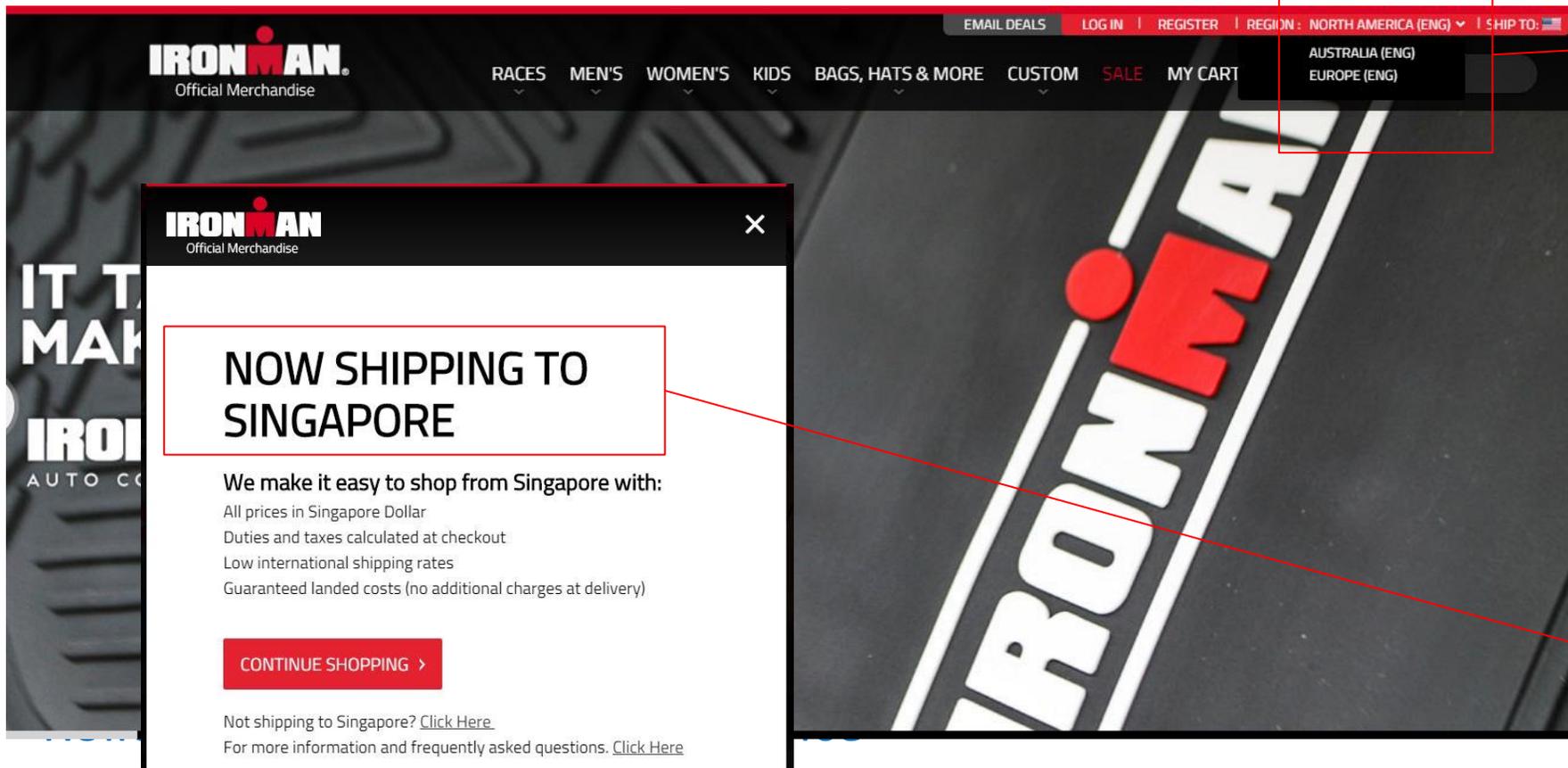
Strengthening China presence via increased stake in one of the top cross-border eCommerce logistics players

Maximising yields and returns on assets



Commenced SPC Mall redevelopment; offering convergence of online & offline shopping

Post-Merger Integration Case Study: Ironman® extends supply chain and distribution into Asia Pacific via Jagged Peak



