

For immediate release

SingPost Group's unaudited results
for the second quarter and half year ended 30 September 2014

SingPost continues to invest in transformation with focus on regional growth

- Growth in revenue contributions from regional and ecommerce related businesses
- Underlying net profit flat with continued investment in transformation and pressure from declining domestic Mail business

Singapore, 6 November 2014 – Singapore Post Limited (“SingPost”) today announced its unaudited results for the second quarter and half year ended 30 September 2014. Below are some highlights:

FINANCIAL HIGHLIGHTS

	Q2 FY14/15 (S\$M)	Q2 FY13/14 (S\$M)	Variance (%)		H1 FY14/15 (S\$M)	H1 FY13/14 (S\$M)	Variance (%)
GROUP RESULTS							
Revenue	220.3	203.8	8.1		431.3	405.2	6.4
Rental & Property-Related Income	11.3	11.4	(1.1)		22.1	22.6	(2.3)
Total Expenses	188.8	171.3	10.2		368.5	337.2	9.3
Net Profit	37.6	35.6	5.5		76.8	73.0	5.3
Underlying Net Profit	37.5	37.3	0.8		73.7	73.5	0.3
Net Cash from Operating Activities	20.8	59.7			72.2	117.9	
Earnings per Share	1.584cts	1.680cts			3.431cts	3.454cts	

Group revenue rose while underlying net profit remained flat with continued pressure on mail business and investments in transformation

- Group revenue up 8.1%, with contributions driven by regional and ecommerce-related businesses as domestic Mail business continues to decline
- Continued investment in innovation and productivity to achieve efficiencies and maintain quality service as pressure mounts from declining volumes and cost increases in domestic mail

The Group posted an 8.1% increase in revenue to S\$220.3 million in the second quarter of FY2014/15, on the back of continued growth in ecommerce related businesses.

In the Mail segment, revenue rose 3.2% to S\$123.5 million, boosted by increased ecommerce transshipments in the international mail business line. This offset the decline in the traditional postal business in domestic mail (-5.2%) and hybrid mail (-10.9%), which remain challenging.

Logistics revenue increased 15.1% to S\$108.9 million, with growing contributions from the business lines. Ecommerce logistics activities under Quantum Solutions continued to increase while freight forwarding revenue from Famous Holdings was higher with contributions from new

subsidiaries Tras-Inter Co (Japan) and F.S. Mackenzie (UK). Revenue from General Storage's (Lock+Store) self-storage business improved with higher occupancy and additional facilities.

In the Retail & eCommerce segment, revenue from financial services and ecommerce services grew 4.9% to S\$22.3 million, offsetting the decline in traditional retail and agency services. Revenue from ecommerce services improved with the acquisition of new customers.

Rental and property-related income was S\$11.3 million, a 1.1% decline compared to the same quarter last year, as a result of lower contribution from SingPost's properties.

Dr Wolfgang Baier, Group Chief Executive Officer of SingPost said: "Overall, the businesses performed well in the second quarter, with growth coming from regional and ecommerce related businesses. We are also beginning to see bigger contributions from our logistics segment as we seek to rebalance our revenue portfolio and forge ahead with our aim to be the regional leader in ecommerce logistics."

He added: "The postal business however remains very challenging with the continued decline in domestic mail volume and rising operating costs. The postage rate adjustment will help to partially mitigate cost increases in the mail business. We will remain prudent and continue to drive productivity and service innovation to achieve efficiencies and maintain quality service while meeting new customer demands."

The Group has been making additional capital expenditure since FY2013/14 to upgrade the postal infrastructure and improve its service quality and productivity in Singapore. Out of the S\$100 million investment, S\$45 million was for mail sorting machines which are expected to be fully operational in December 2014. The Group is replacing its two-wheeler fleet with three-wheelers which have bigger carrying capacity. It has also piloted new concept Post Offices to cater to new-generation users.

