For immediate release

SingPost revenue rises 22.3% in Q2 while underlying net profit falls 27.9% due to transformational investments and challenges; dividends to be linked to underlying earnings

- **Revenue rose 22.3 per cent to S$321.7 million for the second quarter of FY2016/2017**
- **Underlying net profit was down 27.9 per cent due to higher eCommerce expenses, costs related to the new Regional eCommerce Logistics Hub, loss of rental income from the redevelopment of SPC Mall, and decline in domestic mail**
- **Q2 FY2016/2017 dividend of one cent per share declared, based on revised policy to pay out between 60 per cent and 80 per cent of underlying net profit**

Financial Highlights

	Q2 FY16/17 (S$'000)	Q2 FY15/16 (S$'000)	Variance (%)		6M FY16/17 (S$'000)	6M FY15/16 (S$'000)	Variance (%)
GROUP RESULTS							
Revenue	321,733	263,172	22.3		655,105	517,779	26.5
Rental & property related income	8,954	10,030	(10.7)		18,644	20,634	(9.6)
Total expenses	(298,228)	(241,080)	23.7		(595,849)	(463,798)	28.5
Operating profit	38,143	64,487	(40.9)		87,512	122,195	(28.4)
Net profit	31,443	53,437	(41.2)		67,295	100,027	(32.7)
Underlying net profit	27,070	37,543	(27.9)		62,833	77,825	(19.3)
Earnings per share (cents)	1.28	2.31			2.76	4.30	
Dividend per share (cents)	1.0	1.5			2.5	3.0	

SINGAPORE, 4 November 2016 – Singapore Post Limited ("SingPost") today announced its results for the second quarter of the financial year ended 30 September 2016 and its revised dividend policy.

Mr Simon Israel, Chairman of SingPost, said: "We said at our 2016 AGM in July that we would be reviewing our dividend policy. We have revised SingPost's dividend policy from an absolute amount to one based on a pay-out ratio ranging between 60 per cent and 80 per cent of underlying net profit for each financial year.

The principle guiding the Board in setting the dividend policy is that dividends must be sustainable and paid out of underlying earnings. SingPost's dividends in the past had been largely supported by the domestic mail business, which continues to see declining volumes.

To provide future sources of earnings, significant transformational investments have been made in eCommerce, eCommerce logistics and in the redevelopment of the SPC retail mall. In the short term, however, these investments will impact earnings. We have raised capital and taken on debt to fund these investments. The need to review the dividend policy should be understood in this context."

The revised dividend policy, which sees SingPost continuing to pay dividends quarterly, takes effect from the second quarter ended 30 September 2016. The Board of Directors has declared an interim dividend of one cent per ordinary share (tax exempt one-tier) to be paid on 30 November 2016.

Mr Israel said: "The Board is very aware of the importance of dividends to our shareholders and the objective is to grow underlying earnings and dividends over time."

Second quarter earnings impacted by continued transformational investments

Revenue for the quarter ended 30 September 2016 rose 22.3 per cent to S$321.7 million on the inclusion of contributions from new subsidiaries.

Net profit attributable to equity holders declined 41.2 per cent to S$31.4 million, largely because one-off divestment gains had boosted the corresponding period in the previous year. Underlying net profit, which excludes one-off items, was down 27.9 per cent on higher expenses in the eCommerce business, costs related to the new Regional eCommerce Logistics Hub, loss of rental income from the redevelopment of SPC Mall, as well as a decline in domestic mail volumes.

Mr Mervyn Lim, Covering Group Chief Executive Officer, said: "We are taking a long term view as we build scale for future profitability. While financial benefits will not be immediate, initiatives such as the Regional eCommerce Logistics Hub that was opened on 1 November 2016, as well as our deepening collaboration with Alibaba, will strengthen our eCommerce logistics network for future growth."

Postal revenue was stable but operating profit declined 10.6 per cent. Cross-border eCommerce-related deliveries rose, mitigating lower domestic letter mail volumes, which were particularly impacted by one-off postings in the previous year from Singapore's SG50 National Day in August and General Election in September, as well as a one-off boost from philatelic sales at the World Stamp Exhibition that was held in Singapore last August.

Logistics revenue slid 1.2 per cent to S$154.1 million, with lower contribution from non-eCommerce related activities amid a global economic downturn. Operating profit declined 35.6 per cent, due to costs related to the completion of the new Regional eCommerce Logistics Hub, as well as pricing pressures in the eCommerce logistics space.

The consolidation of new US subsidiaries, TradeGlobal from November 2015 and Jagged Peak from March 2016, drove up eCommerce revenue to S$64.0 million. The segment incurred an operating loss of S$6.8 million on continued investments in IT and operational capabilities. In particular, tight competition for seasonal fulfilment labour drove up costs significantly.

Rental and property-related income decreased 10.7 per cent to S$9.0 million, due to the loss of retail rental income from the redevelopment of SPC retail mall. The mall's retail space will nearly double when completed by mid-2017.

Miscellaneous income was S$6.7 million, compared to S$29.5 million in the comparable period last year. The drop was due mainly to one-off gains recorded the previous year from the divestment of DataPost.

Total expenses increased 23.7 per cent, with the consolidation of new subsidiaries and change in the Group's business mix.

eCommerce-related activities continue to gain traction

For the six months ended 30 September 2016, revenue rose 26.5 per cent to S$655.1 million, while underlying net profit decreased 19.3 per cent.

eCommerce-related revenues from across the Postal, Logistics and eCommerce segments increased from S$150.1 million to S$319.5 million, making up 48.8 per cent of Group revenue in the first half of the year. This was driven by continued expansion of cross-border eCommerce-related activities across the Group, as well as the inclusion of new US subsidiaries TradeGlobal and Jagged Peak. Overseas revenues grew in tandem to make up 50.8 per cent of Group revenue, rising from 39.5 per cent last year.

Improved cash flows from operations

Net cash from operating activities for the half year rose to S$99.9 million, from S$21.9 million during the corresponding period last year. Cash used for investing activities declined to S$99.6 million, from S$175.1 million.

As at 30 September 2016, SingPost's cash and cash equivalents stood at S$158.0 million, up from S$126.6 million as at 31 March 2016. The Group recorded a net debt position of S$248.4 million.

About Singapore Post Limited

For over 150 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.

SingPost has been listed on the Main Board of the Singapore Exchange since 2003. The market capitalisation of SingPost stood at S$3.53 billion as of 31 March 2016. The company has a strong credit rating of A-/Stable by Standard & Poor's.

To find out more about SingPost, please visit www.singpost.com and https://www.singpost.com/corporate-information/businesses.html for more information on SingPost's subsidiaries and businesses.

Media Contact

Peter Heng
Tel: +65 9125 0023
Email: peterheng@singpost.com

Bryan Lee
Tel: +65 9645 0640
Email: bryanlee@singpost.com