Issuer & Securities

Issuer/ Manager

SINGAPORE POST LIMITED

Securities

SINGAPORE POST LIMITED - SG1N89910219 - S08

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FIRST QUARTER RESULTS

No

Announcement Details

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Please refer to the attachments.

Additional Details

For Financial Period Ended

30/06/2019

Attachments

SGXNET_Q1FY201920.pdf

ResultsPresentation_Q1FY201920.pdf

MediaRelease.pdf

Total size =2081K MB

SINGAPORE POST LIMITED
AND ITS SUBSIDIARIES
(Registration number: 199201623M)

SGXNET ANNOUNCEMENT
UNAUDITED RESULTS FOR THE
FIRST QUARTER ENDED 30 JUNE 2019

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

(1)(a)(i) Statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Income Statement

	FY2019/20 Q1 S$'000	FY2018/19 Q1 S$'000	Variance %
Revenue	**376,383**	372,584	1.0%
Labour and related expenses	**(78,947)**	(78,251)	0.9%
Volume-related expenses[1]	**(215,574)**	(200,341)	7.6%
Administrative and other expenses	**(28,359)**	(38,387)	(26.1%)
Depreciation and amortisation	**(17,201)**	(14,340)	20.0%
Selling-related expenses	**(2,001)**	(2,070)	(3.3%)
Impairment loss on trade and other receivables	**(39)**	(297)	(86.9%)
Operating expenses	**(342,121)**	(333,686)	2.5%
Other income	**1,056**	282	274.5%
Profit on operating activities	**35,318**	39,180	(9.9%)
Share of loss of associated companies and joint venture	**(255)**	(3,477)	(92.7%)
Exceptional items[2]	**49**	(5,962)	N.M.
Interest income and investment income (net)	**1,823**	1,130	61.3%
Finance expenses	**(3,560)**	(2,369)	50.3%
Profit before tax	**33,375**	28,502	17.1%
Income tax expense	**(8,497)**	(11,626)	(26.9%)
Profit after tax	**24,878**	16,876	47.4%
Attributable to:			
Equity holders of the Company	**25,682**	18,715	37.2%
Non-controlling interests	**(804)**	(1,839)	(56.3%)
Underlying Net Profit [3]	**25,633**	24,677	3.9%
Earnings per share for results attributable to the equity holders of the Company during the period: [4]			
- Basic	**0.98¢**	0.66¢	
- Diluted	**0.98¢**	0.66¢	

Notes
1 Volume-related expenses comprise mainly of traffic expenses and cost of sales.
2 Exceptional items comprised one-off items such as asset impairment, fair value changes on investment properties, gains or losses on sale of investments and property, plant and equipment and M&A related professional fees. With effect from Q2 FY2018/19, exceptional items are excluded from profit on operating activities ("Operating Profit") but included in profit before tax to better reflect the performance of the underlying business.
3 Underlying net profit is defined as net profit before exceptional items, net of tax.
4 Earnings per share were calculated based on net profit attributable to equity holders of the Company less distribution attributable to perpetual securities holders, divided by the weighted average number of ordinary shares outstanding (excluding treasury shares).

N.M. Not meaningful.

Consolidated Statement of Comprehensive Income

	FY2019/20 Q1 S$'000	FY2018/19 Q1 S$'000	Variance %
Profit after tax	**24,878**	16,876	47.4%
Other comprehensive (loss) / income (net of tax):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences:			
- (Loss) / gain on translation of foreign operations	**(2,687)**	2,532	N.M.
Items that will not be reclassified subsequently to profit or loss:			
Equity investments at fair value through other comprehensive income			
- Fair value loss	**(1,636)**	(8)	@
- Gain on sale	**5**	-	N.M.
Share of other comprehensive income of an associated company	**1,964**	-	N.M.
Other comprehensive (loss) / income for the period (net of tax)	**(2,354)**	2,524	N.M.
Total comprehensive income for the period*	**22,524**	19,400	16.1%
Total comprehensive income attributable to:			
Equity holders of the Company	**24,570**	21,541	14.1%
Non-controlling interests	**(2,046)**	(2,141)	4.4%
	22,524	19,400	16.1%

* As shown in the Statement of changes in equity on page 8.

N.M. Not meaningful.
@ Denotes variances exceeding 300%

Underlying Net Profit Reconciliation Table

	FY2019/20 Q1 S$'000	FY2018/19 Q1 S$'000	Variance %
Profit attributable to equity holders of the Company	**25,682**	18,715	37.2%
Add / (less): Exceptional items			
Fair value loss on warrants from an associated company	**-**	5,958	N.M.
Gain on disposal of property, plant and equipment	**(51)**	(24)	(112.5%)
M & A related professional fees	**2**	28	(92.9%)
Underlying Net Profit	**25,633**	24,677	3.9%

N.M. Not meaningful

(1)(a)(ii) The following items have been included in arriving at profit before income tax:

	FY2019/20 Q1 S$'000	FY2018/19 Q1 S$'000	Variance %
Interest income and investment income (net)	**(1,823)**	**(1,130)**	61.3%
Finance expenses	**3,560**	2,369	50.3%
Depreciation and amortisation	**17,201**	14,340	20.0%
Impairment loss on trade and other receivables	**39**	297	(86.9%)
Foreign exchange loss	**244**	355	(31.3%)
Gain on disposal of property, plant and equipment	**(51)**	(24)	(112.5%)

(1)(b)(i) Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group		The Company	
	Jun-19	Mar-19	**Jun-19**	Mar-19
	S$'000	S$'000	**S$'000**	S$'000
ASSETS				
Current assets				
Cash and cash equivalents	**412,071**	392,220	**347,395**	330,266
Financial assets	**7,523**	7,230	**7,523**	7,230
Trade and other receivables	**291,220**	264,689	**230,429**	200,920
Derivative financial instruments	**682**	58	**682**	58
Inventories	**465**	692	**34**	180
Other current assets	**22,522**	21,339	**7,487**	6,496
	734,483	686,228	**593,550**	545,150
Non-current assets				
Financial assets	**100,358**	105,789	**25,117**	28,652
Trade and other receivables	**8,265**	7,797	**249,272**	249,452
Investments in associated companies and joint venture	**41,070**	39,840	**18,534**	18,534
Investments in subsidiaries	**-**	-	**318,371**	318,371
Investment properties	**999,162**	999,349	**948,253**	948,253
Property, plant and equipment	**461,503**	466,798	**289,514**	270,742
Right-of-use assets	**83,072**	-	**30,230**	-
Intangible assets	**305,931**	307,438	**-**	-
Deferred income tax assets	**3,037**	3,194	**-**	-
Other non-current asset	**2,896**	2,807	**-**	-
	2,005,294	1,933,012	**1,879,291**	1,834,004
Total assets	**2,739,777**	2,619,240	**2,472,841**	2,379,154
LIABILITIES				
Current liabilities				
Trade and other payables	**496,857**	486,990	**438,948**	408,147
Current income tax liabilities	**51,891**	44,291	**42,875**	35,254
Contract liabilities	**36,676**	38,214	**21,432**	23,041
Leases liabilities	**23,492**	-	**11,348**	-
Derivative financial instruments	**962**	440	**962**	440
Borrowings	**282,135**	281,842	**268,382**	268,581
	892,013	851,777	**783,947**	735,463
Non-current liabilities				
Trade and other payables	**14,987**	17,757	**1,768**	1,088
Borrowings	**8,542**	9,034	**-**	-
Contract liabilities	**36,641**	38,334	**36,516**	38,334
Lease liabilities	**69,706**	-	**19,036**	-
Deferred income tax liabilities	**41,214**	41,875	**22,604**	22,896
	171,090	107,000	**79,924**	62,318
Total liabilities	**1,063,103**	958,777	**863,871**	797,781
NET ASSETS	**1,676,674**	1,660,463	**1,608,970**	1,581,373
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	**638,762**	638,762	**638,762**	638,762
Treasury shares	**(29,724)**	(30,174)	**(29,724)**	(30,174)
Other reserves	**77,003**	78,024	**40,231**	40,127
Retained earnings	**594,752**	579,633	**609,166**	585,832
Ordinary equity	**1,280,793**	1,266,245	**1,258,435**	1,234,547
Perpetual securities	**350,535**	346,826	**350,535**	346,826
	1,631,328	1,613,071	**1,608,970**	1,581,373
Non-controlling interests	**45,346**	47,392	**-**	-
Total equity	**1,676,674**	1,660,463	**1,608,970**	1,581,373

