



For immediate release

SingPost revenue rises 10.2 per cent, underlying net profit increases 1.9 per cent

- Revenue rose 10.2 per cent to S\$354.7 million for the second quarter of FY2017/18
- Underlying net profit rose 1.9 per cent on stronger performance by postal and eCommerce segments, as well as associates and joint ventures
- Q2 FY2017/18 dividend of 0.5 cent per share declared

Financial Highlights

	Q2 FY17/18 (S\$'000)	Q2 FY16/17 (S\$'000)	Variance (%)	6M FY17/18 (S\$'000)	6M FY16/17 (S\$'000)	Variance (%)
GROUP RESULTS						
Revenue	354,687	321,733	10.2	708,809	655,105	8.2
Rental & property related income	10,584	8,954	18.2	19,626	18,644	5.3
Total expenses	(341,420)	(297,752)	14.7	(672,060)	(595,373)	12.9
Operating profit	29,910	38,143	(21.6)	71,798	87,512	(18.0)
Net profit	28,470	31,443	(9.5)	59,443	67,295	(11.7)
Underlying net profit	27,580	27,070	1.9	54,526	62,833	(13.2)
Earnings per share (cents)	1.09	1.28		2.29	2.76	
Dividend per share (cents)	0.5	1.0		1.0	2.5	

SINGAPORE, 14 November 2017 – Singapore Post Limited (“SingPost”) today announced its results for the second quarter ended 30 September 2017.

Revenue for the quarter increased 10.2 per cent to S\$354.7 million, led by growth in the postal and logistics segments.

Net profit attributable to equity holders decreased 9.5 per cent to S\$28.5 million, as earnings in the corresponding period in the previous year had included a one-off gain from the dilution of interest in an associated company. Excluding such exceptional items, underlying net profit rose 1.9 per cent to S\$27.6 million.

Mr Paul Coutts, Group Chief Executive Officer, said: “Our transformation into a leader in postal and eCommerce logistics is moving ahead. The full benefits of our transformation may not be immediate, however we are investing for the long term. As we move into the next phase of our transformation, four themes will guide our focus: Winning in our home market, igniting our future growth engines in Southeast Asia and beyond, extracting full value from our investments, and driving towards cost leadership. The key to realising these opportunities is execution.”



Announced in August, the strategic review of the Group's strategy by SingPost's leadership, together with the SingPost Board, is being finalised. The review, which is developing a roadmap for improving the Group's performance, affirms SingPost's vision to become a postal and eCommerce logistics company.

There are four key themes for the next phase of transformation:

1. Establish market leadership in Singapore's eCommerce logistics sector, building on SingPost's strong infrastructure backbone and harnessing technologies to serve the growing urban logistics needs of a smart nation;
2. Deliver full value from the Group's investments, integrating operations across geographies and continuing the turnaround of TradeGlobal;
3. Ignite future growth engines by capturing a greater share of global cross-border eCommerce volumes by strengthening the Group's strategic collaboration with the Alibaba Group and its associated companies. SingPost will also continue building out its eCommerce logistics capabilities in Southeast Asia; and
4. Drive towards cost leadership, enhancing competitiveness and providing customers with best value by optimising costs and reengineering operations.

Postal and Logistics lead revenue growth

SingPost's transformation saw progress during the quarter. Revenue from eCommerce-related activities across the Group rose 22.3 per cent to S\$190.0 million, or 53.6 per cent of total revenue.

Postal revenue increased 16.9 per cent and operating profit rose 5.3 per cent as international mail revenue grew 45.2 per cent on the back of higher cross-border eCommerce deliveries, particularly with stronger volumes from the Alibaba Group. Domestic mail revenue decreased amid continued migration by organisations to electronic statements and bills.

Logistics revenue increased 7.6 per cent as SP Parcels and CouriersPlease made more last mile deliveries in Singapore and Australia respectively, and as Famous Holdings saw higher freight forwarding volumes. An operating loss was incurred, however, due to a doubtful debt provision for a key customer of Quantum Solutions Hong Kong. Excluding the provision, operating profit would have been around S\$1.0 million, down from S\$5.0 million last year, reflecting intense pricing competition faced by Quantum Solutions Hong Kong that resulted in loss of business, as well as costs from planned investments, such as the Regional eCommerce Logistics Hub, to build out an eCommerce logistics network.

eCommerce revenue was marginally lower. Jagged Peak saw higher volumes and new customers, offsetting the loss of two large customers at TradeGlobal that were previously disclosed. The segment saw a smaller operating loss of S\$2.9 million, compared with S\$6.8 million last year, reflecting a turnaround business plan that is underway.

The retail mall at the new SingPost Centre was opened officially on 9 October 2017. Committed occupancy as at 30 September 2017 was 80.4 per cent, reflecting strong endorsement by tenants and SingPost's partnership with CapitaLand, which is managing the mall. Details for a "click and collect" service at the mall are being finalised with Lazada and CapitaLand.

Total expenses increased 14.7 per cent on higher volume-related expenses as the Group seeks to grow volumes to derive economies of scale from operating leverage.



Free cash flow improves

For the half year ended 30 September 2017, free cash flow improved to S\$11.6 million, from negative S\$11.8 million in the corresponding period last year, due to lower capital expenditure with the completion of the Regional eCommerce Logistics Hub last year.

As at 30 September 2017, SingPost's cash and cash equivalents stood at S\$282.3 million, down from S\$366.6 million as at 31 March 2017. The decrease was largely due to net repayment of short term bank loans.

Interim dividend

For the second quarter of FY2017/18, the Board of Directors has declared an interim dividend of 0.5 cent per ordinary share (tax exempt one-tier) to be paid on 8 December 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.

Media Contact

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

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