



Media Release

Singapore Post full year net profit rises to S\$91 million

- Revenue declined 0.7% to S\$1.31 billion for the full year ended 31 March 2020
- Net profit up mainly due to absence of impairment charges for U.S. businesses incurred in the previous year
- Underlying net profit remained stable at S\$100.2 million
- Challenging outlook since Q4 and for year ahead due to on-going Covid-19 crisis
- Final dividend of 1.2 cents per share proposed

Financial Highlights

GROUP RESULTS	Full year FY19/20 (S\$'000)	Full year FY18/19 (S\$'000)	Variance (%)	Q4 FY19/20 (S\$'000)	Q4 FY18/19 (S\$'000)	Variance (%)
Continuing operations¹						
Revenue	1,313,783	1,323,285	(0.7%)	312,221	320,734	(2.7%)
Operating expenses	(1,174,815)	(1,144,404)	2.7%	(288,766)	(291,183)	(0.8%)
Profit on operating activities	143,605	182,479	(21.3%)	21,292	30,697	(30.6%)
Share of profit/(loss) of associated companies	(114)	(7,061)	(98.4%)	(224)	31	N.M.
Exceptional items	(9,122)	37,942	N.M.	(9,396)	15,023	N.M.
Discontinued operations²						
Loss from discontinued operations	(11,994)	(147,271)	(91.9%)	-	(116,492)	N.M.
Group total						
Net profit	91,078	18,958	@	7,174	(75,108)	N.M.
Underlying net profit	100,200	100,106	0.1%	16,570	14,454	14.6%
Dividend per share(cents)	2.7	3.5		1.2	2.0	

N.M. – Not meaningful

@ – over 300%

SINGAPORE, 8 May 2020 – Singapore Post Limited (“SingPost”) today announced its results for the full year ended 31 March 2020.

Group revenue for the year overall decreased by 0.7% to S\$1.31 billion, as all segments recorded a slight decline in revenue. Net profit attributable to equity holders rose significantly

^{1,2} SingPost announced on 19 September 2019 that its U.S. eCommerce subsidiaries, Jagged Peak and TradeGlobal, filed for voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States.

Following the announcement, SingPost has since deconsolidated the financials for the U.S. businesses from the rest of the Group, and no longer recognise profit or loss from the U.S. subsidiaries. As such, since the second quarter ended 30 September 2019, the consolidated financial statement of the Group has been presented as ‘Continuing Operations’, which excludes the U.S. subsidiaries. Losses from the U.S. subsidiaries for the same period are presented as a single line item in the financial statement as ‘Discontinued Operations’.



to S\$91.1 million, mainly due to the absence of one-off impairment charges of the U.S. businesses incurred last year.

Underlying net profit for the full year was stable at S\$100.2 million excluding the impact of exceptional items and other one-off items. The absence of losses from the U.S. businesses compared to last year was offset by lower profit for Post and Parcel as a result of lower domestic letter volumes and impact of Covid-19 in Q4.

For the fourth quarter ended 31 March 2020, revenue declined 2.7% to S\$312.2 million. Net profit attributable to equity holders was recorded at S\$7.2 million, reversing from a net loss of S\$75.1 million from the previous year, due to the absence of impairment charges in exceptional items incurred last financial year. Underlying net profit was up 14.6%, due to the absence of losses from the U.S. businesses.

SingPost earlier announced on 19 September 2019 that its U.S. eCommerce subsidiaries, Jagged Peak and TradeGlobal, filed for voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States.

Following the announcement, SingPost has since deconsolidated their financials from the rest of the Group, and no longer recognise profit or loss from the U.S. subsidiaries.

On 2 December 2019, the bankruptcy court entered orders approving the sale of substantially all of Jagged Peak, Inc.'s assets and TradeGlobal LLC's assets. On 12 December 2019, the U.S. subsidiaries filed notices with the bankruptcy court that the closing of both sales had occurred. SingPost does not expect any material financial impact to the Group from both sales.

The consolidated financial statement of the Group is presented as 'Continuing Operations', which excludes the U.S. businesses. Losses from the U.S. businesses for the same period are presented as a single line item in the financial statement as 'Discontinued Operations'.