(1)(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities.

	Jun-19	Mar-19
	S$'000	S$'000
Amount repayable in one year or less, or on demand		
- Borrowings (secured)	**1,664**	1,666
- Borrowings (unsecured)	**280,471**	280,176
Amount repayable after one year:		
- Borrowings (secured)	**8,542**	9,034
	290,677	290,876

The Group's unsecured borrowings comprised mainly S$200 million 10-year Fixed Rate Notes issued in March 2010. The Fixed Rate Notes is listed on the SGX-ST and carry a fixed interest rate of 3.5% per annum.

Details of any collateral.

Secured borrowings comprised bank loans and are secured over investment properties, asset of a subsidiary or guaranteed by a director of a subsidiary with non-controlling interests.

(1)(c) Statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	FY2019/20 Q1 S$'000	FY2018/19 Q1 S$'000
Cash flows from operating activities		
Profit after tax	**24,878**	16,876
Adjustments for:		
Income tax expense	**8,497**	11,626
Allowance for doubtful debts and bad debts written off	**39**	297
Amortisation of contract liabilities	**(1,788)**	(1,794)
Amortisation of intangible assets	**165**	2,629
Depreciation	**17,036**	11,711
Gain on disposal of property, plant and equipment	**(51)**	(24)
Loss on derivative instrument	**-**	5,958
Share-based staff costs	**546**	470
Interest expense	**3,560**	2,369
Interest income	**(1,851)**	(1,373)
Share of loss of associated companies and joint venture	**255**	3,477
	26,408	35,346
Operating cash flow before working capital changes	**51,286**	52,222
Changes in working capital, net of effects from acquisition and disposal of subsidiaries		
Inventories	**227**	56
Contract liabilities	**(1,443)**	(24)
Trade and other receivables	**(25,728)**	7,140
Trade and other payables	**7,826**	13,221
Cash generated from operations	**32,168**	72,615
Income tax paid	**(1,043)**	(1,362)
Net cash provided by operating activities	**31,125**	71,253
Cash flows from investing activities		
Additions to property, plant and equipment, investment properties and intangible assets	**(4,078)**	(9,155)
Interest received	**1,678**	1,041
Loan to an associated company	**(480)**	-
Proceeds from sales of financial assets	**741**	-
Proceeds from disposal of property, plant and equipment	**55**	43
Proceeds on maturity of financial assets	**2,500**	106
Net cash provided by / (used in) investing activities	**416**	(7,965)
Cash flows from financing activities		
Interest paid	**(5,174)**	(4,020)
Proceeds from re-issuance of treasury shares	**-**	253
Proceeds from bank loan	**36,970**	42,727
Repayment of principal portion of lease liabilities	**(6,698)**	-
Repayment of bank loan	**(36,788)**	(38,715)
Net cash (used in) / provided by financing activities	**(11,690)**	245
Net increase in cash and cash equivalents	**19,851**	63,533
Cash and cash equivalents at beginning of financial year	**392,220**	314,050
Cash and cash equivalents at end of financial period	**412,071**	377,583

(1)(d)(i) Statement of changes in equity (for the issuer and group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group – Q1

	Attributable to ordinary shareholders of the Company								
	Share capital S$'000	Treasury shares S$'000	Retained earnings S$'000	Other reserves S$'000	Total S$'000	Perpetual securities S$'000	Total S$'000	Non-controlling interests S$'000	Total equity S$'000
Balance at 1 April 2019	638,762	(30,174)	579,633	78,024	1,266,245	346,826	1,613,071	47,392	1,660,463
Adoption of SFRS(I) 16	-	-	(6,859)	-	(6,859)	-	(6,859)	-	(6,859)
Balance at 1 April 2019 (restated)	638,762	(30,174)	572,774	78,024	1,259,386	346,826	1,606,212	47,392	1,653,604
Total comprehensive income / (loss) for the period	-	-	25,682	(1,112)	24,570	-	24,570	(2,046)	22,524
Transactions with owners, recognised directly in equity									
Transfer upon disposal of investment	-	-	5	(5)	-	-	-	-	-
Distribution of perpetual securities	-	-	(3,709)	-	(3,709)	3,709	-	-	-
Employee share option scheme:									
- Value of employee services	-	-	-	546	546	-	546	-	546
- Treasury shares re-issued	-	450	-	(450)	-	-	-	-	-
Total	-	450	(3,704)	91	(3,163)	3,709	546	-	546
Balance at 30 June 2019	638,762	(29,724)	594,752	77,003	1,280,793	350,535	1,631,328	45,346	1,676,674
Balance at 1 April 2018	638,762	(16,023)	654,667	81,667	1,359,073	346,826	1,705,899	40,346	1,746,245
Total comprehensive income / (loss) for the period	-	-	18,715	2,826	21,541	-	21,541	(2,141)	19,400
Transactions with owners, recognised directly in equity									
Distribution of perpetual securities	-	-	(3,709)	-	(3,709)	3,709	-	-	-
Employee share option scheme:									
- Value of employee services	-	-	-	470	470	-	470	-	470
- Treasury shares re-issued	-	944	-	(691)	253	-	253	-	253
Total	-	944	(3,709)	(221)	(2,986)	3,709	723	-	723
Balance at 30 June 2018	638,762	(15,079)	669,673	84,272	1,377,628	350,535	1,728,163	38,205	1,766,368

