



*For immediate release*

## SingPost revenue rises 16.8 per cent, net profit falls 27.9 per cent amid transformation

- Revenue rose 16.8 per cent to S\$369.4 million for the third quarter of FY2016/2017
- Underlying net profit was down 28.5 per cent due to operating losses in the US eCommerce business, Regional eCommerce Logistics Hub costs, and a decline in domestic mail volumes
- Q3 FY2016/2017 dividend of 0.5 cent per share declared

### Financial Highlights

	Q3 FY16/17 (S\$'000)	Q3 FY15/16 (S\$'000)	Variance (%)	9M FY16/17 (S\$'000)	9M FY15/16 (S\$'000)	Variance (%)
<b>GROUP RESULTS</b>						
Revenue	369,388	316,184	16.8	1,024,493	833,963	22.8
Rental & property related income	9,123	9,253	(1.4)	27,767	29,887	(7.1)
Total expenses	(336,953)	(273,264)	23.3	(932,802)	(737,062)	26.6
Operating profit	37,296	54,599	(31.7)	124,808	176,794	(29.4)
Net profit	31,354	43,504	(27.9)	98,649	143,531	(31.3)
Underlying net profit	31,411	43,947	(28.5)	94,244	121,772	(22.6)
Earnings per share (cents)	1.28	1.84		4.04	6.15	
Dividend per share (cents)	0.5	1.5		3.0	4.5	

**SINGAPORE, 10 February 2017** – Singapore Post Limited (“SingPost”) today announced its results for the third quarter ended 31 December 2016.

Revenue for the third quarter rose 16.8 per cent to S\$369.4 million, with the inclusion of SingPost’s US eCommerce subsidiaries.

Net profit attributable to equity holders decreased 27.9 per cent to S\$31.4 million, while underlying net profit was down 28.5 per cent. The declines were due to operating losses in the US eCommerce business, costs related to the new Regional eCommerce Logistics Hub, and a fall in domestic mail volumes.

Mr Mervyn Lim, Covering Group Chief Executive Officer, said: “We are building out our capabilities, broadening and deepening our eCommerce logistics network, to secure the future of SingPost. There are challenges along the journey and it is going to take a number of years for our investments to contribute.”

Due to the poor performance of TradeGlobal, the Board of SingPost is of the view that there is a risk of significant impairment to TradeGlobal’s carrying value. The Board will also be



conducting a review of all the investments of SingPost. Impairments, if any, will be assessed based on the results of the full financial year ending 31 March 2017 and future plans for the businesses.

### **Revenues rise during holiday season, margins narrow**

Postal revenue increased 2.9 per cent but operating profit decreased 6.6 per cent. Cross-border eCommerce-related deliveries continued to rise, helped by higher volumes from the Alibaba Group. But domestic business letter volumes fell as financial institutions pushed their customers to switch to electronic statements. Operating margins continued to slide as the postal revenue mix shifts towards international mail.

Logistics revenue rose 5.6 per cent to S\$171.3 million, driven by higher eCommerce-related activities at Couriers Please and Quantum Solutions. Costs related to the Regional eCommerce Logistics Hub and pricing pressures in the eCommerce logistics space, however, caused operating profit to fall from S\$12.7 million to S\$8.8 million. While the segment is expected to benefit from growing eCommerce trends, the industry faces tight operating margins. As SingPost focuses on increasing volumes on the network, it will take time to derive cost synergies.

Consolidation of US subsidiaries TradeGlobal and Jagged Peak saw eCommerce revenue more than double to S\$81.1 million. Jagged Peak saw good growth in revenue and operating profit, winning new customers and exceeding targets.

Cincinnati-based TradeGlobal posted an operating loss as higher labour costs were incurred due to worker shortage in the city, and productivity impacted by delays in warehouse automation and the rollout of services for new customers. Developments at two of its top customers also affected TradeGlobal's performance: One customer has filed for bankruptcy, while the other has decided to in-source its eCommerce freight operations.

For the nine months of the financial year, TradeGlobal has not achieved the underlying profit assumptions of the business plan which supported the investment. TradeGlobal incurred a significant loss instead of a projected profit in the third quarter peak season. It is expected to make a loss for the full year. The business is being restructured to improve its performance.

Total expenses of the Group increased 23.3 per cent as new subsidiaries were consolidated, resulting in a change in business mix.

For the nine months ended 31 December 2016, revenue rose 22.8 per cent to S\$1.02 billion, while underlying net profit was down 22.6 per cent.

eCommerce-related revenues from across the Postal, Logistics and eCommerce segments increased from S\$278.1 million to S\$515.7 million, making up 50.3 per cent of Group revenue in the first nine months of the year. Overseas revenues grew in tandem to make up 51.4 per cent of Group revenue, up from 41.9 per cent in the same period last year.

### **Improved cash flows from operations**

Net cash from operating activities for the nine months rose to S\$152.5 million, from S\$72.0 million during the corresponding period last year. Cash used for investing activities declined to S\$65.4 million, from S\$463.9 million.



As at 31 December 2016, SingPost's cash and cash equivalents stood at S\$229.1 million, up from S\$126.6 million as at 31 March 2016. The Group recorded a net debt position of S\$185.8 million.

### **Interim dividend**

For the third quarter of FY 2016/2017, the Board of Directors has declared an interim dividend of 0.5 cent per ordinary share (tax exempt one-tier) to be paid on 9 March 2017.

### **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.

To find out more about SingPost, please visit [www.singpost.com](http://www.singpost.com) and <https://www.singpost.com/corporate-information/businesses.html> for more information on SingPost's subsidiaries and businesses.

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