End-to-end eCommerce logistics in Australia

- Front-end (FlexNet and EDGE Order Management systems based on Jagged Peak)
- Warehousing (Quantum Solutions)
- Last mile delivery (Couriers Please & partners)

Fulfilment to other Asia Pacific countries out of Australia distribution centre

Special Audit

Voluntarily commissioned by SingPost; report was released on 3 May 2016

Recommendations of Special Audit will be implemented together with, and as part of, the broader Corporate Governance Review

Corporate Governance Review

To review process for assessment of independence of Directors, Board and management succession planning and Board renewal, Board composition, size and diversity, and the role of the Executive Committee

Expected to be completed before the AGM in July 2016

Chairman appointment & Board renewal

Appointment of new Chairman Simon Israel with effect from 11 May 2016; priorities are to lead the Board through the completion of the CG Review, review board composition and appoint a new Group CEO

Group CEO search

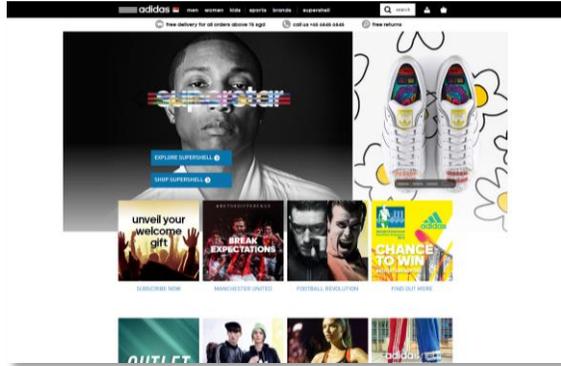
Search is progressing well, and a number of candidates have been identified

Announcement will be made when the GCEO is appointed

eCommerce Logistics Network Development



1 eCommerce Services



eCommerce



Marcelo Wessler
CEO,
SP eCommerce

2 Warehousing & Fulfilment



Logistics & Operations



Sascha Hower
Group COO,
CEO (Quantum
Solutions)

3 Last Mile Delivery & Returns



Postal



Woo Keng Leong
CEO,
Postal Services

4 Freight, Customs & Regulations Management



International mail



Goh Hui Ling
Deputy CEO,
International Mail

Corporate Services, Post-merger integration



Mervyn Lim
Group CFO,
Deputy GCEO
(Corporate Services)

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- Successful ongoing transformation delivers good performance for FY2015/16
- Group revenue crossed S\$1 billion, up 25.2% year-on-year
- Achieved record full year Net Profit of S\$248.9 million
- Continued eCommerce growth momentum
 - eCommerce related revenues rose 60% to S\$412 million
 - eCommerce related revenues now makes up 35.8% of Group revenue
- Excluding the impact of loss of income from SPC mall and the deconsolidation of DataPost & Novation Solutions, Underlying Net Profit would be stable
- Total annual dividend 7 cents per share (Last year: 7 cents per share)

All figures for FY2015/16, unless otherwise stated

While the Group continues to face pressures of declining letter mails in the traditional postal business, it is making good progress on its transformation into a global eCommerce Logistics player.

The acquisitions of TradeGlobal and Jagged Peak in the US enabled SingPost to expand its eCommerce presence globally. With the expansion of the Group's eCommerce Logistics network, eCommerce related revenues are expected to grow, while the shift in business mix will lead to a decline in margins on a blended basis.

Under SingPost and Alibaba Investment Limited's Joint Strategic Business Development Framework, eCommerce volumes have increased as both parties continue to grow business collaboration.

The Group had entered into a conditional joint venture agreement with Alibaba Investment Limited where the latter will acquire a 34% stake in Quantum Solutions International Pte Ltd. Given business opportunities arising from related investments, both parties are working to finalise the joint venture by 31 October 2016.

The Group had also announced a new share issue of 5% of its existing share capital to Alibaba Investment Limited. A longer time is required to fulfil the conditions precedent, hence the Group and Alibaba Investment Limited have mutually agreed in writing to extend the long-stop date to 31 October 2016.

The ongoing development of SPC Retail Mall is progressing well and is expected to be completed by mid-2017.

The Regional eCommerce Logistics Hub has obtained TOP in April 2016 and is expected to be operational by July 2016.

As the Group progresses with its transformation initiatives, it will continue developing a global eCommerce logistics ecosystem and extracting synergies from the recent acquisitions.

Thank you