The Company – Q1

	Attributable to ordinary shareholders of the Company						
	Share capital S$'000	Treasury shares S$'000	Retained earnings S$'000	Other reserves S$'000	Total S$'000	Perpetual securities S$'000	Total S$'000
Balance at 1 April 2019	**638,762**	**(30,174)**	**585,832**	**40,127**	**1,234,547**	**346,826**	**1,581,373**
Total comprehensive income for the period	**-**	**-**	**27,038**	**13**	**27,051**	**-**	**27,051**
Transactions with owners, recognised directly in equity							
Transfer upon disposal of investment	**-**	**-**	**5**	**(5)**	**-**	**-**	**-**
Distribution on perpetual securities	**-**	**-**	**(3,709)**	**-**	**(3,709)**	**3,709**	**-**
Employee share option scheme:							
- Value of employee services	**-**	**-**	**-**	**546**	**546**	**-**	**546**
- Treasury shares re-issued	**-**	**450**	**-**	**(450)**	**-**	**-**	**-**
Total	**-**	**450**	**(3,704)**	**91**	**(3,163)**	**3,709**	**546**
Balance at 30 June 2019	**638,762**	**(29,724)**	**609,166**	**40,231**	**1,258,435**	**350,535**	**1,608,970**
Balance at 1 April 2018	638,762	(16,023)	738,277	38,104	1,399,120	346,826	1,745,946
Total comprehensive income / (loss) for the period	-	-	32,717	(8)	32,709	-	32,709
Transactions with owners, recognised directly in equity							
Distribution on perpetual securities	-	-	(3,709)	-	(3,709)	3,709	-
Employee share option scheme:							
- Value of employee services	-	-	-	470	470	-	470
- Treasury shares re-issued	-	944	-	(691)	253	-	253
Total	-	944	(3,709)	(221)	(2,986)	3,709	723
Balance at 30 June 2018	638,762	(15,079)	767,285	37,875	1,428,843	350,535	1,779,378

(1)(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the first quarter ended 30 June 2019, no share was issued under the Singapore Post Share Option Scheme.

As at 30 June 2019, there were unexercised options for 16,607,000 (30 June 2018: 20,523,000) unissued ordinary shares under the Singapore Post Share Option Scheme (including Performance Option Plan but excluding Restricted Share Plan) and unvested shares for 9,248,406 (30 June 2018: 5,921,182) unissued ordinary shares under the Restricted Share Plan.

As at 30 June 2019, the Company held 25,511,422 treasury shares (30 June 2018: 11,594,283).

(1)(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 30 June 2019, total issued shares excluding treasury shares were 2,249,578,103 (31 March 2019: 2,249,231,673).

(1)(d)(iv) A statement showing all sales, transfers, disposal, cancellation and / or use of treasury shares as at end of the current financial period reported on.

During the first quarter ended 30 June 2019, the Company re-issued 346,430 treasury shares at price $1.296 upon vesting of shares under the Singapore Post Restricted Share Plan 2013.

(2) Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed.

(3) Where figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

(4) Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed under paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the financial year ended 31 March 2019.

(5) If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") and amendments and interpretations of SFRS(I)s that are relevant to its operations and effective from 1 April 2019.

The adoption of these pronouncements did not have any significant impact on the financial performance or position of the Group except the following:

<u>SFRS(I) 16 – Leases</u>

Before the adoption of SFRS(I) 16, commitments under operating leases for future periods were not recognised by the Group as liabilities. Operating lease rental expenses were recognised in the consolidated income statements over the lease period on a straight-line basis.

On adoption of SFRS(I) 16, the Group recognised the full lease liabilities in relation to leases which had previously been classified as "operating leases" if they met certain criteria set out in SFRS(I) 16.

These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate. The difference between the present value and the total remaining lease payments represents the cost of financing.

Such finance cost will be charged to the consolidated income statement in the period in which it is incurred using the effective interest method.

The associated right-of-use assets were measured either as if SFRS(I) 16 had been applied from lease commencement using incremental borrowing rate at date of initial application or equals to the initial measurement of lease liability adjusted by the amount of any previously recognised prepaid or accrued lease payments relating to the lease. These associated right-of-use assets were recognised in the consolidated statement of financial position.

Depreciation is charged on a straight-line basis over the shorter of the asset's useful life and the lease term.

Cash payments for the settlement of lease liabilities were reported as cash flows from financing activities. The total net cash flows of the Group are unaffected.

SFRS(I) 16 substantially carries forward the lessor accounting requirements in SFRS(I) 1-17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the SFRS(I) 1-17 operating lease and finance lease accounting models respectively.

The Group has applied the simplified transition approach and has not restated comparative amounts for the year prior to first adoption. Instead, on 1 April 2019 the cumulative effect of applying the standard is recognised on the Statement of Financial Position as right-of-use assets and lease liabilities and include an adjustment to opening balance of retained earnings for certain properties on 1 April 2019. The differences from the Statement of Financial Position as previously reported at 31 March 2019 are as follows.

	1 April 2019	
	Group	**Company**
	S$'000	S$'000
Increase in right-of-use assets	83,645	25,203
Increase in lease liabilities		
- Current	(21,577)	(9,142)
- Non-current	(71,809)	(16,061)
Decrease in trade and other payables	2,882	-
	(6,859)	-
Decrease in retained earnings	6,859	-
Decrease in total equity	6,859	-

(6) Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	The Group	
	FY2019/20 Q1	FY2018/19 Q1
Based on weighted average number of ordinary shares in issue	**0.98¢**	0.66¢
On fully diluted basis	**0.98¢**	0.66¢

(7) Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the current financial period reported on and immediately preceding financial year.

	The Group		The Company	
	Jun-19	Mar-19	**Jun-19**	Mar-19
Net asset value per ordinary share based on issued share capital of the Company at the end of the financial period (cents)	**72.52**	71.72	**71.52**	70.31

	The Group		The Company	
	Jun-19	Mar-19	**Jun-19**	Mar-19
Ordinary equity per ordinary share based on issued share capital of the Company at the end of the financial period (cents)	**56.93**	56.30	**55.94**	54.89

(8) Review of the performance of the group.

From 1 April 2019, SingPost Group has reclassified the reporting of certain business units under four key business segments, namely Post and Parcel, Logistics, Property and U.S. Business.

Post and Parcel segment comprises the core postal and parcel delivery businesses of the Group. This includes Domestic post and parcels, International post and parcels, as well as products and services transacted at the post offices.

Logistics segment comprises the logistics businesses of the Group. The services are divided into Freight forwarding and eCommerce logistics, which includes front-end related eCommerce solutions, warehousing, fulfilment, delivery and other value-added services in Asia Pacific.

Property segment includes the provision of commercial property rental, as well as the self-storage business.

U.S. Business comprises the businesses in the U.S. under TradeGlobal and Jagged Peak. The Group had announced that it intends to exit the U.S. businesses.

Revenue

	FY19/20 Q1 S$'000	*FY18/19 Q1 S$'000*	*Variance %*
Post and Parcel	**187,267**	185,961	0.7%
Logistics	**119,473**	122,221	(2.2%)
Property	**29,849**	30,301	(1.5%)
U.S. Business	**55,503**	51,450	7.9%
Inter-segment eliminations*	**(15,709)**	(17,349)	9.5%
Total	**376,383**	372,584	1.0%

* *Inter-segment eliminations relate to the elimination of inter-segment billings for internal services to better reflect the profitability of each business segment.*

Group revenue rose 1.0% for the first quarter ("Q1") ended 30 June 2019, with higher International post & parcel revenue from cross-border eCommerce deliveries.

In the Post & Parcel segment, revenue rose marginally, with International revenue rising by 5.2% on the back of higher cross-border eCommerce-related delivery volumes. This was partially offset by a 6.7% decline for Domestic due to continued letter mail decline, as well as a suspension of ad-hoc admail volumes to improve service quality.

