

For immediate release

SingPost Group's unaudited results
for the fourth quarter and full year ended 31 March 2014

**Transformation efforts contribute to stable performance
while Group continues to be under pressure**

- Domestic mail volumes continued to decline for second consecutive year, compounded by escalating labour costs
 - New subsidiaries & e-commerce related activities contribute to growth
- Increasing cost pressures especially in Singapore, together with continued investment in service quality and productivity in Singapore

Singapore, 16 May 2014 – Singapore Post Limited (“SingPost”) today announced its unaudited results for the fourth quarter and full year ended 31 March 2014. Below are some highlights.

FINANCIAL HIGHLIGHTS

	Q4 FY13/14 (S\$M)	Q4 FY12/13 (S\$M)	Variance (%)		Full Year FY13/14 (S\$M)	Full Year FY12/13 (S\$M)	Variance (%)
GROUP RESULTS							
Revenue	193.3	182.5	5.9		821.1	658.8	24.6
Rental & Property-Related Income	10.9	11.2	(2.6)		44.9	42.9	4.6
Total Expenses	170.0	163.8	3.8		691.5	546.9	26.4
Net Profit	30.7	26.1	17.7		143.1	136.5	4.8
Underlying Net Profit	31.4	31.8	(1.3)		145.0	141.0	2.9
Net Cash from Operating Activities	85.1	73.4			241.8	203.0	
Earnings per Share	1.420 cts	1.185 cts			6.746 cts	6.435 cts	

New subsidiaries and regional e-commerce related business contribute to growth but Group under increasing pressure

- Domestic mail volumes continued to decline for second consecutive year, compounded by escalating labour costs
- New subsidiaries & e-commerce related activities contribute to growth
- Increasing cost pressures especially in Singapore and also from international terminal dues, together with continued investment in service quality and productivity in Singapore

In spite of the decline in the traditional postal business, Group revenue grew 5.9% in the fourth quarter of FY2013/14, boosted by the full consolidation of new subsidiaries and the growth in e-commerce related businesses. Excluding contributions from the new subsidiaries, the Group recorded organic revenue growth of 3.0%.

In Mail, domestic mail volumes continued to decline in Q4, with the full year registering a reduction of 1.3%. However, overall Mail revenue grew 6.6% to S\$123.4 million in the quarter, attributed to the increase in regional e-commerce transshipment business and inorganic

improvement in direct mail revenue from Samplestore which was acquired in October 2013. For the full year, Mail revenue rose 11.5% to S\$491.0 million.

Logistics revenue grew in Q4 by 9.9% to S\$79.0 million on the basis of our recent acquisitions. Annual revenue for Logistics grew 52.8% to S\$368.5 million, with the full consolidation of General Storage Company and Famous Holdings, which were acquired in January 2013 and February 2013.

In Retail & e-Commerce, Q4 revenue was up 18.7% to S\$22.0 million, with growth driven by financial services and e-Commerce services. Revenue from e-Commerce services continued to grow, offsetting the loss in contributions from Clout Shoppe which was sold during the quarter. For the full year, Retail & e-Commerce revenue increased 3.5% to S\$86.7 million.

Rental and property-related income fell by 2.6% to S\$10.9 million with lower contributions from SingPost's properties. For the full year, it grew 4.6% to S\$44.9 million.

Total expenses for Q4 increased 3.8% to S\$170.0 million, attributed to the continued investment in resources for the Group's transformation, change in business model to a diversified group and growth in lower margin businesses. The Group benefitted from the exceptional Government's wage credit scheme which mitigated the increase in labour and related expenses due to additional headcount from the new subsidiaries. For the year, total expenses rose 26.4%.

Net profit increased 17.7% to S\$30.7 million in Q4. For the full year, net profit increased 4.8% to S\$143.1 million. Excluding one-off items, underlying net profit declined 1.3% to S\$31.4 million in the fourth quarter, while for the full year, it increased 2.9% to S\$145.0 million.

Dr Wolfgang Baier, SingPost's Group Chief Executive Officer said: "The business environment remained very challenging for us in the fourth quarter, with traditional mail volumes in decline while labour costs continued to escalate. We are feeling the full weight of the SingPost Inclusivity Fund which was launched in February 2013 to help our lower-income staff cope with the rising cost of living. Frontliners such as postmen received a significantly higher wage increase of 6% compared to the 1.2% industry average last year. This year, we are expecting to provide for more than 3% increase, to further boost the income of our low-wage workers. While we are grateful for the Government work credit scheme, we are still under tremendous pressure from the unavoidable labour cost increases. We continue to be affected by higher terminal dues outpayments for international mail, which has been increasing 6% year-on-year under the new UPU terminal dues framework."

He added: "We are glad that the growth in regional e-commerce business, especially transshipment, has helped mitigate the decline in traditional postal business. We will continue to diligently implement measures including productivity and operations optimisation to manage costs."

