



SingPost achieves strong growth in revenue as transformation progresses

- Revenue grew 24.3 per cent to S\$834.0 million in the first nine months of FY2015/16 as net profit rose 17.6 per cent to S\$143.5 million
- Transformation into a global eCommerce logistics company bears fruit with 53 per cent growth year-on-year in eCommerce-related revenues, now 33.4 per cent of Group revenue
- Operating profit margins improving through scale and synergies from post-merger integration; Logistics margins in Q3 rose to 7.5 per cent, 31.6 per cent above prior year
- Operating profit rose 18.5 per cent, with underlying net profit increasing 1.2 per cent
- Q3 FY2015/2016 dividend of 1.5 cents per share, up from 1.25 cents in the corresponding quarter last year

Financial Highlights

	9M FY15/16 (S\$'000)	9M FY14/15 (S\$'000)	Variance (%)		Q3 FY15/16 (S\$'000)	Q3 FY14/15 (S\$'000)	Variance (%)
GROUP RESULTS							
Revenue	833,963	670,873	24.3		316,184	239,617	32.0
Rental & property related income	29,887	33,016	(9.5)		9,253	10,910	(15.2)
Total expenses	(737,062)	(564,666)	30.5		(273,264)	(198,148)	37.9
Operating profit	176,794	149,174	18.5		54,599	50,947	7.2
Net profit	143,531	122,057	17.6		43,504	43,224	0.6
Underlying net profit	121,772	120,364	1.2		43,947	43,625	0.7
Earnings per share (cents)	6.15	5.37			1.84	1.84	
Dividend per share (cents)	4.5	3.75			1.5	1.25	

SINGAPORE, 4 February 2016 – Singapore Post Limited (“SingPost”) today announced its results for the first nine months of the financial year ended 31 December 2015.

Continuing expansion in eCommerce and Logistics activities, along with contributions from new subsidiaries raised SingPost’s revenue for the first nine months of FY2015/2016 by 24.3 per cent to S\$834.0 million. Operating profit improved 18.5 per cent to S\$176.8 million due to strong growth in Logistics and eCommerce-driven international mail as well as one-off gains from divestments. These improvements came during the peak season and arose out of increases in scale and synergies from post-merger integration of new subsidiaries.

Net profit was S\$143.5 million, an increase of 17.6 per cent.

These figures bear out the Group’s transformation into a global eCommerce logistics company, which was achieved while growing underlying net profit, up 1.2 per cent to S\$121.8 million.



Mr Mervyn Lim, Deputy Group Chief Executive Officer (Corporate Services) and Group Chief Financial Officer, said: “We are realising the potential of our transformation into the global eCommerce logistics space with more scale and synergies from integration. Our transformation is showing in our financial results, which reflect how SingPost is on a new growth trajectory. The investments we made in the last few years are driving up both top and bottom line growth, with Group revenue up 24 per cent and net profit, 18 per cent. With the integration of these acquisitions into existing operations, we can expect further synergies and expansion of our eCommerce business as we provide retail brands with easy one-stop access to eCommerce markets in the US, Europe, China and the rest of the Asia Pacific region.”

eCommerce Transformation Drives Revenue Growth

eCommerce-related revenues rose 53 per cent and made up 33.4 per cent of Group revenue, up from 27.1 per cent the previous year. eCommerce activities drove growth across all three business segments and improved margins as SingPost continued to build its eCommerce capabilities.

SingPost’s expansion beyond a traditional domestic mail business into the fast-growing global eCommerce logistics space is showing up in the geographical makeup of its revenue streams. Overseas revenues increased to 41.9 per cent of Group revenue in the first nine months, from 31.0 per cent in the corresponding period last year.

Revenue from Logistics operations increased 39.5 per cent to S\$458.4 million on the back of growing contributions from eCommerce logistics activities and the inclusion of revenues of new subsidiaries. Operating profit was up 57.6 per cent. This growth reflects SingPost’s increasing participation in the fast expanding eCommerce market and higher margins on improved operating efficiency and synergies from post-merger integration. Operating profit margin for the third quarter jumped to 7.5 per cent, from 5.7 per cent the prior year. This was a 31.6 per cent improvement over last year’s peak season.