In the Logistics segment, revenue was lower by 2.2% as eCommerce logistics revenue declined 7.4%, partially offset by a 3.3% growth for Freight forwarding with higher volumes at the Rotterdam operations.

eCommerce logistics revenue declined due to the exit of certain customer contracts at Quantium Solutions, as well as the depreciation of the Australian dollar against the Singapore dollar for Couriers Please, our parcel delivery service in Australia. Without the depreciation of the Australian dollar, Logistics segment revenue would have been largely stable compared to Q1 last year.

Property segment revenue, which comprises commercial property rental and the self-storage business, remained largely stable at S$29.8 million.

In the U.S. Business segment, revenue rose 7.9%, due largely to higher freight revenues. However, outsourced expenses to third party vendors for deliveries rose disproportionately, and contributed negatively to the business.

Following a strategic review of the U.S. businesses, its prospects and additional investments required, the Group announced on 3 April 2019 the decision to put the U.S. businesses up for sale and exit the U.S. market. SingPost will make further announcements as appropriate on the exit.

Operating Expenses

Operating expenses rose 2.5% in Q1, driven by higher volume-related expenses.

Volume-related expenses, which remain the largest cost component for the Group, rose 7.6%. This reflects costs in relation to higher revenues at International post and parcel, as well as the U.S. businesses.

Excluding volume-related expenses, operating expenses for the Group would have declined 5.1% for Q1 on cost management initiatives.

Labour and related expenses rose marginally, with additional postmen hired for the Singapore postal operations. This was offset by lower labour and related expenses at the U.S. businesses.

Following the adoption of SFRS(I) 16 *Leases* on 1 April 2019, operating lease commitments are now recognised as right-of-use assets as well as lease liabilities on the statement of financial position. In the profit and loss statement, there is a reduction of rental costs (under Administrative and other expenses), increase in depreciation costs (under Depreciation and amortisation expenses), and an additional cost of financing (under Finance expenses).

The impact of adoption of SFRS(I) 16 *Leases* are as follows:

	The Group *FY19/20 Q1* *S$'M*
Administrative and others – Operating lease expense	7.8
Depreciation expense for right-of-use assets	(7.2)
Finance expense	(1.0)
Net impact to P&L	(0.4)

Largely as a result of the above, Administrative and other expenses for Q1 declined 26.1% to S$28.4 million, while Depreciation and amortisation expenses rose 20.0% to S$17.2 million. Finance expenses rose to S$3.6 million, from S$2.4 million in Q1 last year.

Selling-related expense was largely stable at S$2.0 million for Q1.

Other income

Other income rose to S$1.1 million due to a one-off innovation grant received.

Profit on operating activities

	FY19/20 Q1 S$'000	*FY18/19 Q1 S$'000*	*Variance %*
Post and Parcel	**37,562**	41,213	(8.9%)
Logistics	**(1,757)**	(927)	(89.5%)
Property	**12,868**	13,174	(2.3%)
U.S. Business	**(6,919)**	(8,763)	21.0%
Others#	**(6,436)**	(5,517)	(16.7%)
Profit on operating activities	**35,318**	39,180	(9.9%)

 # Others refer to unallocated corporate overhead items and trade-related foreign exchange translation differences.

Profit on operating activities declined 9.9% due largely to lower contribution from Post & Parcel.

In the Post & Parcel segment, profit on operating activities declined 8.9% largely due to lower earnings from Domestic, where growth from eCommerce-related deliveries was insufficient to offset the decline from letter mails and admails, and costs rose with the hiring of additional postmen and enhancement of their remuneration.

In the Logistics segment, loss on operating activities widened to S$1.8 million, from S$0.9 million in Q1 last year. Freight forwarding profit on operating activities remained stable in spite of the global slowdown in trade activities. eCommerce logistics losses on operating activities widened due to compensation payments received from a customer last year, which has since exited. Excluding this, losses would have been largely stable.

Under the Property segment, profit on operating activities declined 2.3% to S$12.9 million, due to higher depreciation from improvement works carried out for the self-storage business.

For U.S. Business, losses on operating activities narrowed year-on-year to S$6.9 million, from S$8.8 million in Q1 last year. This was due to the absence of depreciation and amortisation expenses, as property, plant and equipment, and intangible assets had been written down to zero since the close of the previous financial year.

Under the Others segment, which comprises unallocated corporate overhead items and trade-related foreign exchange translation differences, expenses rose to S$6.4 million, from S$5.5 million in Q1 last year, due largely to higher corporate costs related to public communications.

Exceptional items

There was no significant exceptional item in Q1. In the same period last year, the Group recorded an exceptional loss of S$6.0 million due mainly to fair value loss on warrants from GD Express.

Interest Income and Finance Expense

Interest income and net investment income rose to S$1.8 million, due to higher interest income and favourable exchange movement.

Finance expenses rose to S$3.6 million, from S$2.4 million, mainly due to higher finance costs from the adoption of SFRS(I) 16 *Leases* accounting treatment.

Share of Results of Associated Companies and Joint Venture

The share of loss from associated companies and joint venture was S$0.3 million compared to a loss of S$3.5 million in Q1 last year, as the Group ceased equity accounting for 4PX and disposed of its stake in Indo Trans Logistics Corporation ("ITL") with effect from Q3 last year.

Income Tax Expense

Income tax expense declined 26.9% in Q1 to S$8.5 million. In Q1 last year, there was an additional tax provision for a foreign subsidiary amounting to S$2.3 million.

Net Profit

In the last financial year, the Group sold the GD Express warrants that it held and utilised the proceeds to increase its direct shareholding in GD Express. As such, the Group no longer had to recognise any fair value losses or gains that may arise from the warrants.

Compared to Q1 last year, the absence of such exceptional losses led to a 37.2% increase in net profit attributable to equity holders.

Underlying Net Profit

With improved results from Associated companies and Joint Venture after the Group ceased equity accounting for 4PX and ITL, underlying net profit, which excludes exceptional items, rose 3.9% to S$25.6 million for Q1.

Statement of Financial Position

Assets

The Group's total assets amounted to S$2.7 billion as at 30 June 2019.

Current assets rose to S$734.5 million as at 30 June 2019, from S$686.2 million as at 31 March 2019, on the back of increased business activities during the period, which led to higher cash and cash equivalents and trade and other receivables. Cash and cash equivalents rose to S$412.1 million as at 30 June 2019, due to cash generated from operations.

Current financial assets, which largely comprise SingPost's investments in corporate bonds, rose to S$7.5 million due to reclassification from non-current financial assets, as one of the non-current bonds is now coming to maturity within the next 12 months.

Other current assets rose to S$22.5 million from S$21.3 million mainly due to increase in prepayments on certain fees.

Non-current assets rose to S$2.0 billion, largely due to an increase in Right-of-use assets to S$83.1 million. This increase was due to the capitalisation of future lease payments in accordance with SFRS(I)16 *Leases*, implemented from 1 April 2019. Correspondingly, Lease liabilities are recognised on the balance sheet, which are detailed in the Liabilities section below.

Non-current financial assets declined to S$100.4 million from S$105.8 million, largely due to the reclassification of a bond to current financial assets, as mentioned above.

Intangible assets declined slightly to S$305.9 million as at 30 June 2019, compared to S$307.4 million as at 31 March 2019, largely to translation differences and amortisation.