Total expenses amounted to S\$188.8 million, an increase of 10.2% compared to the same period last year. This was largely due to business growth and investments in transformation and service quality improvements for the mail business. The increase in volume related expenses was in tandem with the growth in international traffic and business activities. Administrative and other costs were higher mainly due to increases in property related expenses such as warehouse rental expenses, and professional fees related to M&A and growth initiatives. Operating profit improved by 7.2% to S\$46.8 million while net profit rose 5.5% to S\$37.6 million. With the continued investment for its transformation, the Group achieved an underlying net profit of S\$37.5 million, an increase of 0.8%.

Investing to build, strengthen and expand regional businesses and networks

- **SingPost in the middle of transformation to be regional ecommerce logistics player**
- **Continued ecommerce growth but further capex investments across the value chain required to support momentum**
- **Strategic investments in M&A and capex to continue over next few years with business transformation**

SingPost's ecommerce-related revenue for the first half of FY2014/15 accounts for about 27% or S\$116.1 million of Group revenue. This represents a 20% year-on-year growth in ecommerce-related revenue. The Group's ecommerce solutions are also gaining traction with the sites it manages which now extend to eight countries in Asia Pacific. With close to 1,000 ecommerce customers across the Group and ecommerce package volumes registering strong double-digit growth year-on-year, SingPost is gearing up to meet the growing demand.

Riding on the growth momentum in its ecommerce and related businesses, SingPost has been investing to build and strengthen its infrastructure and networks to take full advantage of the expanding ecommerce industry in the region. In October 2014, the Group announced that it was investing S\$182 million to develop a fully integrated eCommerce Logistics Hub in Singapore to meet the needs of its expanding ecommerce logistics business. The integrated Hub will house automated parcel sorting and warehousing systems, and bring together the ecommerce activities of Quantum Solutions, Singapore Parcels, Lock+Store and SP eCommerce. The investment will further enhance the value proposition that the Group can offer to local and regional customers.

Over the past months, the Group has been making strategic investments to strengthen its end-to-end integrated ecommerce logistics value chain. These include:

- The acquisition of FS Mackenzie (UK) and Tras-Inter Co (Japan), providing customers from Europe and Japan enhanced cross-border solutions for freight, customs and regulations management;
- The acquisition of The Store House (HK) and Axis Plaza (Malaysia), as well as the expansion of Quantum Solutions' regional warehousing network to strengthen the Group's micro warehousing and fulfilment capabilities;
- The installation of more than 70 POPStations in Singapore and the development of local last-mile capabilities in the region through Quantum Solutions/partners to enhance the Group's last mile delivery and returns; and
- The set-up of regional customer service centres and investment in ecommerce technology and software to provide ecommerce web services to customers across eight countries.

Said Dr Baier: "We are embarking on the next trajectory of the Group's transformation to be a regional leader in ecommerce logistics and trusted communications. We will continue to expand our end-to-end ecommerce logistics solutions network in the region and make further investments in ecommerce logistics infrastructure, technology and capabilities to take advantage of opportunities and weather challenges such as our declining domestic postal business. As part of our growth strategy, we will also continue to explore investment opportunities in Asia Pacific."

Dr Baier added: "On the trusted communications front, we will continue to build digital solutions and innovative channels in digital communications to meet the changing needs as traditional mail continues to decline. We will also focus on enhancing productivity and efficiency to mitigate cost increases."

SingPost has embarked on modernising its post offices, transforming them into efficient hubs with 24/7 access to essential services to cater to the new generation of digital-savvy users. To serve the ecommerce demographic, the Group has also rolled out more than 70 POPStations to date, adding innovative features to further enhance the customers' online shopping experience. These include a mobile app that enables remote unlocking of the secured locker, making parcel collection even speedier. Other new features enable customers to now post their parcels via POPStation, make payment at POPStation when their online purchases are delivered to the secured locker as well as the hassle-free return of parcels. SingPost has also announced the pilot of personal POPStations (P-POPS) in early 2015.