Over the past nine months, the integration of Quantum Solutions and CouriersPlease, as well as SingPost’s partnerships, boosted the company’s eCommerce logistics capabilities in the region, allowing it to deliver what matters to its mono-brand clients and their customers: efficient end-to-end logistics solutions from warehousing to convenient touchpoints, flexible doorstep delivery and returns.

Mail revenue was stable at S\$372.3 million despite the cessation of revenue from hybrid mail with the divestment of Novation Solutions in the first quarter and DataPost in the second quarter. Excluding the impact of the divestments, Mail revenue was 4.5 per cent higher compared to the same period last year. Operating profit rose 5.2 per cent.

International mail package volumes expanded strongly on the back of increasing eCommerce cross-border deliveries, more than offsetting declines in traditional letter mail. This together with improvements in productivity and service efficiency from investments in mail infrastructure resulted in positive performance overall.

Retail and eCommerce revenue rose 50.8 per cent to S\$102.6 million due mainly to higher eCommerce growth and the inclusion of new US subsidiary TradeGlobal’s revenue from 14 November 2015 of S\$29.4 million. Operating profit declined on lower contributions from financial services and continued investments in eCommerce infrastructure and capabilities.



Mr Marcelo Wessler, Chief Executive Officer of SP Commerce, said: “Our transformation into a global end-to-end eCommerce logistics enabler is taking shape. Last month, we launched SP Commerce, a global omni-channel commerce and fulfilment platform that integrates leading US-based eCommerce providers TradeGlobal Holdings, which we acquired recently, and Jagged Peak. SingPost now processes US\$3 billion of merchandise every year. We do this through more than 50 distribution centres across over 18 countries that include major eCommerce markets in the US, Europe, China and the rest of the Asia Pacific. We provide end-to-end eCommerce logistics solutions to more than 100 mono-brand clients.”

The increase in operating profit for the segment of “Others” in the first nine months was due to one-off gains from the divestment of Novation Solutions and DataPost.

Total expenses rose 30.5 per cent to S\$737.1 million in the first nine months, in tandem with the inclusion of new subsidiaries and growth in business volumes. Administrative and other expenses increased as a result of higher property related expenses, such as warehouse rental costs, and professional fees related to SingPost’s growth and transformation initiatives.

Healthy Cash Flows Amid Transformation Initiatives

Cash generated from operations was healthy. Operating cash flow before working capital changes was S\$162.3 million for the first nine months of FY2015/16. Cash used for investing activities for the nine months was S\$463.9 million. This went mainly to the acquisition of TradeGlobal, and the development of the eCommerce Logistics Hub and a new retail mall at Singapore Post Centre.

As at 31 December 2015, SingPost’s cash and cash equivalents stood at S\$185.1 million, with a net debt position of S\$176.0 million.

Interim Dividend

For the third quarter of FY2015/2016, the Board of Directors has declared an interim dividend of 1.50 cents per ordinary share (tax exempt one-tier) to be paid on 4 March 2016. Together with the 1.5 cents paid on 27 August 2015, and on 27 November 2015, a total of 4.5 cents would be paid for the first nine months of FY2015/2016.

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 the Asia Pacific, with operations in 18 countries.

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.

Listed on the Main Board of the Singapore Exchange in 2003, SingPost is a constituent stock of various main global benchmark indices - FTSE All-World Index Series, FTSE All-World Minimum



Variance Index, FTSE All-World High Dividend Yield Index, FTSE RAFI Index Series, FTSE Global Infrastructure Index Series and FTSE ST Index Series. It has a strong credit rating of 'A/Stable/NR' by Standard & Poor's.

To find out more about SingPost, please visit www.singpost.com and <https://www.singpost.com/corporate-information/businesses.html> for more information on SingPost's subsidiaries and businesses.

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