Liabilities

The Group's total liabilities were S$1.1 billion as at 30 June 2019, compared to S$958.8 million as at 31 March 2019.

Current liabilities rose to S$892.0 million, from S$851.8 million, due substantially to increase in Trade and other payables in line with business activities, as well as Lease liabilities of S$23.5 million, which relates to the current portion of lease payments recognised in accordance with SFRS(I) 16 *Leases* effective from 1 April 2019.

Current income tax liabilities rose to S$51.9 million, from S$44.3 million, largely due to income tax recorded for the period.

The Group is showing a net current liability position as at 30 June 2019, due largely to the S$200 million bond coming due in March 2020 being classified as a current liability. The Group expects to revert to a net current asset position upon refinancing of the bond, with the new borrowings being reclassified back as a non-current liability.

Non-current liabilities rose to S$171.1 million, from S$107.0 million, largely because of an increase in Lease liabilities, which relates to the non-current portion of lease payments recognised in accordance with SFRS(I) 16 *Leases* effective from 1 April 2019.

Non-current contract liabilities mainly relates to upfront payments received from our postassurance collaboration with AXA Life Insurance Singapore Private Limited for which a financing component exists. The decline to S$36.6 million from S$38.3 million was mainly due to amortisation for the period.

A foreign subsidiary has tax-related contingent liabilities, which are yet to be fully determined.

Financial Position

As at 30 June 2019, the Group was in a net cash position of S$121.4 million, compared to a net cash position of S$101.3 million as at 31 March 2019, largely due to cash generated by operating activities.

EBITDA to finance expense stands at 14.7 times for Q1, compared to 18.6 times for the corresponding period last year, due to adoption of SFRS(I) 16 Leases. Adjusted to exclude the impact of SFRS(I) 16 Leases, EBITDA to finance expense would be 17.5 times for Q1.

Ordinary shareholders' equity stands at S$1.68 billion as at 30 June 2019, higher compared to S$1.66 billion as at 31 March 2019 due to higher retained earnings over the period.

Cash Flow

For the quarter, operating cash flow before working capital changes was S$51.3 million, compared to S$52.2 million last year.

Working capital movement for the quarter was negative S$19.1 million due largely to timing of receivables in respect of cross-border eCommerce deliveries, which are experiencing strong growth from China. In the same period last year, there was a positive S$20.4 million working capital movement due largely to favourable timing for payables in respect of international postal settlements.

After payment of income tax, net cash inflow from operating activities was S$31.1 million for the quarter, compared to S$71.3 million in the same period last year.

Net cash inflow for investing activities for the quarter was S$0.4 million for the quarter, compared to outflow of S$8.0 million last year. This was due largely to lower capital expenditure of S$4.1 million compared to S$9.2 million for the same period last year.

Net cash outflow from financing activities for the quarter was S$11.7 million, compared to inflow of S$0.2 million in the same period last year. The difference was largely due to repayment of principal portion of lease liabilities.

(9) Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

(10) A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

With eCommerce volumes expected to continue to grow strongly, in particular in Asia Pacific, SingPost remains well-positioned to benefit over the long term.

In Singapore, while eCommerce-related deliveries are expected to grow, the full benefits are being mitigated by a decline in letter and advertisement mail volumes. The Group will continue to drive operational synergies and productivity gains with the integration of its postal and parcel delivery capabilities.

While International revenue has grown with increased cross-border eCommerce deliveries, transhipment competition is intense with volumes and margins continuing to come under pressure, especially with higher terminal dues.

The Group has stepped up investment to improve service quality and is also reviewing ways to improve the design of our postal system to drive long-term benefits in a parcel-centric environment.

The Property segment is expected to remain largely stable, and a significant contributor to Group operating profit for the financial year.

As announced earlier, the Group has decided to exit the U.S. businesses TradeGlobal and Jagged Peak, and is in the midst of a sale process. The Group will make further announcements as appropriate.

(11) Dividends

Current financial period reported on

Interim dividend

In relation to financial period ended 30 June 2019, the Board of Directors has declared an interim dividend of 0.50 cent per ordinary share (tax exempt one-tier).

The interim quarterly dividend of 0.50 cent per ordinary share will be paid on 30 August 2019. The transfer book and register of members of the Company will be closed on 20 August 2019 for the preparation of dividend warrants. Duly completed registrable transfers of the ordinary shares in the capital of the Company received by the Company's registrar up to 5.00 pm on 19 August 2019 will be registered to determine members' entitlements to the dividend.

Corresponding period of the immediately preceding financial year

Interim dividend
An interim dividend of 0.50 cent per ordinary share (tax exempt one-tier) in relation to the first quarter ended 30 June 2018 was declared on 3 August 2018 and paid on 31 August 2018.

(12) If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

(13) Group Segment Information

Segment information is presented based on the information reviewed by the chief operating decision maker for performance measurement and resource allocation.

From 1 April 2019, SingPost Group has reclassified the reporting of certain business units into four key business segments, namely Post and Parcel, Logistics, Property and U.S. Business (FY2018/19: Post and Parcel, Logistics, eCommerce and Property).

- ***Post and Parcel*** segment comprises the core postal and parcel delivery business of the Group. This includes Domestic post and parcels, International post and parcels, as well as products and services transacted at the post offices.

- ***Logistics*** segment comprises the logistics businesses of the Group. The services are divided into Freight forwarding and eCommerce logistics, which includes front-end related eCommerce solutions, warehousing, fulfilment, delivery and other value-added services in Asia Pacific.

- ***Property*** segment includes the provision of commercial property rental, as well as the self-storage business.

- ***U.S. Business*** segment comprises the businesses in the U.S. under TradeGlobal and Jagged Peak. The Group had announced that it intends to exit the U.S. businesses.

The segment revenue and profit figures have been reclassified for comparative purposes.

The measurement of segment results is in line with the basis of information presented to management for internal reporting purpose.

(14) Interested Person Transactions

During the first quarter ended 30 June 2019, the following interested person transactions were entered into by the Group:

	Aggregate value of all interested person transactions during the financial period (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)	
	FY2019/20 Q1 S$'000	FY2018/19 Q1 S$'000	**FY2019/20 Q1 S$'000**	FY2018/19 Q1 S$'000
Sales				
Starhub Group	**-**	-	**432**	558
	-	-	**432**	558
Purchases				
PSA Corporation	**-**	-	**-**	151
Singapore Airlines Group	**-**	-	**6,818**	5,100
	-	-	**6,818**	5,251
Total interested person transactions	**-**	-	**7,250**	5,809

Note
All the transactions set out in the above table were based on the Group's interested person transactions register. They were either based on contractual values for the duration of the contracts or annual values for open-ended contracts.

(15) Confirmation by the Board pursuant to rule 720(1) of the Listing Manual

The Board had received undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 in pursuant to Rule 720(1) of the listing manual of the Singapore Exchange Securities Trading Limited.

(16) Confirmation by the Board pursuant to rule 705(5) of the Listing Manual

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the first quarter ended 30 June 2019 to be false or misleading in any material aspect.

On behalf of the Board of Directors

MR SIMON CLAUDE ISRAEL	**MR PAUL COUTTS**
Chairman	Director

Singapore

2 August 2019

Financial results Q1 FY2019/20

2 Aug 2019

Disclaimer

The following presentation contains forward looking statements by the management of Singapore Post Limited (“SingPost”) relating to financial trends for future periods, compared to the results for previous periods.