Continued investment in service quality and productivity in Singapore

- Committed to obligations as Public Postal Licensee (PPL)
- Investing S\$100 million to drive innovation, productivity and customer service to bring greater value to customers
- Investment include advanced mail sorting equipment, an intelligent alternative delivery network (POPStations) and a higher capacity three-wheeler fleet which is also safer for the postmen

SingPost will continue to invest in the Singapore market to strengthen its capabilities and enhance service quality to meet its PPL obligations and the changing customer needs. It will continue to drive innovation, productivity and customer service as it accelerates its transformation over the next few years and bring greater value to its customers.

Said Mr Woo Keng Leong, SingPost's EVP/Head of Postal Services: "One other key objective of our investments is to drive efficiency and innovation, especially with the changing mail profile, tight labour market and rising operating costs. Of the S\$100 million that we are investing to better serve the domestic market, about 60% is going into postal infrastructure and network including an advanced mail sorting system which is more efficient, a fleet of bigger-capacity three-wheelers which is also safer for the postmen and modernised, more convenient post offices with 24/7 auto-lobbies providing all day access to key services. We are already running tests and pilots for all these service measures and will roll them out progressively"

Dr Baier added: "We are driving innovation at the Group's touchpoints to improve accessibility and convenience for the public. A network of 100 POPStations (Pick or Post your Parcel) is expected by end 2014, catering to the e-commerce landscape with an intelligent set-up for parcel delivery, posting, payment and returns. Leveraging of technology such as mobile apps also features strongly in our investments. The upgraded SingPost mobile app allows customers easy access to information such as tracking of their shipments, postage/shipping fee calculations and postal codes. It has never been as convenient to find a post office, a posting box or check how much it costs to send a package overseas."

Good progress in transformation programme

- Further progress on end-to-end e-commerce logistics capabilities and network in Asian markets, with over 600 e-commerce customers
- Integration of new M&As progressing
- Increased revenue contributions from regional markets

SingPost has made good progress in its transformation programme, having achieved several milestones over the past two years.

Said Dr Baier: "Over the past two years, we have strengthened our logistics capabilities and network in the region through strategic acquisitions, partnerships and joint ventures. With the four key components in the e-commerce logistics chain in place, SingPost is now able to offer fully integrated end-to-end solutions for the Asian market. We are encouraged by the growth in our e-commerce customer base which now stands at over 600, and includes global brands such as adidas, Toshiba and Canon. We are making it very easy for Asian companies to expand rapidly or US and European companies to enter the booming Asian consumer market fast."

The four key components in the integrated e-commerce logistics chain refer to:

- 1) Transportation (air and sea freight through Famous Holdings);
- 2) Warehousing fulfilment (warehousing and fulfilment through Quantum Solutions, self-storage solutions through Lock+Store);
- 3) Last mile delivery and returns (SingPost mail and logistics, Quantum Solutions, regional associated companies and JVs); and
- 4) Web management, marketing and payments (SP e-Commerce, offering of mono-brand solutions, omigo marketplace and vPOST).

Dr Baier said: “From the onset of our transformation journey, we had set out to reduce our reliance on the traditional postal business and the domestic market. Mail revenue now makes up 55.5% of overall revenue compared to 62.9% last year. Through our strategic acquisitions and investments as well as organic growth in QS, our regional revenue has grown to almost 28% of total revenue compared to 19% a year ago. e-commerce related contributions across the Group are estimated to make up about 26% of Group revenue.”

He added: “We will continue to strengthen our new businesses and operations, and extend our reach into the regional markets. This includes ensuring the successful integration of new subsidiaries into the Group and working with our partners and regional associated companies to extract synergies and growth. We will focus on execution to create greater shareholder value and a sustainable future for all stakeholders.”

During the year, the Group received local and international recognition for its business efforts and labour practices. These include:

- The *EMS Co-operative Gold Level Performance award for 2013 for Speedpost service* making SingPost the only company to win the Universal Postal Union’s EMS Cooperative award for its *Speedpost* courier service every year since 2001;
- The *2014 Special Mention for Outstanding Workplace for Mature Workers* by the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP);
- The *2014 May Day Medal of Commendation; and*
- The *World Mail Award 2013 for People Management* by the UPU.

Dividends

The Board of Directors is recommending a final dividend of 2.5 cents per share for FY2013/14. Together with the interim dividend payments of 1.25 cents per share for each of the first three quarters of the financial year, the proposed total dividend for FY2013/14 would be 6.25 cents per share. The final dividend, to be paid on 18 July 2014, is subject to shareholders’ approval at the 22nd Annual General Meeting.

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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**For general information on SingPost, call 1605 toll-free  
or visit [www.singpost.com](http://www.singpost.com)**