

2Q FY2017 Results Briefing

Pos Malaysia Berhad



5 December 2016

Disclaimer

Sections of this presentation may contain forward-looking statements and information. Such statements are based on Management's current expectations and certain assumptions, and are, therefore, subject to uncertainties. A variety of factors, many of which are beyond Pos Malaysia's control, affect our operations, performance, business strategy and results and may cause the actual results, performance or achievements of Pos Malaysia to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

“Financial Highlights”

Achieving the Vision

Q&A

H1 FY2017 Performance: Yet to Incorporate Income Contribution of KLAS Group

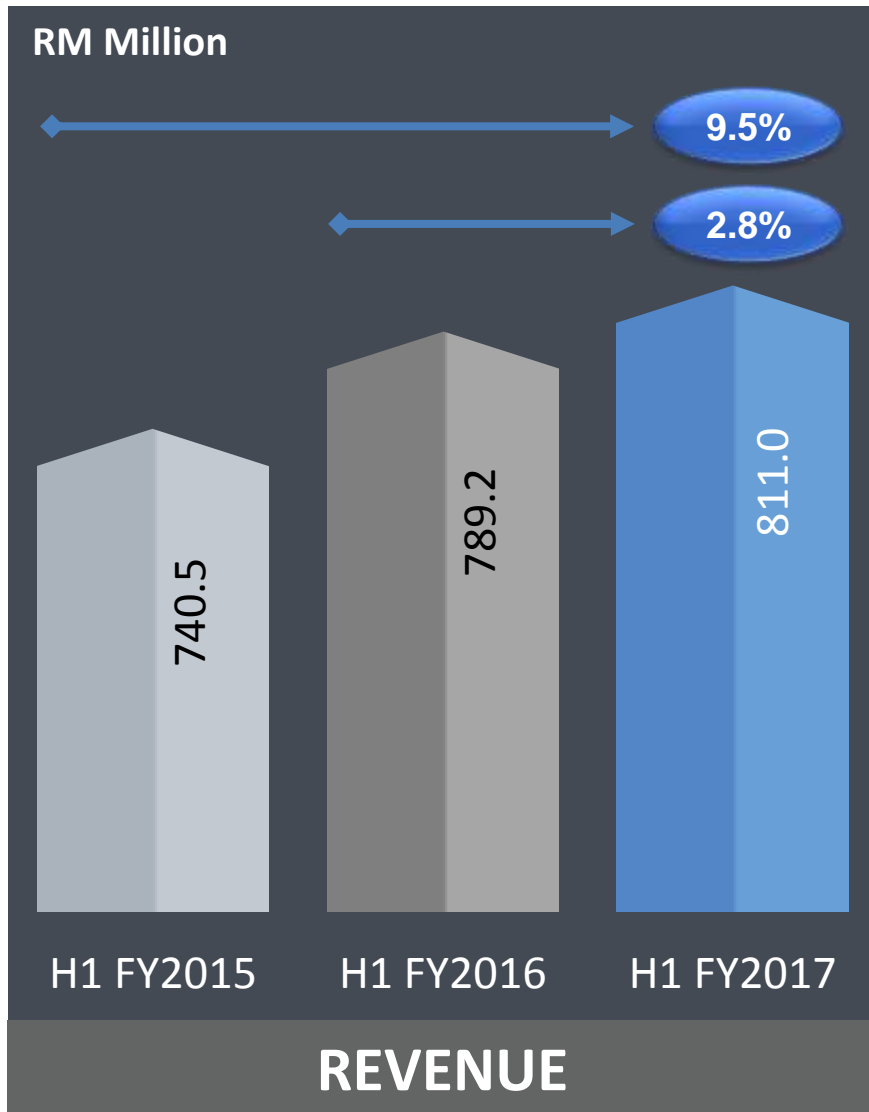


Although the acquisition of the entire equity of the KL Airport Services Sdn Bhd (KLAS) Group was completed in mid-September 2016, the KLAS Group income contribution will be only consolidated from 1 October 2016 as the second quarter contribution is not material.



