

For immediate release

SingPost Group's unaudited results
for the first quarter ended 30 June 2013

SingPost logistics business contributes to revenue growth

- Revenue growth across business segments, with contributions from M&A
 - Transformation expenses weigh down underlying net profit
 - Volume decline in domestic mail for 7th consecutive quarter
 - Focus on productivity and cost management

Singapore, 2 Aug 2013 – Singapore Post Limited (“SingPost”) today announced its unaudited results for the first quarter ended 30 June 2013. Below are some highlights:

FINANCIAL HIGHLIGHTS

| | Q1FY13/14 (S\$M) | Q1FY12/13 (S\$M) | Variance (%) |
|------------------------------------|----------------------------|----------------------------|------------------------|
| GROUP RESULTS | | | |
| Revenue | 201.3 | 151.6 | 32.8 |
| Rental & Property-Related Income | 11.2 | 10.3 | 8.7 |
| Total Expenses | 165.8 | 118.9 | 39.4 |
| Net Profit | 37.3 | 38.1 | (2.0) |
| Underlying Net Profit | 36.2 | 36.6 | (0.9) |
| Net Cash from Operating Activities | 58.2 | 51.3 | |
| Earnings per Share | 1.775cts | 1.820cts | |

Revenue growth across business segments

- Revenue contributions due to new subsidiaries
- Organic growth of 6.5%
- Logistics contributing 39.5% of total revenue

Group revenue grew by 6.5%, excluding contributions from new subsidiaries. Including contributions from these subsidiaries, Group revenue grew by 32.8% to S\$201.3 million in the first quarter of FY2013/14.

Mail revenue was up 13.7% to S\$114.7 million, benefiting from the growth in international e-commerce packages, and the full consolidation of Novation Solutions. However, domestic letter-mail volume continued to slide for the 7th consecutive quarter.

In Logistics, revenue stood at S\$93.8 million with the full consolidation of new subsidiaries, Lock+Store and Famous Holdings and the increase in regional e-fulfilment business.

Revenue for the Retail & e-Commerce segment was flat at S\$20.8 million. Front-end e-Commerce business comprising vPOST, Clout Shoppe and SP e-Commerce services grew while contributions from retail and financial services slowed.

Rental and property-related income rose 8.7% to S\$11.2 million with growth in rental income from SingPost Centre.

Transformation expenses weigh down underlying net profit with volume decline in domestic mail for 7th consecutive quarter

- Higher volume-related costs from business growth and changing business mix
- Integration and developmental costs of new businesses
- Trade-related foreign exchange fluctuations

Total expenses increased to S\$165.8 million ie 6.6% points more than revenue growth. The increase in expenses was attributed to costs relating to integration of new subsidiaries, growth in the Group's businesses, investments to enhance service and productivity, as well as other cost increases.

Net profit amounted to S\$37.3 million, a decline of 2.0%. Excluding one-off items, underlying net profit remained stable at S\$36.2 million.

Dr Wolfgang Baier, SingPost's Group Chief Executive Officer said: "Domestic mail volume continued to shrink, making this the 7th consecutive quarter of decline. Revenue contributions from new subsidiaries as well as the 6.5% organic growth across the Group helped to lift overall business performance for Q1. Logistics contributed 39.5% of total revenue, with full quarter consolidation of Famous Holdings and Lock+Store."

He added: "Although revenue growth for the quarter was good, profit was impacted by higher expenses from the integration of new subsidiaries, developmental costs for new businesses and also trade-related foreign exchange fluctuations as we grow our regional business."

Focus on productivity and cost management

- Leveraging economies of scale and synergies across businesses
- Group-wide cost management initiatives
- Investing more than S\$100 million to improve service and increase productivity
- Accelerating productivity push with investments into new integrated sorting machines, POPStations, three-wheelers, improved processes, staff training and upskilling

"Cost management remains a key focus as we implement measures across the Group, leveraging on economies of scale and synergies among businesses e.g. vPOST leveraging Famous Holdings for its freight requirements. We will continue to drive revenue growth to accelerate our transformation but at the same time, we are spending only on strategic areas that contribute directly to revenue growth", said Dr Baier.

Another area of focus for SingPost is to accelerate its productivity drive. It is investing more than S\$100 million over the next few years into inclusivity, productivity and service upgrade.

One of these major investments is the S\$45 million integrated sorting infrastructure to handle the changing profile of mail which is seeing rapid growth in packages. The new machines which are expected to be commissioned towards the third quarter of next year, will increase productivity significantly. They are able to sort 95% of letters compared to the current 85% and more than 90% publications from the current 58%. For packages, more than 90% will machine-sorted compared to 85% by the current machines. Throughput for the new integrated sorting machines will also increase by 21% per hour.

SingPost is also replacing its fleet of scooters with three-wheelers which provide better safety for the postmen and are able to carry about 40% more mail including packages than the two-wheelers. About half of SingPost's fleet will make up of three-wheelers over the next few years.

SingPost will continue to invest in its people, processes and technology to enhance productivity and serve its customers better. This includes simpler booking processes such as the ezy2ship automated web-booking tool.

"Staff are also given productivity training which includes the Lean Six Sigma training which will have more than 100 successfully completing it by the end of the year," said Dr Baier.

In addition to increasing productivity, these investments will help SingPost deliver an even more efficient service and to uphold its public service obligation including the Next Day Delivery (NDD) standard.

Said Dr Baier: "Earlier this year, we launched five POPStations on a pilot basis. These 24/7 self-collection kiosks increase productivity not only for SingPost but also for the customers who need no longer wait for the parcels at home. The parcels will now wait for them. They can choose to collect their parcels at a time convenient to them. We will be accelerating the roll-out of the POPStations and expect up to 100 POPStations to serve Singapore next year."

Dividends

Cashflow generation remained strong, with net cash from operating activities amounting to S\$58.2 million in Q1 FY2013/14 compared to S\$51.3 million in the same quarter of last year.

The Board of Directors has declared an interim quarterly dividend of 1.25 cents per ordinary share (tax exempt one-tier) payable on 31 August 2013.

End

About Singapore Post Limited

(Reg. No. 199201623M)

Singapore Post Limited (SingPost) is the national postal service provider in Singapore offering **trusted communications** through domestic and international postal services as well as end-to end integrated mail solutions covering secure data printing, letter-shopping, delivery and mailroom management, among others. As the trusted communications service provider for more than 150 years, SingPost today goes beyond physical postal communications to offer secure digital communications solutions as part of integrated solutions to its customers.

With its competencies in mail, logistics and e-commerce, SingPost is able to offer integrated **ecommerce logistics** solutions tailored to customers' needs. Having one of the largest multi channel distribution networks in Singapore, regional operations in 12 countries and access to a global postal network of more than 220 countries/territories, SingPost is also well-positioned to provide end-to-end e-commerce logistics solutions such as warehousing, pick and pack, delivery and returns management for B2B, B2C and B2B4C customers in Singapore and the region.

SingPost was ranked the top postal agency in an Accenture report in March 2013. SingPost also gained international acclaim when it was bestowed the Service Provider of the Year 2012 award by Postal Technology International.

SingPost was listed on the Main Board of the Singapore Exchange in 2003. To learn more about SingPost, please visit www.singpost.com.

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