

*For immediate release*

SingPost Group's unaudited results  
for the second quarter and half year ended 30 September 2013

**SingPost continues to invest into domestic postal service and regional growth**

- Regional revenue buoys growth
  - Operating profit flat due to growth in operating expenses
- Significant investments into service, innovation and productivity in Singapore
- Concurrent investments into regional end-to-end integrated e-Commerce logistics

**Singapore, 30 October 2013** – Singapore Post Limited (“SingPost”) today announced its unaudited results for the second quarter and half year ended 30 September 2013. Below are some highlights:

**FINANCIAL HIGHLIGHTS**

	Q2 FY13/14 (S\$M)	Q2 FY12/13 (S\$M)	Variance (%)	H1 FY13/14 (S\$M)	H1 FY12/13 (S\$M)	Variance (%)
<b>GROUP RESULTS</b>						
Revenue	203.8	153.7	32.6	405.2	305.3	32.7
Rental & Property-Related Income	11.4	10.3	11.5	22.6	20.6	10.1
Total Expenses	171.3	127.0	34.9	337.2	245.9	37.1
Net Profit	35.6	32.9	8.5	73.0	70.9	2.9
Underlying Net Profit	37.3	32.7	13.8	73.5	69.3	6.0
Net Cash from Operating Activities	59.7	48.5		117.9	99.8	
Earnings per Share	1.680cts	1.540cts		3.454cts	3.361cts	

**Regional revenue buoys growth**

- **Excluding contributions from new subsidiaries, organic growth was 9.6%**
- **Growth of 27.5% in international mail business from regional transshipments**
- **Domestic mail volume declined 1.5% in H1**

Revenue for Q2 increased 32.6% to S\$203.8 million, with regional businesses accounting largely for the growth. Excluding contributions from the new subsidiaries, the Group achieved a 9.6% increase in revenue, on the back of growth in e-Commerce related activities across the business segments.

Revenue from Mail business grew 13.4% to S\$119.7 million, as volumes of e-Commerce packages continued to show strong growth particularly in international transshipments. Domestic mail volume saw marginal growth in the second quarter and declined 1.5% in the first half. The revenue also saw higher contributions from DataPost and Novation Solutions.

Logistics revenue rose 79.1% to S\$94.6 million, boosted by organic and inorganic contributions. Quantum Solutions continued to record good growth in regional e-fulfilment activities. Inorganic contributions came from Lock+Store and Famous Holdings, acquired in

January 2013 and February 2013 respectively. Excluding the acquisitions, Logistics revenue growth was 12.1%.

In Retail and e-Commerce, revenue rose 4.7% to S\$21.3 million, on the back of growth in the Group's e-Commerce businesses and financial services.

Rental and property-related income increased by 11.5% to S\$11.4 million as a result of growth in rental income from SingPost's properties.

Dr Wolfgang Baier, Group Chief Executive Officer of SingPost said: "There is good growth momentum across our regional businesses, particularly from the new M&As. However, we remain cautious as letter mail volumes remain challenging and e-substitution continues. In view of this, we have intensified this stage of SingPost's transformation and have been growing our regional e-Commerce packages and transshipments in the international mail business."

#### **Operating profit flat due to growth in operating expenses**

- **Underlying net profit grew 13.8%**
- **Continued investments into Singapore service infrastructure**
- **Vigilant cost management continues**

Total expenses amounted to S\$171.3 million, an increase of 34.9% against revenue growth of 32.6%. The increase was mainly attributed to the change in business model to a diversified group and growth in lower margin businesses.

Operating profit remained flat at S\$43.7 million due to higher operating costs and growth in lower margin businesses. The Group's net profit rose 8.5% to S\$35.6 million. Excluding one-off items, underlying net profit was S\$37.3 million, an increase of 13.8%.

Added Dr Wolfgang Baier: "As our business expands and transforms into a diversified group with a bigger regional presence and lower-margin businesses, there is a shift in our cost structure. We will remain vigilant on cost management and focus on enhancing synergy and productivity within the Group."