Notwithstanding the above, the consolidated Pos Malaysia Group balance sheet includes the balance sheet of the KLAS Group as Pos Malaysia has issued the shares in relation to the acquisition of the KLAS Group.

H1 FY2017 Performance: Y-O-Y Revenue Growth - Courier Business Key Revenue Driver

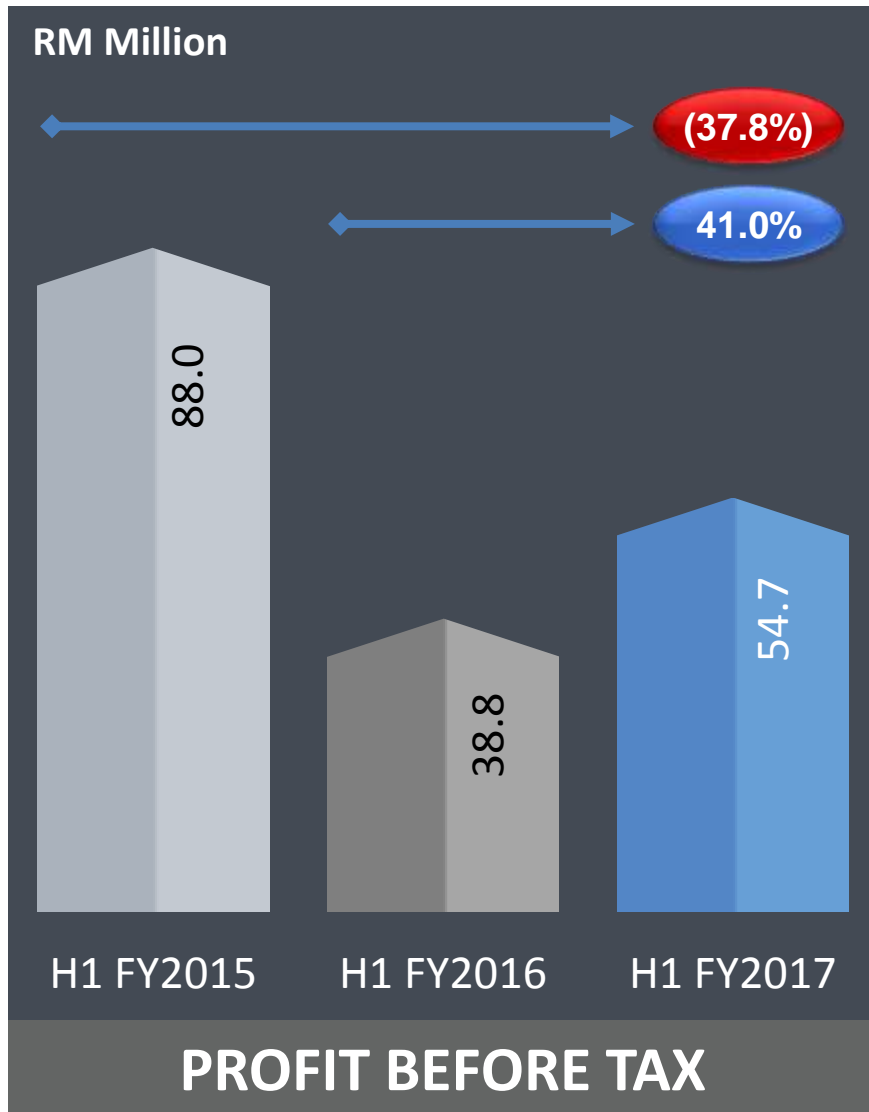


Revenue Increased mainly due to:

Higher courier volumes mainly due to higher e-Commerce activities

Registering volume growth in both our walk-in and corporate customers.

H1 FY2017 Performance: Improved Cost Management Resulted in Higher Profit Margins



PBT increased mainly due to:

Higher revenue generated from courier segment business.

Better transshipment margins also contributed to higher profits as compared to H1 FY2016.

