



Media Release

Singapore Post third quarter net profit declines to S\$30.5 million due to absence of prior year's exceptional gains

- Revenue down 2% to S\$355.9 million, due to declining domestic letter mail volumes and slowdown in global trade
- Excluding exceptional items, Underlying Net Profit slips S\$1.7 million to S\$31.2 million
- Interim dividend of 0.5 cent per share declared

Financial Highlights

GROUP RESULTS	Q3 FY19/20 (S\$'000)	Q3 FY18/19 (S\$'000)	Variance	9M FY19/20 (S\$'000)	9M FY18/19 (S\$'000)	Variance
Continuing operations¹						
Revenue	355,914	363,354	(2.0%)	1,001,562	1,002,551	(0.1%)
Operating expenses	(318,433)	(307,716)	3.5%	(886,049)	(853,221)	3.8%
Profit on operating activities	41,348	54,803	(24.6%)	122,313	151,782	(19.4%)
Share of loss of associated companies and joint venture	46	17	170.6%	110	(7,092)	N.M.
Exceptional items	(711)	31,825	N.M.	274	22,919	(98.8%)
Discontinued operations²						
Loss from discontinued operations	-	(12,756)	N.M.	(11,994)	(30,779)	(61.0%)
Group total						
Net profit	30,493	50,202	(39.3%)	83,904	94,066	(10.8%)
Underlying net profit	31,204	32,882	(5.1%)	83,630	85,652	(2.4%)
Dividend per share(cents)	0.5	0.5	-	1.5	1.5	-

N.M. – Not meaningful

SINGAPORE, 7 February 2020 – Singapore Post Limited (SingPost) today announced its results for the third quarter ending 31 December 2019.

Revenue for the quarter was down 2% to S\$355.9 million, largely due to an accelerated decline in domestic letter mail volumes, as well as weak performance in the freight forwarding business. This is in spite of the highest quarterly revenue of S\$148 million ever

^{1,2} SingPost announced on 19 September 2019 that its U.S. eCommerce subsidiaries, Jagged Peak and TradeGlobal, filed for voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States.

Following the announcement, SingPost has since deconsolidated the financials for the U.S. businesses from the rest of the Group, and will no longer recognise profit or loss from the U.S. subsidiaries. As such, since the second quarter ending 30 September 2019, the consolidated financial statement of the Group has been presented as 'Continuing Operations', which excludes the U.S. subsidiaries. Losses from the U.S. subsidiaries for the same period are presented as a single line item in the financial statement as 'Discontinued Operations'.



achieved by the international post and parcel business, which was insufficient to offset the declines.

Net profit attributable to equity holders dropped to S\$30.5 million for Q3, due to an absence of significant exceptional gains recorded last year.

The absence of losses from the U.S. subsidiaries compared to the corresponding period last year was offset by lower profit for Post and Parcel due to lower domestic letter volumes. Excluding the impact of exceptional items, underlying net profit was down 5.1% to S\$31.2 million for the quarter.

Mr Paul Coutts, Group Chief Executive Officer, said: "Even though eCommerce-related deliveries have shown strong growth, we are seeing these benefits being eroded by the decline in letter mail volumes.

"As part of our response to the decline of domestic letter mail volumes, we will continue with our *Future of Post* strategy to reposition ourselves and transform Singapore's postal landscape. We expect to commence trials of our new technology in the coming months," Mr Coutts added.

Performance of Business Segments

The Post and Parcel segment revenue remained stable for Q3 at S\$211.6 million. International post and parcel revenue posted a record high on the back of higher cross-border eCommerce related deliveries, and this helped make up the decline in Domestic revenue.

Domestic eCommerce-related volumes registered strong double-digit percentage growth during the quarter, but the gains were offset by a double-digit percentage decline in domestic letter mail volumes, which continue to make up the majority of revenue in this segment. This is intensified by higher costs incurred for service quality improvements this year, including the hiring of additional postmen to handle the increased eCommerce deliveries and enhancement of their remuneration since the beginning of the financial year.

Profit on operating activities for the segment was down 19.9% to S\$38.1 million for Q3.

For the Logistics segment, revenue was lower by 1.9% in Q3, due to a decline in freight forwarding volumes as a result of the slowdown in global trade and lower contributions from CouriersPlease, our courier delivery service in Australia. CouriersPlease was also affected by the depreciation of the Australian dollar and lower parcel volumes as a result of the Australian bushfires. However, the dip in segment revenue was mitigated by strong performance by Quantum Solutions, which saw a 25.6% revenue gain as a result of new customers in Singapore and North Asia.



Overall, losses on operating activities for the Logistics segment stood at S\$0.7 million for Q3 this year, largely incurred by CouriersPlease, as compared to S\$0.5 million profit last year.

In the Property segment comprising our commercial property, rental and self-storage business, revenue remained largely stable at S\$30.5 million for Q3, with SingPost Centre retail mall and office remaining at close to full occupancy. Profit on operating activities for Q3 held stable at S\$13.9 million.

Interim dividend

For the third quarter of FY2019/20, the Board of Directors has declared an interim dividend of 0.5 cent per ordinary share (tax exempt one-tier), to be paid on 28 February 2020.

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About Singapore Post Limited

For over 160 years, Singapore Post (SingPost), as the country's postal service provider, has been delivering trusted and reliable services to homes and businesses in Singapore.

Today, SingPost is pioneering and leading in eCommerce logistics as well as providing innovative mail and logistics solutions in Singapore and around the world, with operations in 19 markets.

Building on its trusted communications through domestic and international postal services, SingPost is taking the lead in end-to-end integrated and digital mail solutions. The suite of SingPost eCommerce logistics solutions includes front end web management, warehousing and fulfilment, last mile delivery and international freight forwarding.