



Mr Paul Coutts, Group CEO of SingPost
Speech at the 25th SingPost Annual General Meeting, 20 July 2017

Thank you Mrs Fang for delivering Simon's words of support and welcome.

As a Management team, we certainly wish Simon a full and healthy recovery.

And thanks Mervyn for running through the numbers.

Good afternoon shareholders.

It is a great honour for me to be part of SingPost and help lead your company on the next chapter of its transformation.

I have been with SingPost since June 1, which means I have been here for exactly seven weeks today.

Logistics is in my bloodstream having been in the industry for about 40 years. While I may be new to SingPost, I am certainly no stranger to Singapore having first worked here in 1993 and have spent a total of 14 years living and working in Singapore.

It is a privilege to speak to you, our shareholders for the first time and to have this early opportunity to provide you with some initial impressions of SingPost and my plans for the immediate future.

They say first impressions run the deepest. So, whilst certainly acknowledging and empathising with our shareholders and what you have endured in the recent past, I hope it is assuring for you to know that, as someone new to the Company, the first impression I have of SingPost is good!

At its core, SingPost is a good company with good people. And it has all the right ingredients for future success and growth in profitability.

Let me just talk about our people for a moment.

Before I started diving into business strategies and financial analyses, I spent my first days at SingPost meeting our people – the folks “at the sharp end of things” – who get the work at SingPost done every single day.

The people I am talking about are our postmen, our drivers, our parcel couriers, our customer service people. These are the people our customers see or speak to every day. I believe they are the heartbeat of any service organisation.

We have many good men and women who are loyal to SingPost, who are committed to doing their jobs well and are enthusiastic about what they do.



We should never take this commitment for granted.

What this tells me is that SingPost has the right foundation to clearly excel in the mail and eCommerce logistics industry.

I would also like to take this opportunity to clear any doubt about whether we will continue with our strategic intent, particularly in the area of eCommerce, our strategic vision of being a leader in mail and eCommerce logistics is even more valid today, given the rapid expansion of the global eCommerce market.

But it is important to recognise, that the landscape of mail and logistics is changing. There is a new world facing us and challenging us:

- There are new competitors disrupting the way things are done by using technology;
- The future of logistics will be driven by big data, artificial intelligence and robotics;
- Innovation will be the key to unlocking the future.

These developments will offer us great opportunities and we are also uniquely positioned to leverage off the strength of Alibaba, one of our key partners, who is very advanced in big data, and artificial intelligence. And, of course, they are our key partner in the development of eCommerce logistics and products.

In fact, one of my first trips was to meet with Alibaba in Hangzhou a few weeks ago.

Not only is Alibaba a very important and fast-growing customer, partner and shareholder today – but there are larger opportunities for us to align our strategic collaboration with them even more closely in the future. Our collaboration and mutual commitment holds enormous potential. So we will be very firmly focused on releasing that power.

From a planning perspective, over the course of the next few weeks and months, our leadership team and I will be working with the Board to update our strategy and deliver a roadmap for SingPost to achieve our goals in the coming years.

This strategic roadmap will provide us a solid operating platform for today's business but demand that we will be nimble and agile enough to move with an increasingly fast-moving, dynamic market.

Let me next touch on innovation. First of all, I want to say that the application of technology to our business is also a top priority – and again the level of innovation I have seen at SingPost is impressive.



For example, the rolling out of SmartPost, a transformational initiative which harnesses wireless and digital technologies to raise postal service quality and improve operational efficiency.

SmartPost has been designed to help our postal team work better and smarter, enhancing their capabilities and efficiency for the digital age. We are starting at the last mile as this is the most vital and demanding part of our business. At the end of the day, we are only as good as our last mile delivery and this will improve our customers' overall experience.

Our Logistics Hub, drone technology, our POPStations, and our award-winning omni-channel SAM machines are focussed on taking the disruptive step forward to meet evolving expectations for faster and more flexible deliveries, especially for eCommerce.

Earlier, in the speech our Chairman has written, he referenced TradeGlobal and Jagged Peak.