Business segments performance

In the Post and Parcel segment, revenue held steady for the full year. International Post and Parcel posted record revenue of more than S\$500 million on the back of higher cross-border eCommerce-related activity, which was offset by an accelerated decline in letter mail volume domestically. Profit on operating activities for the segment dropped 23.2% to S\$127.5 million.

These trends were impacted by Covid-19 disruptions in Q4, with Post and Parcel revenue declining by 5.7% in the quarter. Domestic letter mail volumes continued its double-digit decline for a second straight quarter, while International Post and Parcel saw a drop to its revenue and operating profit due to the disruption in global supply chains as a result of border control measures imposed by many countries due to Covid-19. As a result, profit on operating activities in the Post and Parcel segment dropped 47.7% in Q4.



In the Logistics segment, revenue dropped slightly by 0.7% for the full year. Losses from operating activities for the year was S\$5.6 million, compared to losses of S\$7.6 million recorded last year.

In Q4, Logistics delivered a resilient performance with a growth of 5.3% in revenue, despite challenges from Covid-19. Quantum Solutions continued its strong performance from Q3 into Q4, recording a revenue growth of 28.5% in the quarter, as a result of new customer acquisition and higher revenue from existing customers in Asia. CouriersPlease posted a growth in Q4 as well, reversing declines recorded in previous quarters due to the Australian bushfires last year and floods in January 2020. As a whole, the Logistics segment recorded lower losses from operating activities in Q4 at S\$2.2 million, due to absence of one-off costs of nearly S\$2 million incurred the year before.

Revenue and profit on operating activities for the Property segment, comprising commercial property rental and self-storage business, remained flat for the full year.

The SingPost Centre retail mall and office remain close to full occupancy at the end of the financial year. However, government measures to curb the spread of Covid-19 had a negative impact on the retail mall, as consumer footfall for the mall fell in the last week of March. The Group has provided rental waivers to eligible tenants, on top of the mandatory property tax rebates, both of which will be reflected in next quarter's financial results.

Longer term focus

While the Group continues to face headwinds in its Postal business with declining letter mail volumes, there are also opportunities arising from the strong growth of eCommerce logistics, especially in Asia Pacific.

Part of this long-term strategy is the fundamental review of Postal operations, brought about by changes in Singapore's postal landscape. This Smart Urban Logistics initiative aims to reinvent a sustainable national mail delivery system, and along with it improve service standards, so as to drive long-term business performance and value creation.

SingPost has earlier in September 2019 unveiled a smart letterbox delivery system prototype, which it will continue to refine. This will enable a best-in-class seamless experience for both mail and parcel delivery and retrieval, as well as address the urban logistics issues confronting Singapore.

Over the years, SingPost had also developed capabilities in the Business to Consumer (B2C) space with its roots as a postal company, and also expanded into the Business to Business (B2B) space, developing new businesses and making acquisitions. In line with the growing trend of customers demanding both B2B and B2C capabilities, this provides a timely opportunity for the Group to further strengthen and scale up its capabilities to build a strong,



integrated network that fulfils both B2B and B2C requirements within Singapore and the wider Asian Pacific region.

The review of the postal operations as part of the Smart Urban Logistics project also covers the entire spectrum from back-end processing to front-end deliveries of both letters and parcels. Besides enabling the Group to be more operationally efficient, the move will subsequently free up industrial space for the Group's Property portfolio for more efficient gains.

Final dividend & dividend review

In relation to financial year ended 31 March 2020, the Board of Directors is recommending a final dividend of 1.2 cents per ordinary share. This would bring the annual dividend for the financial year to 2.7 cents per share, representing a pay-out ratio of 60% of underlying net profit. The proposed dividend is subject to shareholders' approval at the Annual General Meeting to be convened.

Mr Paul Coutts, SingPost Group CEO, said: "Since the start of 2020, Covid-19 has posed significant challenges to the operating environment for businesses across all industries, with major economies warning of job cuts and recession in the coming year. Despite the strong demand for logistics and delivery services, SingPost will not be spared from the economic fallout if Covid-19 persists, so we are focused on ensuring our cost base remains sustainable.

"In spite of the difficult operating environment, we will press on with our longer term strategy in order to stay relevant and to prepare ourselves to capitalise on the opportunities that will emerge from this crisis," Mr Coutts added.

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About Singapore Post Limited

For more than 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.