



Mr Paul Coutts, Group CEO of SingPost
Speech at the 26th SingPost Annual General Meeting, 11 July 2018

Thank you Simon, for conveying the Board's confidence and support.

Good afternoon shareholders.

Twelve months have passed since I spoke to you at our last Annual General Meeting – and it's certainly been a very interesting, challenging and exciting year.

SingPost is a well-loved and trusted national icon and it is a great privilege, and responsibility, to be entrusted with its transformation.

Last year, I shared with you my first impressions of the company, as well as three key priorities: integrating our investments, reviewing the Group strategy, and good stewardship.

I am pleased that we are making progress on all fronts and this has led me to be even more convinced than ever that we are on the right path and are well positioned to build a strong future for SingPost.

Firstly, the integration of our investments in creating One SingPost – building out an eCommerce logistics ecosystem across markets, products and geographies – has accelerated.

In Singapore, we are combining the strengths of our postal and commercial last mile delivery networks to drive synergies and create new products and services for eCommerce and for all of our customers in Singapore.

Globally, we are also integrating technologies and operations across our eCommerce businesses. We want to be the preferred one-stop shop for brands and retailers looking to expand in eCommerce in the Southeast Asia region, and the rest of the world. This is a key part of the strategy and I will share more about this in a few moments.

Secondly, we have conducted a thorough review of the Group's strategy. As a result, a five-year roadmap has been developed to strengthen the execution of our transformation and improve our performance. This is what we call our LEAP23 strategy, because we are leaping into the next five years, the next stage of our transformation. There are four key themes to the strategy:

1. Firstly, we will win in our home market, extending our lead as Singapore's premier provider of last-mile delivery, and driving scale of our eCommerce warehouse and fulfilment operations. Key to this is the use of technology to develop and deploy innovative urban logistics solutions that will contribute to Singapore's Smart Nation vision.



2. Secondly, we will ignite our future growth engines. It is clear that the rapid and sustained expansion of eCommerce is an immense opportunity for SingPost. We want to capture increasing flows of global eCommerce on our network. Logistics is a scale business and volumes are critical for profitability.

SingPost is uniquely positioned to be successful here. Our postal network enables us to provide reliable and cost-efficient services well suited to the bulk of eCommerce packages, which tend to be small in size and low in value. Our geographical location at the heart of Southeast Asia puts us ahead in directing eCommerce flows in the region.

And through our joint venture with Alibaba – and its extended ecosystem, we are enhancing capabilities and capacity to better serve the eCommerce businesses of both Alibaba and SingPost's customer base in the region.

Crucially, we have proprietary technologies that set us apart and give us the edge over the competition. From our US investments, we have a powerful and tested eCommerce platform. With this, we are able to offer brands and retailers true end-to-end supply chain solutions to establish and grow their eCommerce business.

3. The third element is our technological synergy, which leads me to the third focus of our strategy: extracting full value from our investments. To achieve this, we are integrating and scaling our eCommerce businesses in the US. Already, this has helped both Jagged Peak and TradeGlobal to perform strongly, securing new customers and processing higher volumes. Our turnaround plan for TradeGlobal is progressing well, and in the last financial year, we saw TradeGlobal grow its revenue as it gained new customers.

We are looking to further the integration of our US eCommerce businesses – and we will extend this to Southeast Asia and use this leading-edge technology to reshape our Quantum logistics business in this part of the world. We hope to be able to share more developments with you soon.

4. The fourth element of this strategy, and underpinning these three strategy themes, is a drive to optimise our cost structure. As we transition into the eCommerce logistics market, we need to be lean and efficient. We need to be agile and competitive to lead in this dynamic and fast changing market – and we need to do this profitably.

Indeed, improving our performance is a top priority for myself and the leadership team. We are very conscious of our responsibility to be good stewards of the money and capital you have entrusted to us by investing in SingPost.



Therefore, I am pleased that as I stand before you today, we are in a better place than we were a year ago. Group CFO Mervyn will share more details on our financial results after this but let me share some highlights with you.

Revenue for the year increased 8.6 per cent to S\$1.46 billion on growth in eCommerce-related activities across the Postal and Logistics segments.

Net profit attributable to equity holders rose 278.4 per cent to S\$126.4 million, largely due to the absence of one-off impairment charges.

Postal revenue rose 15.0 per cent driven by higher eCommerce deliveries. Logistics revenue increased 4.3 per cent across the Group, driven by growth in last mile eCommerce delivery volumes, as well as increased freight forwarding volumes.

Revenue of the eCommerce segment was stable despite the loss of two major customers the prior year, and accelerated by 15.7 per cent in the fourth quarter.

Rental and property-related income increased 29.9 per cent on higher rental income from the SingPost Centre retail mall. Committed occupancy rose to 95.6 per cent at SingPost Centre.

All in all, our operating profit, excluding exceptional items, is on a healthy trajectory: rising 21.1 per cent in the third quarter, and 18.0 per cent in the fourth quarter. With this improved operational momentum, we aim to deliver earnings growth this financial year.

Therefore, you can be assured that the team and I will do our best to keep up that momentum. There will be headwinds along the way, and the opportunities in eCommerce are driving increased competition, both old and new.

But we have a clear vision for the long term future of SingPost, a clear strategy to get there, and are focused on executing well to deliver success for you, our shareholders – and at the same time achieve a leadership position in postal and eCommerce logistics.

Thank you.