PBT for H1 FY2015 was bolstered by recognition of expired postal orders totaling RM25.5 million.

H1 FY2017 Revenue : e-Commerce Remains Key Growth Driver



Growth in e-Commerce has increased **courier's** revenue by 22% y-o-y.



Mail revenue decreased by RM24.9 million 6.1% as compared to corresponding period of the previous year due to long term volume decline.



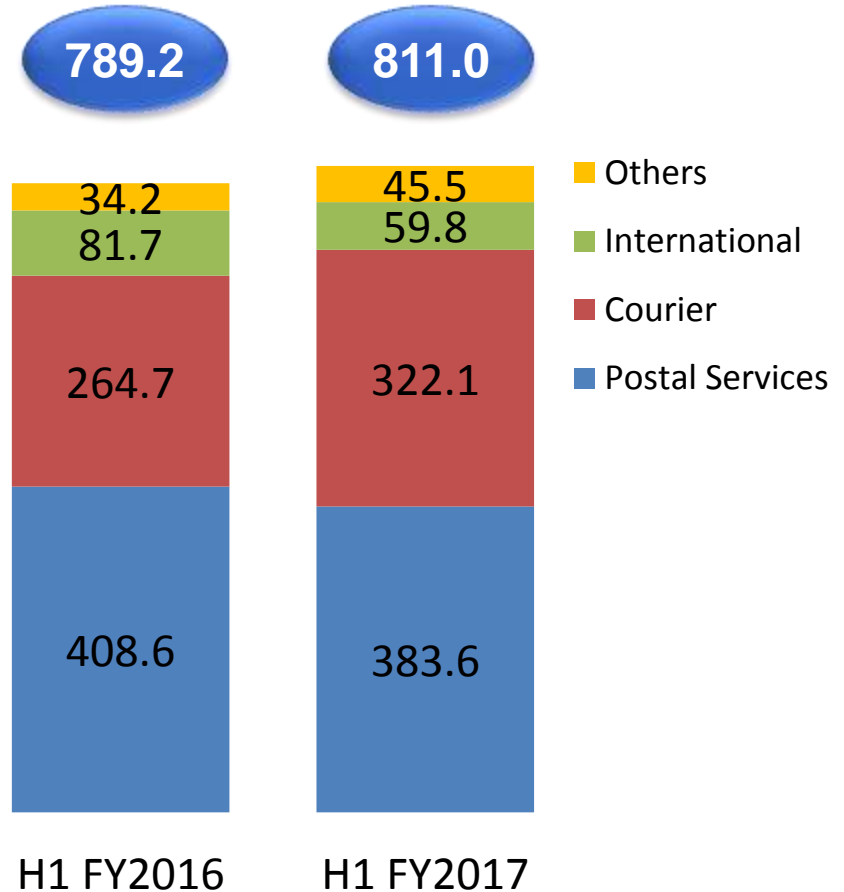
International segment decreased due to lower transshipment volume arising from USD pricing structure and seasonal factors.



Traditionally, international business picks up in the Sept to Dec period due to holiday gift buying (Singles Day, Black Friday, Cyber Monday, Christmas shopping).

REVENUE PROFILE

RM mil



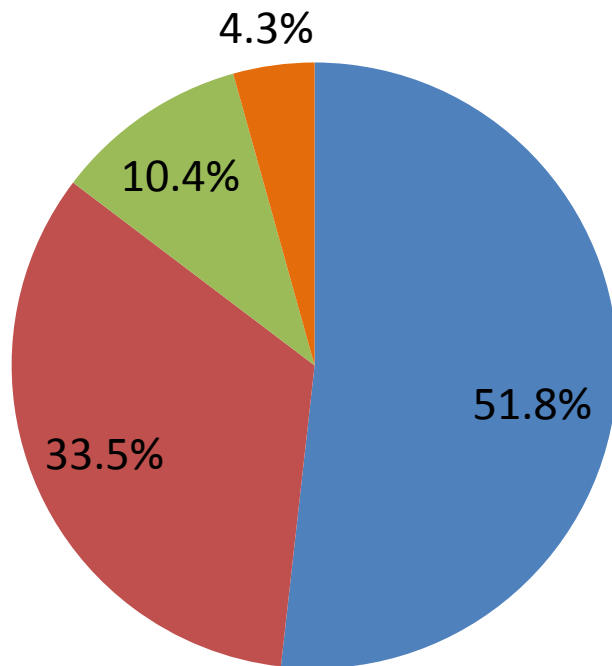
H1 FY2017 Revenue : Courier Segment Revenue Growth Likely to Surpass Postal Services Revenue