Dr Baier said: "At this stage of our transformation, we are very focused on executing our growth plans well. It is a very tough journey, transforming from a largely domestic postal provider to a regional ecommerce logistics provider, and it takes time. To take advantage of the new ecommerce opportunities in the region, the Group needs to continue making capex investments over the next few years and scale up its regional network and infrastructure. And with our business profile shifting into the very competitive logistics/ecommerce space and domestic mail volumes continuing to decline, we maintain a cautiously optimistic outlook."

Quarterly interim dividend remains at 1.25 cents

Net cash from operating activities was S\$72.2 million in the first half, compared to S\$117.9 million in the same period last year. The difference was predominantly due to working capital movements as a result of business operations.

The Board of Directors has declared an interim quarterly dividend of 1.25 cents per ordinary share (tax exempt one-tier) payable on 28 November 2014.

End

About Singapore Post Limited

(Reg. No. 199201623M)

Singapore Post (SingPost) is the leading provider of mail, logistics and ecommerce solutions in Singapore and the Asia Pacific region, with operations in more than 10 countries.

As Singapore's national postal service provider, SingPost offers trusted communications through domestic and international postal services as well as end-to-end integrated mail solutions covering secure data printing, letter-shopping, delivery and mailroom management, among others. For over 150 years, SingPost has been delivering a trusted and reliable service to citizens, residents, corporations and businesses in Singapore.

As part of its transformation, SingPost has been steadily expanding beyond Singapore, leveraging its regional platform Quantum Solutions and other subsidiaries and partners. With its regional network and infrastructure, SingPost offers fully integrated ecommerce logistics solutions covering the four areas of freight, customs & regulations management, warehousing & fulfilment, last mile delivery & returns as well as ecommerce web services, to its customers.

SingPost won the World Mail Award for ecommerce in June 2014 and was ranked the top postal agency in the world in an Accenture report. SingPost also gained international acclaim when it was bestowed the Service Provider of the Year 2014 award by Postal Technology International. SingPost is the only company to win the Universal Postal Union's EMS Cooperative award for its Speedpost courier service every year since 2001.

SingPost's subsidiaries and businesses include:

- SP eCommerce (<http://www.specommerce.com/>), an ecommerce enabler that provides brands and retailers with integrated end-to-end ecommerce solutions
- Quantum Solutions (<http://www.quantiumsolutions.com/>) specialises in logistics and fulfilment services to businesses within the Asia Pacific region
- Famous Holdings (<http://www.famous.com.sg/>), an established Singapore-based sea freight consolidator and freight-forwarder with a regional presence in 6 countries
- Lock+Store (<http://www.lockandstore.com/>), a leading self-storage operator in Singapore
- DataPost (<http://www.datapost.com.sg/>), the biggest data print bureau in the region
- Speedpost (<http://www.speedpost.com.sg/>), a leading provider for courier service in Singapore and international shipping to more than 200 destinations across the globe
- vPOST (<http://www.vpost.com.sg/>), one of the largest online shopping and shipping services providers in Southeast Asia
- Omigo Marketplace (<http://www.omigo.com.sg/>), Singapore's online marketplace for consumers to shop and for SMEs and international brands to sell online
- vBOX (<https://www.vbox.com.sg/index.jsp>), a digital mailbox with bill payment services which can be accessed anywhere, anytime

SingPost was listed on the Main Board of the Singapore Exchange in 2003. To learn more about SingPost, please visit www.singpost.com.

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**For general information on SingPost, call 1605 toll-free  
or visit [www.singpost.com](http://www.singpost.com)**

**Media contact**

Tay Poh Choo, Corporate Communications  
Email: [pohchoo@singpost.com](mailto:pohchoo@singpost.com)

**Analyst contact**

Selena Chong, Investor Relations  
Email: [selena@singpost.com](mailto:selena@singpost.com)