He further added: "The postal industry remains extremely challenging due to the changing mail profile, high service expectations, keen competition and escalating operating costs. As e-substitution continues, declining mail volumes are inevitable. This puts tremendous pressure on our business. Lower letter volumes coupled with the growth in delivery points from increasing population leads to higher cost per delivery point. SingPost is however, on track in its transformation efforts as it continues to invest into service, innovation and productivity. At the same time, we are capitalising on the e-Commerce boom in Asia by offering low cost end-to-end e-commerce logistics solutions to enable businesses access into Asia."

#### **Significant investments into service, innovation and productivity in Singapore**

- **S\$100M to enhance postal infrastructure, service quality**
- **Fifteen POPStations island-wide with target for more than 100 by end 2014**
- **Introducing Lean processes at the workplace to improve productivity**

Dr Baier added: “SingPost remains fully committed to serve its domestic customers well. We have committed S\$100 million to enhance our postal infrastructure, service quality and income of our postal workers. About 60% of this investment is dedicated to improvements for the postal business including the upgrading of our mail sorting machines and refreshing of our post office network.”

SingPost has indeed accelerated its investments to upgrade Singapore’s delivery backbone, and to ensure that Singapore businesses and consumers have modern delivery options and can benefit from the growing digital economy. For example, businesses looking for innovative ways to reach their customers can now deploy augmented reality technology as part of SingPost’s integrated direct mail service offerings.

SingPost has also rolled out more POPStations (“Pick Own Parcel” smart parcel stations) following the successful pilot launch in April 2013, bringing the total to 15. These POPStations are very well-received as customers are able to pick up their parcels 24/7 and at their convenience, drastically reducing the waiting time for delivery. The Group targets to have more than 100 POPStations island-wide by end of 2014.

Said Dr Baier: “Besides introducing innovative products and services for greater convenience to our customers, we are also restructuring and re-engineering back-end processes for productivity in close collaboration with the Union. We have introduced Lean Six Sigma and *Kaizen* into the workplace and have seen good productivity improvements and reduction of wastes. By the end of the year, we will have 100 staff certified in Lean Six Sigma.”

### **Concurrent investments into regional end-to-end integrated e-Commerce logistics**

- **SingPost’s end-to-end integrated solutions cover transportation, warehousing & fulfilment, last-mile delivery & returns and front-end solutions**
- **Low-cost solution via global postal network access to 220 countries/territories**
- **SingPost giving businesses access into Asia**
- **Investing into technology skills and focusing on M&A integration for better synergies**

Over the last two years, the Group has been developing its capabilities to capitalise on the booming e-Commerce market especially in Asia. In 2012, Asia Pacific accounted for about 30% of the USD1.2 trillion global sales in e-Commerce. This is expected to grow to 38% in 2016 when the global market hits USD1.9 trillion. [source: eMarketer]

Dr Baier said: “With the fast-growing e-Commerce market in Asia, businesses from Europe and America are looking to tap the huge market potential here. SingPost knows the Asian terrain, has access through its postal networks and regional set-up, as well as end-to-end low cost e-Commerce logistics solutions for them. We have built up a complete and integrated infrastructure/service offerings covering four key areas: freight transportation (through Famous Holdings and Quantum Solutions), warehousing & fulfilment (with 12 warehouses in the region and regional partners), last mile delivery & returns capability (through a postal network spanning 220 countries/territories) and front-end web solutions (content management, digital marketing, payment solutions, customer service etc). For the B2B customers, we offer access and value. For the B2B4C customers, we offer access and convenience.”

With more than 200 e-commerce customers across Asia Pacific, the Group has been streamlining hub operations, investing in regional mailroom management systems and processes as well as rolling out domestic and international returns management solutions.

He added: "Given Singapore's established status as a financial, business, air and maritime hub, Singapore can be an e-Commerce hub with the boom in e-Commerce in Asia. And with our e-Commerce logistics set-up, not only can we provide end-to-end integrated solutions at low-cost, we can also scale up fast into the region as we did for our monobrand customer, adidas."

### **Quarterly interim dividend remains at 1.25 cents**

Net cash from operating activities in H1 was higher at S\$117.9 million, compared to S\$99.8 million in the first half 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 29 November 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 and the World Mail Award 2013 for People Management.

SingPost was listed on the Main Board of the Singapore Exchange in 2003. To learn more about SingPost, please visit [www.singpost.com](http://www.singpost.com).

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