

## Singapore Post full year revenue rises 2.9 per cent; net profit falls 86 per cent due to impairment

- Revenue rose 2.9 per cent to S\$1.56 billion for the full year ending 31 March 2019
- Net profit down 86 per cent mainly due to impairment charges of S\$98.7 million for the U.S. businesses
- Underlying net profit down 5.8 per cent from the previous year; excluding U.S. businesses, underlying net profit would have risen 15.8 per cent
- Final dividend of 2.0 cent per share proposed

### Financial Highlights

GROUP RESULTS	Full year FY18/19 (S\$'000)	Full year FY17/18 (S\$'000)	Variance (%)	Q4 FY18/19 (S\$'000)	Q4 FY17/18 (S\$'000)	Variance (%)
Revenue	1,556,690	1,513,427	2.9%	374,059	381,919	(2.1%)
Operating expenses	(1,423,965)	(1,373,231)	3.7%	(360,238)	(350,870)	2.7%
Profit on operating activities	136,292	146,873	(7.2%)	14,932	32,032	(53.4%)
Share of profit/(loss) of associated companies	(7,061)	(3,099)	(127.8%)	31	(6,168)	N.M.
Exceptional items	(69,313)	22,293	N.M.	(92,232)	16,451	N.M.
Net profit	18,958	135,497	(86.0%)	(75,108)	31,836	N.M.
Underlying net profit	100,106	106,277	(5.8%)	14,454	15,385	(6.1%)
Dividend per share(cents)	3.5	3.5		2.0	2.0	

N.M. – Not meaningful

**SINGAPORE, 7 May 2019** – Singapore Post Limited (“SingPost”) today announced its results for the full year ended 31 March 2019.

Group revenue for the year increased 2.9 per cent to S\$1.56 billion, contributed largely by growth in the Post and Parcel, and Property segments.

Net profit attributable to equity holders declined by 86.0 per cent to S\$19.0 million, mainly due to one-off impairment charges of the U.S. businesses.

Underlying net profit declined 5.8 per cent to S\$100.1 million excluding the impact of exceptional items and other one-off items. Excluding the U.S. businesses, underlying net profit would have closed 15.8 per cent higher for the full year.

For the fourth quarter ended 31 March 2019, revenue declined 2.1 per cent to S\$374.1 million. Net loss attributable to equity holders was recorded at S\$75.1 million, reversing from a net profit of S\$31.8 million from the previous year, reflecting the impairment charges in exceptional items. Underlying net profit declined 6.1 per cent, as a result of weaker performance for the U.S. businesses.



## **Business segments performance**

In the Post and Parcel segment, revenue rose 4.1 per cent for the full year, driven by strong international mail revenue growth with higher cross-border eCommerce-related delivery volumes. Profit on operating activities rose 1.0 per cent for the full year, contributed by improved domestic margins on operating synergies from the integration of its domestic post and parcel divisions.

The Logistics segment ended the year with a slight revenue decline of 0.3 per cent for the full year. The Group's freight forwarding business recorded higher revenue due to an increase in freight rates. However, the increase was offset by a revenue decline in the exit of unfavourable customer contracts for Quantum Solutions and the strengthening of the Singapore Dollar against the Australian dollar for CouriersPlease. Loss on operating activities for the Logistics segment narrowed by 76.2 per cent, largely due to a reduction in losses at Quantum Solutions.

In the eCommerce segment, revenue declined 0.3 per cent for the full year, as the Group continues to face challenges in the U.S. in the midst of intensifying competitive and cost pressures, and an increase in customer bankruptcies in the industry. Loss on operating activities widened to S\$51.9 million for the full year.

Revenue for the Property segment increased by 13.5 per cent for the full year; profit on operating activities rose 29.8 per cent for the full year, largely due to rental income from the SingPost Centre retail mall. Committed occupancy for the mall was at 98.9 per cent as at 31 March 2019, up from 95.6 per cent a year ago.

## **Exit of U.S. businesses**

Following a strategic review of the U.S. businesses, its prospects and additional investments required, the Group decided to put the U.S. businesses up for sale and exit the U.S. market. The Group believes its strengths and strategic competitive advantages are in Southeast Asia and Asia Pacific, which would provide attractive growth opportunities and better returns on investments.

The Group has reviewed the carrying value of the U.S. businesses, which involved a review of historical performance and evaluation of the value-in-use for each of the businesses. The Group has recorded a total impairment of S\$98.7 million to the carrying value of TradeGlobal and Jagged Peak, comprising the balance of S\$67.6 million for goodwill and intangible assets, and the balance of S\$31.0 million for property, plant and equipment (PPE).

The Group expects to continue to account for operating losses on the U.S. businesses until it completes its exit. Further announcements will be made as appropriate on the exit.



## **Final dividend**

For the fourth quarter of FY2018/19, the Board of Directors is recommending a final dividend of 2.0 cents per ordinary share. This would bring the annual dividend for the financial year to 3.5 cents per share, representing a payout ratio of 79 per cent of underlying net profit. The proposed dividend is subject to shareholders' approval at the Annual General Meeting in July 2019.

Mr Paul Coutts, Group CEO of SingPost, said: "Despite our best efforts in turning the U.S. business around, we faced increasingly intense challenges which impacted our performance. As a result, we made the difficult decision to commence the sale process for our U.S. eCommerce business.

"We remain committed to our eCommerce business, as it remains a key part of our strategy towards future financial growth. The Group's competitive advantage lies in Asia Pacific where we are seeing the strongest growth in volumes and yields, and we will continue to refine our businesses to leverage the growth. In the immediate term, we continue to focus on improving our operations in Singapore to better serve the needs of customers in our home market," Mr Coutts added.

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## **About Singapore Post Limited**

For 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.