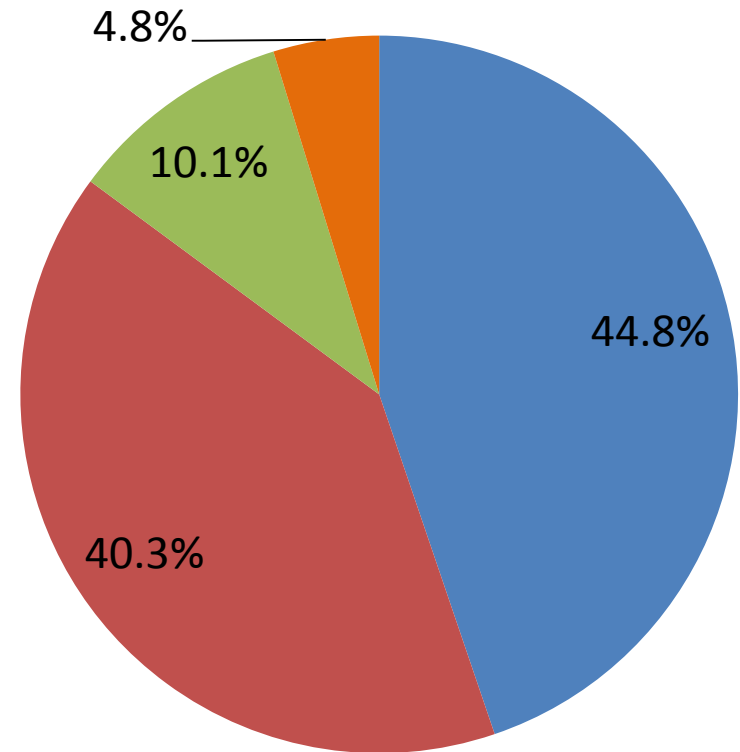
REVENUE MIX

%

H1 FY2016



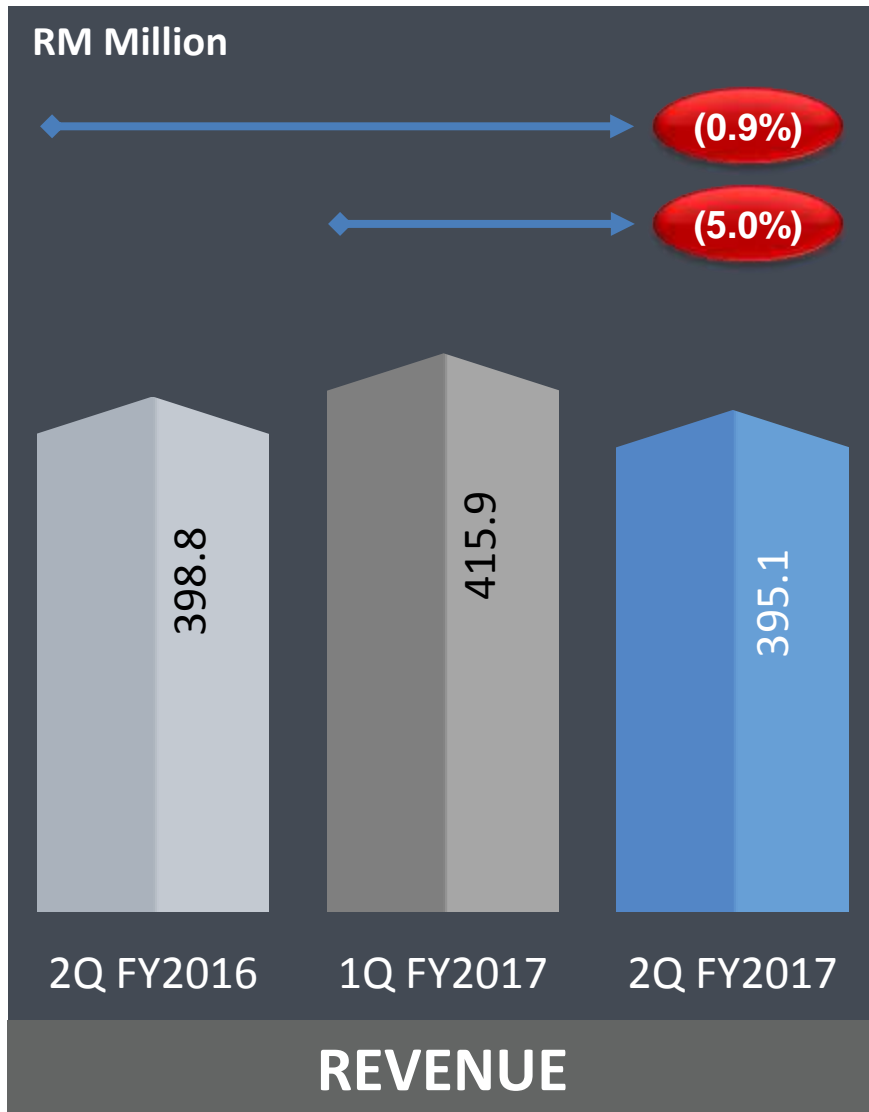
H1 FY2017



- Postal Services
- Courier
- International
- Others