Some of the statements contained in this presentation that are not historical facts are statements of future expectations with respect to the financial conditions, results of operations and businesses, and related plans and objectives. Forward looking information is based on management's current views and assumptions including, but not limited to, prevailing economic and market conditions. These statements involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those in the statements as originally made. Such statements are not, and should not be construed as a representation as to future performance of SingPost. In particular, such targets should not be regarded as a forecast or projection of future performance of SingPost. It should be noted that the actual performance of SingPost may vary significantly from such statements.

“$” means Singapore dollars unless otherwise indicated.

- Q1 FY2019/20 Financials
- Cash flow and Balance sheet
- Segmental results
- Outlook

Q1 FY2019/20 financial statement

S$M	Q1 FY18/19	Q1 FY19/20	YoY % change	
Revenue	**372.6**	**376.4**	**+1.0%**	Higher International post & parcels revenue from cross-border eCommerce deliveries
Operating expenses	(333.7)	(342.1)	+2.5%	
Profit on operating activities	**39.2**	**35.3**	**(9.9%)**	Largely due to lower contribution from Domestic post & parcel
Share of associated companies & JV	(3.5)	(0.3)	(92.7%)	Ceased equity accounting for 4PX and disposed stake in Indo Trans Logistics
Exceptional items	(6.0)	0.0	N.M.	Absence of exceptional losses after sale of GD Express warrants
Income tax expense	(11.6)	(8.5)	(26.9%)	Additional tax provision for a foreign subsidiary last year
Net profit attributable to equity holders	18.7	25.7	+37.2%	Improved net profit
Underlying net profit	**24.7**	**25.6**	**+3.9%**	

N.M. denotes Not Meaningful

Q1 FY2019/20 expenses

S$M	Q1 FY18/19	Q1 FY19/20	YoY % change
Operating expenses	**(333.7)**	**(342.1)**	**+2.5%**
Volume-related	(200.3)	(215.6)	+7.6%
Labour & related	(78.3)	(78.9)	+0.9%
Admin, selling-related & others	(40.8)	(30.4)	(25.4%)
Depreciation & amortisation	(14.3)	(17.2)	+20.0%

S$M	Q1 FY18/19	Q1 FY19/20	YoY % change
Finance expenses	**(2.4)**	**(3.6)**	**+50.3%**

Excluding volume-related expenses, operating expenses would have declined 5.1% on cost management initiatives

Reflects costs in relation to higher revenues at International post and parcel, as well as the U.S. businesses

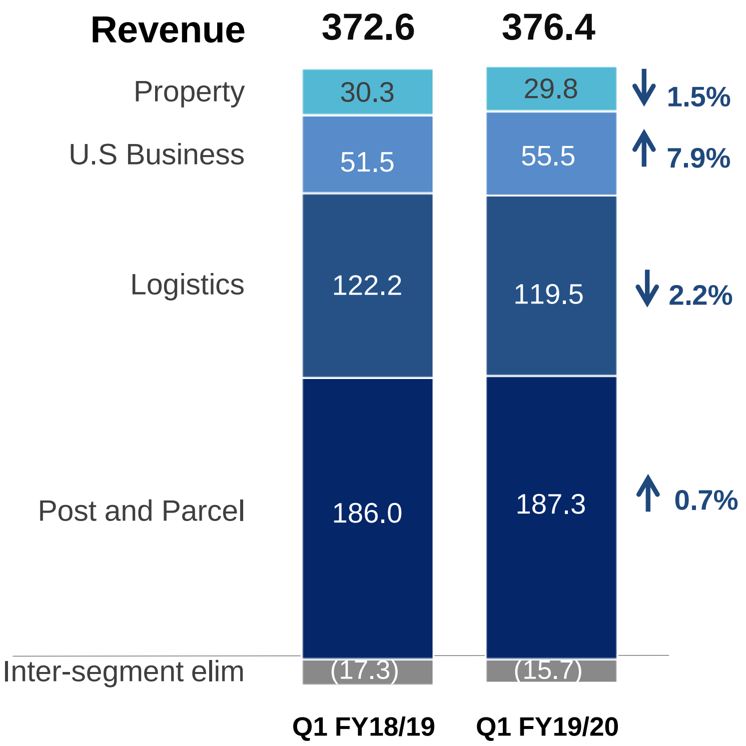
Additional postmen hired for the Singapore postal operations, offset by lower labour expenses in the U.S.

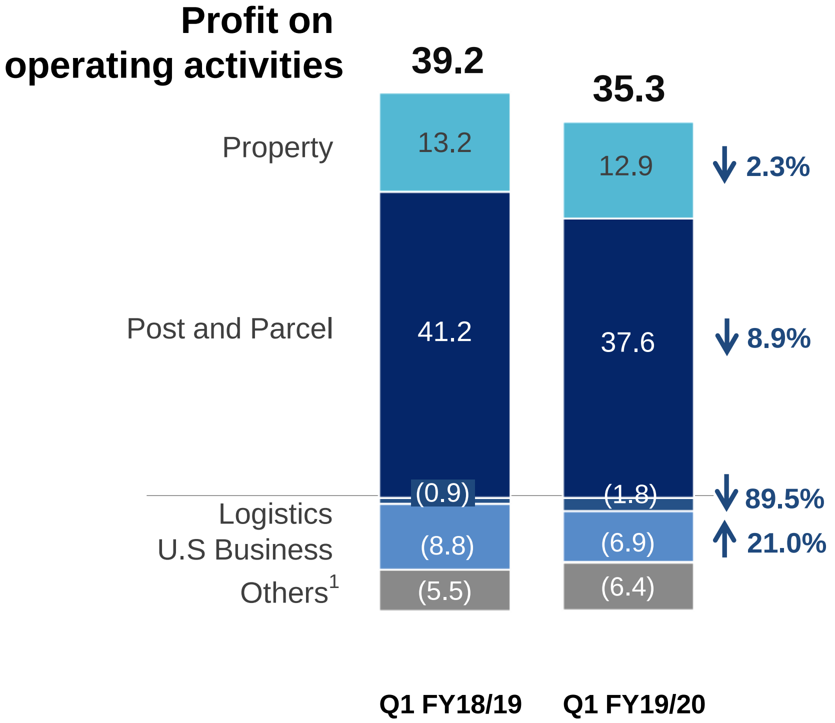
Following adoption of SFRS(I) 16 Leases, there is a reduction of rental costs (under Admin & others), increase in depreciation costs (under D&A), and an additional cost of financing (under Finance expenses).

