



SingPost Q1 net profit falls 23 per cent

One-off divestment gains in prior year and investments in business transformation

- Net profit declined 23 per cent due mainly to one-off divestment gains in the previous year
- Underlying net profit was down 11.2 per cent due to investments in business transformation
- Revenue rose 30.9 per cent to S\$333.4 million for the first three months of FY2016/2017
- Q1 FY 2016/2017 dividend of 1.5 cents per share declared

Financial Highlights

	Q1 FY16/17 (S\$'000)	Q1 FY15/16 (S\$'000)	Variance (%)
GROUP RESULTS			
Revenue	333,372	254,607	30.9
Rental & property-related income	9,690	10,604	(8.6)
Total expenses	297,621	222,718	33.6
Operating profit	49,369	57,708	(14.5)
Net profit	35,852	46,590	(23.0)
Underlying net profit	35,763	40,282	(11.2)
Earnings per share (cents)	1.49	2.00	
Dividend per share (cents)	1.5	1.5	

SINGAPORE, 4 August 2016 – Singapore Post Limited (“SingPost”) today announced its results for the first three months of the financial year ended 30 June 2016.

Revenue grew a robust 30.9 per cent to S\$333.4 million, buoyed by continued expansion of cross-border eCommerce-related activities, and the inclusion of contributions from new subsidiaries.

Net profit attributable to equity holders declined 23.0 per cent to S\$35.9 million, due largely to one-off gains from the divestments of Novation Solutions and DataPost HK in the corresponding period last year. Underlying net profit, which excludes one-off items, was down 11.2 per cent, due to investments in business transformation. Rental income declined as the Singapore Post Centre (“SPC”) retail mall is being redeveloped, while depreciation charges were incurred for the Regional eCommerce Logistics Hub which obtained Temporary Occupation Permit in April 2016. SingPost also continued to invest in eCommerce IT and operational capabilities.

Mr Mervyn Lim, Covering Group Chief Executive Officer, said: “We are investing in our business transformation and that will take time to contribute materially to earnings. We are



focused on executing our strategy to create value from our acquisitions and build an integrated global eCommerce logistics ecosystem. SingPost's strategy to protect the postal core and grow its eCommerce logistics network remains on track."

Good transformation progress as eCommerce-related activities continue to grow

eCommerce-related revenues from across the Postal, Logistics and eCommerce segments more than doubled from S\$73.1 million to S\$164.1 million. They now make up 49.3 per cent of Group revenue, up from 28.7 per cent last year. The sharp increase reflects continued expansion in cross-border eCommerce-related activities across the Group, as well as the inclusion of new US subsidiaries TradeGlobal and Jagged Peak. Correspondingly, overseas revenues rose to make up 50.2 per cent of Group revenue, up from 37.8 per cent last year.

Increased cross-border eCommerce-related activities led Postal revenues to a 1.5 per cent rise, despite the deconsolidation of subsidiaries divested during the previous financial year. International mail revenue was up 30.3 per cent to S\$65.5 million, while domestic mail revenue declined 4.3 per cent to S\$64.0 million due to lower volumes.

Logistics revenue rose 11.9 per cent to S\$156.7 million, with steady organic growth at Quantum Solutions and CouriersPlease, as well as the inclusion of a new subsidiary under Famous Holdings.

Revenue growth for the eCommerce segment was due mainly to the consolidation of new US subsidiaries, TradeGlobal from November 2015 and Jagged Peak from March 2016. Operating losses from the segment increased from S\$1.9 million to S\$3.5 million as contributions from the newly acquired US subsidiaries were offset by continued investments in eCommerce IT and operational capabilities, as well as marketing and sales efforts in the US to build scale. Beyond these direct contributions, the eCommerce segment was an important driver of warehousing, freight, last mile delivery and customer care services for the Logistics segment.

Rental and property-related income decreased 8.6 per cent to S\$9.7 million due to the loss of retail rental income from the redevelopment of SPC retail mall, which is due for completion by mid-2017.

Miscellaneous income amounted to S\$2.4 million, compared to S\$13.6 million in the comparable quarter last year. The drop was due mainly to one-off gains recorded last year from the divestments of Novation Solutions and DataPost HK.

Total expenses increased 33.6 per cent, driven largely by growth in international mail traffic and eCommerce logistics volumes that reflect the change in the Group's business mix.

Improved cash flows from operations

Operating cash flow amounted to S\$78.6 million, a 33 per cent increase compared to S\$59.2 million in Q1 last year. Cash used for investing activities declined to S\$61.2 million, from S\$80.2 million.

As at 30 June 2016, SingPost's cash and cash equivalents stood at S\$232.8 million, up from S\$126.6 million as at 31 March 2016. The Group's net debt position improved to S\$134.8 million, from S\$153.6 million.



Interim dividend

For the first quarter of FY 2016/2017, the Board of Directors has declared an interim dividend of 1.5 cents per ordinary share (tax exempt one-tier) to be paid on 31 August 2016.

SingPost will be reviewing the dividend policy to ensure there is a clear link to underlying earnings. The dividend must be sustainable through the transformation of the business, and provide for future growth.

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.

SingPost has been listed on the Main Board of the Singapore Exchange since 2003. The market capitalisation of SingPost stood at S\$3.53 billion as of 31 March 2016. The company has a strong credit rating of A-/Stable by Standard & Poor's.

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