Q2 FY2017 Performance: Lower Mail and Retail Volume

Q3 Performance is Expected to Improve



Revenue decreased mainly due to:

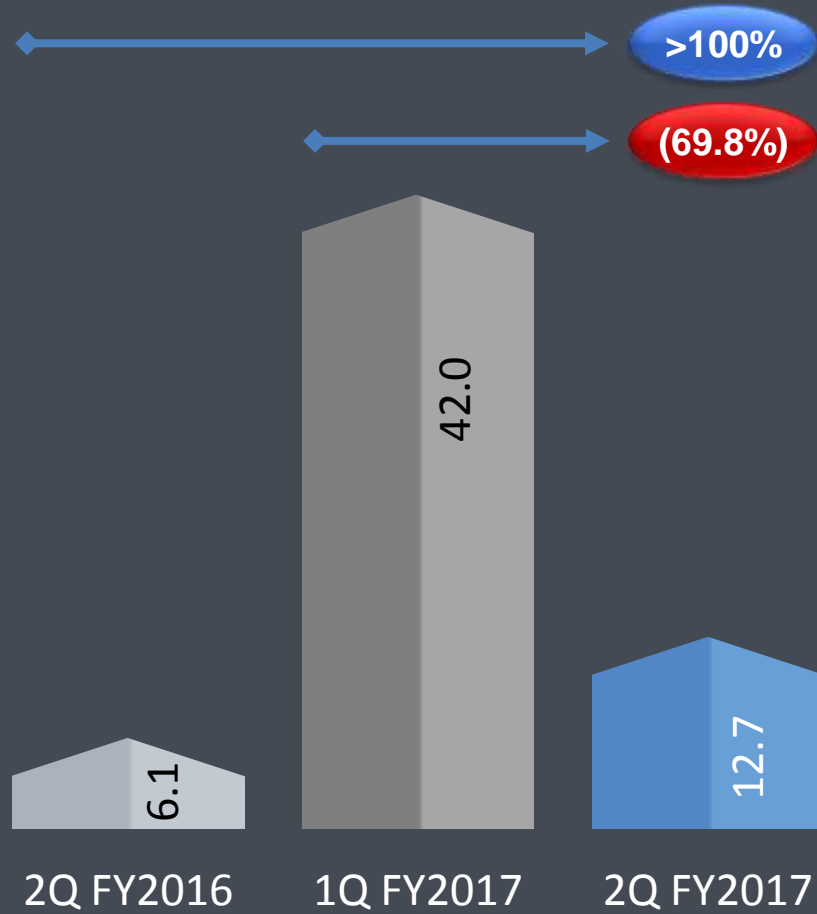
Lower revenue Y-O-Y due to seasonal low volume.

