Issuer: SINGAPORE POST LIMITED
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Meeting Details:

Date:	14 Jul 2016
Time:	2.30pm
Venue:	Level 3, Summit 1, Suntec Singapore International Convention & Exhibition Centre, 1 Raffles Boulevard, S (039593)

1. The Group's vision is to be the global leader in ecommerce logistics. Numerous acquisitions have been made in recent years to acquire technology and to access new geographical markets. **How viable and profitable is this strategy of being essentially a B2B ecommerce logistics pure-play that does not own the customer? What are the investment hurdles for M&A? Can the board share some financial targets in terms of the returns on assets and invested capital?** The acquisitions have increased revenue but profits have not followed. After spending more than half a billion, the underlying net profit fell to $154 million in 2016 from $160 million in 2015. It is also a very competitive sector as you can see the big boys (Yamato, DHL, UPS etc) and disruptors (NinjaVan, Anchanto) all investing heavily in the sector. **Is the group still looking for more acquisitions? If so, what are the pieces that SingPost still lack?**

2. The group went from a net cash position of S$345.8 million as reported in the last annual report to a net debt of S$153.6 million in 2016 (page 34). Goodwill on acquisitions increased to $493.5 million (page 149) from $167.2 million two years ago. As at 31 March 2016, there are also intangible assets such as $40.5 million in customer relationship and $41.9 million in trademarked brands (page 149).

   Specifically, some subsidiaries acquired in the last two years came with huge goodwill recorded. For example, on their respective acquisition dates:

- **TradeGlobal (page 198-199):** $176 million in goodwill on acquisition and $43 million in customer relationships (included in intangibles) out of purchase consideration of $236 million (on acquisition date - 13 Nov 2015)
- **JaggedPeak (page 200-201):** $33 million in goodwill out of purchase consideration of $34 million (on acqusition date - 7 Mar 2016)
- **Couriers Please (page 150, 153):** $110 million in goodwill out of purchase consideration of $109 million (on acquisition date – 15 Dec 2014) but restated to consist of $76 million in goodwill and $42 million in trademarked brands (at financial year end 31 Mar 2016)

   Had the target companies been consolidated for the full year in the year of the acquisition:

- **TradeGlobal** would have reported consolidated net loss of S$1.56 million for the year ended 31 Mar 2016
- **Jagged Peak** would have reported consolidated net profit of S$1.47 million for the year ended 31 Mar 2016
- **Couriers** Please would have reported consolidated net profit of S$2.2 million for the year ended 31 Mar 2015

   Based on these assumptions, the P/E paid would have been between 23-50x and TradeGlobal would have been acquired when it was not profitable.

   Could the board please explain to shareholders how strategic and/or synergistic these acquisitions are to the group's strategy? What are the board/management's financial and operational targets for these new acquisitions?

3. With the ongoing board renewal, **please elaborate to shareholders the skills and competencies that a new board director should bring with him/her to complement the current set of directors? What is the process that the board (or the NC) is going through to identify new director candidates? What is the progress made with the senior management hire?** There is a fairly new team in the board and the top management tier. Any new addition to the team will have to hit the ground running. **How effective can the team be at integrating the acquisitions and delivering profits to shareholders?**