



For immediate release

SingPost revenue rises 6.2 per cent, net profit falls 13.6 per cent

- Revenue rose 6.2 per cent to S\$354.1 million for the first quarter of FY2017/18
- Underlying net profit declined 24.7 per cent on decline in domestic mail volume, costs from planned investments, increased competition in logistics segment, and expansion costs of associates
- Q1 FY2017/18 dividend of 0.5 cent per share declared

Financial Highlights

	Q1 FY17/18 (S\$'000)	Q1 FY16/17 (S\$'000)	Variance (%)
GROUP RESULTS			
Revenue	354,122	333,372	6.2
Rental & property related income	9,042	9,690	(6.7)
Total expenses	(330,640)	(297,621)	11.1
Operating profit	41,888	49,369	(15.2)
Net profit	30,973	35,852	(13.6)
Underlying net profit	26,946	35,763	(24.7)
Earnings per share (cents)	1.20	1.49	
Dividend per share (cents)	0.5	1.5	

SINGAPORE, 4 August 2017 – Singapore Post Limited (“SingPost”) today announced its results for the first quarter ended 30 June 2017.

Revenue for the quarter increased 6.2 per cent to S\$354.1 million, due to growth in the postal and logistics segments.

Net profit attributable to equity holders decreased 13.6 per cent to S\$31.0 million, while underlying net profit declined 24.7 per cent. This was due mainly to lower domestic mail volumes, costs from planned investments, increased competition in the logistics segment, and associates that are investing for growth.

Mr Paul Coutts, Group Chief Executive Officer, said: “Our transformation into a leader in postal and eCommerce logistics is in progress to secure new revenues for SingPost. The investments we have made will take a number of years to contribute to profitability, but are necessary as our core domestic mail business faces structural decline. The priority is to integrate what we have acquired into a true network across markets, products and geographies, with a focus on driving synergy benefits. The transition is not without challenge but we have the right people, the right infrastructure and the right technology to succeed.”

eCommerce-related deliveries grow revenues

Strong international mail growth drove postal revenue to a 9.3 per cent increase, even as domestic mail revenue decreased with more organisations moving to electronic statements.



Cross-border eCommerce-related deliveries rose, especially with increasing volumes from the Alibaba Group. But even as profits from such transshipment activities increased, they were insufficient to offset the decline in domestic mail earnings, resulting in postal operating profit decreasing 13.7 per cent.

Logistics revenue increased 6.1 per cent as SP Parcels and CouriersPlease made more eCommerce-related deliveries, and as Famous Holdings saw higher contributions from its overseas operations. Quantum Solutions, however, was impacted by intense competitive pressures in North Asia, which negated improvements in the utilisation of the Regional eCommerce Logistics Hub in Singapore. The challenges in North Asia, along with costs from planned investments to build out SingPost's eCommerce logistics network, caused logistics operating profit to fall 39.3 per cent. Moving forward, the focus will be to increase volumes and utilisation of the network to improve economies of scale and operating leverage.

eCommerce revenue declined and operating losses rose from a year ago, due mainly to TradeGlobal, which has lost two of its largest customers as announced previously. Compared against the quarter ended 31 March 2017, eCommerce losses narrowed as a turnaround business plan is underway. Jagged Peak saw higher revenues and earnings as it added new customers and processed increased volumes.

The retail mall at the new SingPost Centre is expected to open in October 2017. The Group will begin to recognise rental income progressively from the second half of FY2017/18 as occupancy ramps up towards a steady state.

Total expenses of the Group increased 11.1 per cent on higher volume-related expenses, which reflect the Group's changing business mix.

Cash position strengthens

Free cash flow improved to S\$32.0 million, from S\$13.7 million during the corresponding period, due to lower capital expenditure with the completion of the Regional eCommerce Logistics Hub last year.

As at 30 June 2017, SingPost's cash and cash equivalents stood at S\$364.4 million, down from S\$366.6 million as at 31 March 2017, mainly because of a net repayment of bank loans. The Group recorded a net cash position of S\$32.7 million, improving from S\$2.6 million as at 31 March 2017.

Interim dividend

For the first quarter of FY 2017/18, the Board of Directors has declared an interim dividend of 0.5 cent per ordinary share (tax exempt one-tier) to be paid on 31 August 2017.

About Singapore Post Limited

For over 150 years, Singapore Post (SingPost) as the country's postal service provider, has been delivering trusted and reliable services to homes and businesses in Singapore.

Today, SingPost is pioneering and leading in eCommerce logistics as well as providing innovative mail and logistics solutions in Singapore and around the world, with operations in 19 markets.

Building on its trusted communications through domestic and international postal services, SingPost is taking the lead in end-to-end integrated and digital mail solutions. The suite of SingPost eCommerce logistics solutions



includes front end web management, warehousing and fulfilment, last mile delivery and international freight forwarding.

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