Lower direct mail revenue and a contraction in counter transactions.

Gift buying season in Sept-to-Dec period (Singles Day, Black Friday, Cyber Monday and Christmas) is expected to bolster revenue for Q3 FY2017.

2Q FY2017 Performance: Slower Quarter-to-Quarter Performance Partially Due to Seasonal Factors

RM Million



PROFIT BEFORE TAX

PBT increased mainly due to:



Lower quarter-to-quarter PBT due to lower contributions from postal operations and shorter working days



Higher PBT y-o-y due to higher revenue in tandem with more disciplined cost management.



Expected PBT improvement in Q3 FY2017 in tandem with the Sept-to-Dec gift buying season.

Performance Review

Statements of Cash Flow and Financial Position

Cash Position			RM mil
	As at Sep 2016	As at Jun 2016	Variance %
Cash & Bank Balances	303.8	261.3	16.3%
Deposits with licensed banks and other financial institutions	332.1	350.8	(5.3%)
Deposits, Cash & Bank Balances	635.9	612.2	3.9%
Less:			
Collections held on behalf of agencies	(38.0)	(53.5)	(29.0%)
Bank Overdraft	(2.6)		
Cash & Cash Equivalents	595.4	558.7	6.6%

Statement of Financial Position			RM mil
	As at Sep 2016	As at Jun 2016	Variance %
Non-Current Assets	1,575.2	699.8	>100.0%
Current Assets	1,455.7	1,163.5	25.1%
Total Assets	3,030.9	1,863.3	62.7%
Current Liabilities	1,055.8	679.3	55.4%
Non-Current Liabilities	79.1	36.6	>100.0%
Total Liabilities	1,134.9	715.9	58.5%
Share Capital & Reserves:			
Share Capital	391.4	268.5	
Share Premium	680.0	0.4	
Reserves	822.4	878.5	
	1,896.0	1,147.4	65.2%
Total Equity & Liabilities	3,030.9	1,863.3	62.7%

Financial Highlights

“Achieving the Vision”

Q&A

Providing End-to-End Solution
One Name to Rule Them All



POS Aviation



POS Logistics



POS ACE

Providing End-to-End Solution Covering Every Piece of The Puzzle



(1) Transportation of Goods

POS Logistics

Import/Export
Clearance

POS Logistics POS Ace POS Aviation

(2) Customs Clearance



(3) Haulage Services



(4) Warehouse



(5) Local Transportation



(6) Distribution Centre



(8) Export Haulage



(7) Last-Mile Delivery



POS MALAYSIA
POS Logistics
POS Aviation

Cross Dock Distribution



Customer's Distribution

Visual Inspection



Inventory Update







Storage



POS Logistics
POS Aviation





SCORE 2.0

Strategic Initiatives

No.	Strategic Initiatives	Objectives	Status
1	Digital Mailbox 	<ul style="list-style-type: none"> • Shift Pos Malaysia to digital services riding on its unique position as the sole postal service provider. • Generate new digital services revenue streams. 	Engaged and obtained government endorsement to launch service by 31 March 2017
2	e-Commerce 	<ul style="list-style-type: none"> • Create Pos Malaysia's e-Commerce platform with new revenue streams from eFulfilment. 	Launched eziemall.com currently selling philatelic items and to expand to other postal items subsequently.
3	Trade Facilitation 	<ul style="list-style-type: none"> • Offer a simplified export service for micro, small and medium enterprises that is easily accessible via Pos Malaysia's postal infrastructure. 	Full service launch and collaboration with Royal Malaysian Customs by May 2017
4	Supply Chain and Fulfilment 	<ul style="list-style-type: none"> • Develop total supply chain and fulfilment solutions to support e-Commerce businesses. • To expand market share in the B2B market. 	Technical evaluation of fulfilment system completed in December 2016