Impact on adoption of SFRS(I) 16	Q1 FY19/20
Admin & others – Operating lease expense	7.8
Depreciation expense for right-of-use assets	(7.2)
Finance expense for right-of-use assets	(1.0)
Net impact to P&L	**(0.4)**

Q1 FY19/20 segment revenue and profit on operating activities

S$M





1. Refer to unallocated corporate overhead items and trade-related foreign currency translation differences.

Cash flow & Balance sheet

Free cash flow

S$M	Q1 FY18/19	Q1 FY19/20
Operating cash flow before working capital changes	52.2	51.3
Changes in working capital	20.4	(19.1)
Income tax paid	(1.4)	(1.0)
Net cash provided by operating activities	71.3	31.1
Capital expenditure	(9.2)	(4.1)
Free cash flow	**62.1**	**27.0**

Due largely to timing of receivables in respect of cross-border eCommerce deliveries, which are experiencing strong growth in China. The positive movement in Q1 last year was largely due to favourable timing for payables in respect of international postal settlements

Decline due largely to working capital movements

Certain capex items were deferred to later quarters in FY19/20

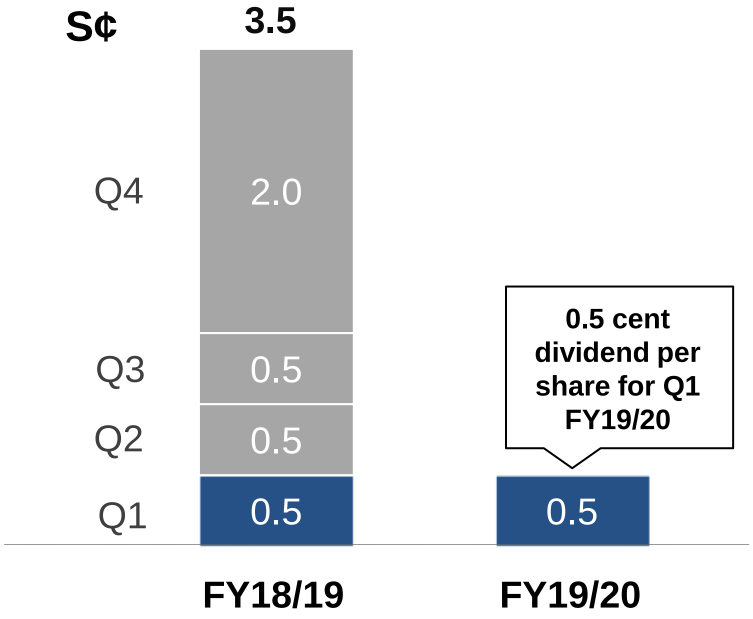
Financial indicators

S$M Financial indicators	As at Mar 2019	**As at Jun 2019**	
Cash & cash equivalents at end of financial period	392.2	412.1	— Higher cash position due to cash generated from operations
Borrowings	290.9	290.7	— Stable borrowings
Net cash / (debt) position	101.3	121.4	— Improved net cash position

	Q1 FY18/19	**Q1 FY19/20**	
EBITDA	44.1	52.3	
EBITDA to finance expense (times)	18.6x	14.7x	— Due to adoption of SFRS(I) 16 *Leases*
Adjusted to exclude impact of SFRS(1) 16 Leases	-	17.5x	

Maintained dividend for Q1 FY2019/20

Dividend per share



Books closure: 20 Aug 2019
Payment date: 30 Aug 2019

Our dividend policy is based on a payout ratio ranging from **60% to 80%** of **underlying net profit** for each financial year.

Segmental results

Post and Parcel

S$M

Post and Parcel	Q1 FY18/19	Q1 FY19/20	YoY % change
Revenue	**186.0**	**187.3**	**+0.7%**
Domestic[1]	*70.4*	*65.7*	*(6.7%)*
International	*115.6*	*121.6*	*+5.2%*
Profit on operating activities	**41.2**	**37.6**	**(8.9%)**
Margin	*22.2%*	*20.1%*	

Revenue rose marginally as International revenue rose by 5.2% on the back of higher cross-border eCommerce-related delivery volumes. This was partially offset by 6.7% Domestic decline due to continued letter mail decline, as well as a suspension of ad-hoc admail volumes to improve service quality.

Profit on operating activities declined 8.9% with lower earnings from Domestic as growth from eCommerce-related deliveries was insufficient to offset the decline from letter mails and admails, and costs rose with hiring of additional postmen and enhancement of their remuneration.

1. Includes products and services transacted at the post offices

Logistics

S$M

Logistics	Q1 FY18/19	Q1 FY19/20	YoY % change
Revenue	**122.2**	**119.5**	**(2.2%)**
eCommerce logistics[1]	*63.1*	*58.4*	*(7.4%)*
Freight forwarding[2]	*59.1*	*61.1*	*+3.3%*
Profit on operating activities	**(0.9)**	**(1.8)**	**(89.5%)**
Margin	*(0.8%)*	*(1.5%)*	

Revenue was lower by 2.2% as eCommerce logistics revenue declined 7.4% due to exit of certain customer contracts at Quantium Solutions, as well as the depreciation of the A$ against the S$ for Couriers Please. Freight forwarding revenue rose 3.3% with higher volumes at the Rotterdam operations.

Without depreciation of the A$, Logistics segment revenue would have been largely stable compared to Q1 last year.

Loss on operating activities widened to S$1.8 million. Freight forwarding profit on operating activities remained stable despite the global slowdown in trade activities.

eCommerce logistics losses widened due to compensation payments received from a customer last year, which has since exited. Excluding this, losses would have been largely stable.

1. Includes Quantium Solutions, Couriers Please and SP eCommerce
2. Famous Holdings

Property

S$M

Property	Q1 FY18/19	Q1 FY19/20	YoY % change
Revenue	**30.3**	**29.8**	**(1.5%)**
Profit on operating activities	**13.2**	**12.9**	**(2.3%)**
Margin	*43.5%*	*43.1%*	

Revenue, which comprises commercial property rental and the self-storage business, remained largely stable at S$29.8 million.

Profit on operating activities declined 2.3% due to higher depreciation from improvement works for the self-storage business.

U.S. Business

S$M

U.S. Business	Q1 FY18/19	Q1 FY19/20	YoY % change
Revenue	**51.5**	**55.5**	**+7.9%**
Profit on operating activities	**(8.8)**	**(6.9)**	**+21.0%**
Margin	*(17.0%)*	*(12.5%)*	

Revenue rose 7.9%, due largely to higher freight revenues. However, outsourced expenses to third party vendors for deliveries rose disproportionately, and contributed negatively to the business.

Losses on operating activities narrowed year-on-year to S$6.9 million, from S$8.8 million in Q1 last year. This was due to the absence of depreciation and amortisation expenses, as property, plant and equipment, and intangible assets had been written down to zero since the close of the previous financial year.

Outlook

Outlook

With eCommerce volumes expected to continue to grow strongly, in particular in Asia Pacific, SingPost remains well-positioned to benefit over the long term.

In Singapore, while eCommerce-related deliveries are expected to grow, the full benefits are being mitigated by a decline in letter mail and advertisement mail volumes. The Group will continue to drive operational synergies and productivity gains with the integration of its postal and parcel delivery capabilities.

While International revenue has grown with increased cross-border eCommerce deliveries, transhipment competition is intense with volumes and margins continuing to come under pressure, especially with higher terminal dues.

The Group has stepped up investment to improve service quality, and is also reviewing ways to improve the design of our postal system to drive long-term benefits in a parcel-centric environment.

The Property segment is expected to remain largely stable, and a significant contributor to Group operating profit for the financial year.

As announced earlier, the Group has decided to exit the U.S. businesses TradeGlobal and Jagged Peak, and is in the midst of a sale process. The Group will make further announcements as appropriate.