I visited TradeGlobal and Jagged Peak in the US two weeks ago and had in-depth talks with Paul Demirdjian who is CEO of Jagged Peak and Paul is implementing the turnaround plan for TradeGlobal with the Management team.

Jagged Peak is doing well in terms of revenue and profitability and has some very exciting leading-edge technology which we can transfer to other parts of our business.

For TradeGlobal, there is work to be done.

We are implementing a turnaround plan for TradeGlobal and this involves using warehouse automation to address labour issues in the Cincinnati area, tackling broader structural issues facing the business and adopting best practices from Jagged Peak's asset-light and technology-driven business model.

There is a lot to be done and I am under no illusion that it will take time to turn things around at TradeGlobal.

On the other hand it is also important to remember that eCommerce logistics is borderless and global in nature. It cannot be overemphasised that the US is an important market. Both TradeGlobal and Jagged Peak have a solid portfolio of both US and global customers and brands which brings with it opportunities for synergy benefit and growth.

Your Management is therefore committed and focussed on the turnaround plan and recovering as much value for shareholders as we possibly can. We should not let the TradeGlobal impairment overshadow the progress we are making in other parts of our eCommerce logistics business. Indeed, we are focussed on building out our eCommerce platform and capabilities in the Southeast Asia region and other key markets as drivers of our future growth strategy.

Finally, let me talk about my priorities.



There are three of them:

1. Integrating the investments we have made
2. Updating our business strategy
3. Good stewardship

The first priority is integrating our investments – the business operating units that we have acquired – to create a true network across markets, products and geographies. We will focus on driving the synergy benefits from the integration of all our assets.

According to a recent Euromonitor study, the total value of eCommerce as a percentage of global trade was seven per cent in 2016 and that is estimated to grow to 17 per cent by 2021. This is a clear indicator of how cross-border eCommerce value is expected to grow and Southeast Asia will be a key driver of that growth.

Our portfolio of businesses makes us well-placed to capitalise on this growth curve.

eCommerce fulfilment requires an end-to-end network and we have been investing in building the components of that capability in the last few years. What we need to do now is to integrate them as One SingPost.

Integration and synergy are easy to talk about but much more difficult to achieve and deliver in practice. When we claim we can offer end-to-end solutions combining mail and eCommerce logistics, we must ensure that no matter where a SingPost customer may be, which combination of our operating units they are interfacing with – the service quality and efficiency must be the same.

I have been part of a major post-merger integration effort earlier in my career. This was the bringing together of a postal organisation with origins in the mid-19th century and a logistics and freight forwarding company.

We had to prepare the new company and its workforce for integration and postal deregulation; and to move everyone towards a more entrepreneurial DNA and prepare for high performance in the face of increasing global competition.

This is something I will be focussing on at SingPost – and it will be connected with our second priority – which is to update our business strategy and galvanise our people behind it.

I touched earlier on our strategy review process and some of the dynamics we have to consider over the course of the next few weeks. We will further define and determine the strategy for the coming years.



At the same time, one of the principles I gained from my earlier experience in integration and change management is how critical people are to the success of any strategy and transformation.

So once we update SingPost's business strategy, we must bring everyone on board and ensure all our employees are totally engaged and committed to delivering our immediate and long-term goals.

All of this must be done without losing sight that SingPost has a 150-year history and, as Singapore's Public Postal Licensee, we have a responsibility to the people and community of Singapore. This is something we take seriously and is something we will continue to honour and deliver.

My third priority is good stewardship.

As our shareholders, you have invested in SingPost. You have placed your hard-earned money and capital in our hands. And I fully appreciate what you have experienced recently with SingPost's performance.

We will work for you so that what we are doing today and tomorrow will bear results for you and for SingPost in the years ahead.

In summary, I am excited about what the future holds and I am convinced that SingPost has the right people, the right infrastructure and the right technology to be successful in the future world of mail and eCommerce logistics.

Again, I am very honoured to be part of SingPost's transformation journey.

Thank you.