SCORE 2.0

Strategic Initiatives

No.	Strategic Initiatives	Objectives	Status
5	Smart Postman 	<ul style="list-style-type: none"> Leverage on digital platforms to enhance the range of services offered by our delivery staff at the customers' doorsteps. 	Full roll-out of COD and CCOD capabilities by March 2017
6	Pos Ads 	<ul style="list-style-type: none"> Monetise real estate assets via advertising revenue. 	Finalising agreement with media owner. Expect to register revenue from February 2017
7	Space Utilisation Program 	<ul style="list-style-type: none"> Enhance the per-square-foot productivity of the post offices while simultaneously providing value to consumers. 	Currently assessing space optimization software.
8	Digital Business Centre 	<ul style="list-style-type: none"> Develop post offices as one stop centre for e-Commerce customers to conduct e-Commerce activities. 	Completion of business centre design by January 2017





SCORE 2.0 (Cont'd)



Strategic Initiatives

No.	Strategic Initiatives	Objectives	Status
9	Delivery Optimisation 	<ul style="list-style-type: none"> To centralise and optimise operations for more efficient delivery and to improve delivery staff productivity. 	Optimise Klang Valley delivery routes by February 2017
10	Integrated Processing Hub 	<ul style="list-style-type: none"> Consolidate Pos Mel and Pos Laju common processes and processing centres within the same geographical area to optimise manpower and machine utilisation. 	End-to-end operations flow study completed in December 2016
11	Digital Money Services 	<ul style="list-style-type: none"> Position Pos Malaysia as the “largest door step remittance, insurance and bill payment service provider”. 	To commence live proof-of-concept by October 2017
12	EVOKE “Enhanced Value of Key Estates” 	<ul style="list-style-type: none"> Establish a comprehensive roadmap for managing all Pos Malaysia’s lands. 	Property Management Committee actively reviewing and assessing economic viability of properties.

SCORE 2.0 (Cont'd)

Strategic Initiatives

No.	Strategic Initiatives	Objectives	Status
13	Big Data Analytics 	<ul style="list-style-type: none"> Unlock the commercial value of data and information captured by Pos Malaysia. 	Proof-of-concept for courier operations data analytics completed in November 2016
14	LCCT Redevelopment Project 	<ul style="list-style-type: none"> To create a flexible terminal design to improve future market adaptability. 	Design and feasibility study being completed
15	Pos ACE Expansion 	<ul style="list-style-type: none"> To provide niche solution for time sensitive, perishables, skidded and dangerous goods cargo. 	Commenced weekly flights to Ho Chi Minh City and Macau.
16	Last Mile Delivery Enhancement 	<ul style="list-style-type: none"> To enhance Pos Malaysia's commercial approach, operations efficiencies and IT structure. 	Identified 20 initiatives to be completed by June 2017 to become the undisputed last mile delivery service provider.

No.	Strategic Initiatives	Objectives	Status
17	Cross Border eFulfillment 	<ul style="list-style-type: none">To collaborate and create a strategic alliance to tap cross border eFulfillment business.	Executed Commercial Agreement with international partner in December 2016
18	International Postal Hub 	<ul style="list-style-type: none">To collaborate and create a strategic alliance to establish international postal hub.	Currently in negotiation with prospective international partner over commercial terms
19	Project Logistics 	<ul style="list-style-type: none">To provide special logistics service for a certain period of time.	To complete the acquisition of sea vessels for TNB Fuels contract by January 2017

Financial Highlights
Achieving the Vision
“Q&A”



“REACHING OUT”
BEYOND BOUNDARIES

THANK
YOU