Thank You

Supplementary information

Group segment information

From 1 April 2019, SingPost Group has reclassified the reporting of certain business units into four key business segments, namely Post and Parcel, Logistics, Property and U.S. Business (FY2018/19: Post and Parcel, Logistics, eCommerce and Property).

- **Post and Parcel** segment comprises the core postal and parcel delivery business of the Group. This includes Domestic post and parcels, International post and parcels, as well as products and services transacted at the post offices.

- **Logistics** segment comprises the logistics businesses of the Group. The services are divided into Freight forwarding and eCommerce logistics, which includes front-end related eCommerce solutions, warehousing, fulfilment, delivery and other value-added services in Asia Pacific.

- **Property** segment includes the provision of commercial property rental, as well as the self-storage business.

- **U.S. Business** segment comprises the businesses in the U.S. under TradeGlobal and Jagged Peak. The Group had announced that it intends to exit the U.S. businesses.

The segment revenue and profit figures have been reclassified for comparative purposes.

Adoption of SFRS(I) 16

Singapore Financial Reporting Standards (International) 16 – Leases

Before the adoption of SFRS(I) 16, commitments under operating leases for future periods were not recognised by the Group as liabilities.

On adoption of SFRS(I) 16, the Group recognised the full lease liabilities in relation to leases which had previously been classified as "operating leases" if they met certain criteria set out in SFRS(I) 16.

These liabilities were measured at the present value of the remaining lease payments. The difference between the present value and the total remaining lease payments represents the cost of financing.

Such finance cost will be charged to the consolidated income statement in the period in which it is incurred using the effective interest method.

The associated right-of-use assets were recognised in the consolidated statement of financial position, and depreciation is charged on a straight-line basis.

The Group has applied the simplified transition approach and has not restated comparative amounts for the year prior to first adoption. Instead, the cumulative effect of applying the standard is recognized as an adjustment to opening balance of retained profits on 1 April 2019.

S$M

Differences to Statement of Financial Position reported at 31 Mar 19	1 Apr 19	
	Group	Company
Increase in right-of-use assets	83.6	25.2
Increase in lease liabilities Current	(21.6)	(9.1)
Non-current	(71.8)	(16.1)
Decrease in trade and other payables	2.9	-
	(6.9)	**-**
Decrease in retained earnings	6.9	-
Decrease in total equity	**6.9**	**-**

Underlying Net Profit Reconciliation Table

S$'000

	Q1 FY18/19	Q1 FY19/20
Profit attributable to equity holders	**18,715**	**25,682**
Exceptional items	**5,962**	**(49)**
Fair value loss on warrants from an associated company	*5,958*	*-*
Gain on disposal of property, plant and equipment	*(24)*	*(51)*
M&A related professional fees	*28*	*2*
Underlying net profit	**24,677**	**25,633**

Media Release

Singapore Post announces first quarter net profit of S$25.7 million, up 37.2 per cent from previous year

- **Higher revenue with continued growth of International Post and Parcel**
- **Net profit up 37.2 per cent due to improved results from associated companies and joint ventures, and the absence of exceptional losses**
- **Interim dividend of 0.5 cent per share declared**

Financial Highlights

GROUP RESULTS	Q1 FY19/20 (S$'000)	Q1 FY18/19 (S$'000)	Variance
Revenue	376,383	372,584	1.0%
Operating expenses	(342,121)	(333,686)	2.5%
Profit on operating activities	35,318	39,180	(9.9%)
Share of loss of associated companies and joint venture	(255)	(3,477)	92.7%
Exceptional items	49	(5,962)	N.M.
Net profit	25,682	18,715	37.2%
Underlying net profit	25,633	24,677	3.9%
Dividend per share(cents)	0.5	0.5	-

N.M. – Not meaningful

SINGAPORE, 2 August 2019 – Singapore Post Limited ("SingPost") today announced its results for the quarter ending 30 June 2019.

Revenue for the quarter rose 1.0 per cent to S$376.4 million, driven by higher International Post and Parcel revenue arising from cross-border eCommerce deliveries.

Net profit attributable to equity holders jumped 37.2 per cent to S$25.7 million. SingPost reported exceptional fair value loss on warrants from an associated company last year, which were then swapped for direct shareholding, accounting for the absence of the fair value losses this year.

Underlying net profit rose 3.9 per cent to S$25.6 million, owing to improved results from associated companies and joint ventures.

Mr Paul Coutts, Group Chief Executive Officer, said: "Amid the backdrop of declining domestic letter volumes and a weaker economic outlook in our key markets, we will continue to navigate our way through the transformation journey, leveraging the continuous growth of eCommerce. Meanwhile, we remain firmly focused on rolling out our mid- and longer-term measures aimed at improving service levels for our customers in the home market."

Performance of Business Segments

From 1 April 2019, SingPost Group has reclassified the reporting of certain business units under four key business segments: Post and Parcel, Logistics, Property and U.S. Business.

The Post and Parcel segment comprises the core postal and parcel delivery businesses of the Group. This includes Domestic Post and Parcel, International Post and Parcel, as well as products and services transacted at SingPost Post Offices.

The Logistics segment comprises the Logistics businesses of the Group. The services are divided into Freight forwarding and eCommerce logistics, which includes front-end related eCommerce solutions, warehousing, fulfilment, delivery and other value-added services in Asia Pacific.

The Property segment includes the provision of commercial property rental, as well as the self-storage business.

The U.S. Business comprises the eCommerce businesses in the U.S., namely TradeGlobal and Jagged Peak. The Group had announced that it intends to exit the U.S. businesses, and is in the midst of a sale process. The Group will make further announcements when appropriate.

In the Post and Parcel segment, revenue rose marginally, with international revenue rising by 5.2 per cent on the back of higher cross-border eCommerce-related delivery volumes. This was partially offset by a 6.7 per cent decline on the domestic front due to letter mail decline, as well as a suspension of ad-hoc admail services to improve service quality. Profit on operating activities declined 8.9 per cent as operating expenses rose due to the hiring of additional postmen and enhancements made to postmen salaries.

In the Logistics segment, revenue was lower by 2.2 per cent. eCommerce logistics revenue dipped 7.4 per cent, and was partially offset by a 3.3 per cent growth for Freight forwarding mainly due to higher volumes. The decline in eCommerce logistics revenue was due to the exit of certain customer contracts at Quantium Solutions, as well as the depreciation of the Australian dollar against the Singapore dollar for CouriersPlease, our parcel delivery service in Australia. Without depreciation of the Australian dollar, eCommerce logistics segment would have been largely stable compared to Q1 last year.

The Property segment revenue, which comprises commercial property, rental and self-storage business, remained largely stable at S$29.8 million.

In the U.S. Business segment, revenue rose 7.9 per cent, due largely to higher freight revenues. However, outsourced expenses to third party vendors for deliveries rose disproportionately, and contributed negatively to the business. Overall, while losses on operating activities narrowed year-on-year to S$6.9 million from S$8.8 million in Q1 last year, this was largely due to the absence of depreciation and amortisation expenses.

Interim dividend

For the first quarter of FY2019/20, the Board of Directors has declared an interim dividend of 0.5 cent per ordinary share (tax exempt one-tier), to be paid on 30 August 2019.

- End -

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About Singapore Post Limited

For over 160 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.