

SingPost net profit rises 37 percent amid eCommerce peak season

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Singapore Post Limited (“SingPost”) today announced its results for the third quarter ended 31 December 2017.

Singapore Post Limited (“SingPost”) today announced its results for the third quarter ended 31 December 2017. Revenue for the quarter increased 11.7 per cent to S\$412.8 million, fuelled by growth across the Group.

Net profit attributable to equity holders rose 37.2 per cent to S\$43.0 million, driven by improved performance in the Postal, eCommerce and Property divisions, as well as a S\$6.9 million one-off adjustment of deferred tax arising from changes in the US corporate tax rate. Excluding exceptional items, underlying net profit was up 11.9 per cent to S\$35.2 million.

Mr Paul Coutts, Group Chief Executive Officer, said: “Good execution across the Group saw us capture the benefits of a festive peak season in which eCommerce volumes made new records globally. During the quarter, revenue from eCommerce-related activities rose 26.4 per cent to S\$247.8 million, hitting 60.0 per cent of total revenue. We will move ahead with our strategy to become a leading postal and eCommerce logistics company to realise the full potential of our transformation.”

All round growth with Postal, eCommerce and Property boosting the bottom line

Postal revenue increased 15.8 per cent and

operating profit rose 4.0 per cent.

International mail revenue rose 37.7 per cent to cross S\$100 million, driven by higher cross-border eCommerce deliveries, including those for the Alibaba Group’s Double-Eleven event in November 2017.

Logistics revenue grew 1.5 per cent. SP Parcels and CouriersPlease increased last mile delivery volumes in Singapore and Australia respectively, while Famous Holdings saw higher freight forwarding volumes. Operating profit declined 44.8 per cent due to higher line haul and handling costs, as well as lower contribution from Quantum Solutions, which continued to face competitive pressures in Hong Kong, even as utilisation rose at the Regional eCommerce Logistics Hub in Singapore.

eCommerce revenue rose 19.7 per cent in the quarter and more than halved its operating loss. Jagged Peak recorded a 43.9 per cent surge in revenue, reflecting the US festive peak retail season. TradeGlobal overcame the loss in revenue from major customers that was disclosed previously, growing revenue marginally as it added new customers. TradeGlobal’s performance is on track with its turnaround business plan and it delivered good cost controls during the quarter.

Rental and property-related income

increased 52.9 per cent, driven by rental income from the SingPost Centre retail mall that was opened in October 2017.

Committed occupancy as at 31 December 2017 was 85.9 per cent, up from 80.4 per cent as at 30 September 2017.

Total expenses increased 14.7 per cent, reflecting higher volume-related expenses. The Group is seeking to grow volumes to derive economies of scale from operating leverage.

Free cash flow improves

For the nine months ended 31 December 2017, free cash flow improved to S\$93.6 million, from negative S\$11.6 million in the corresponding period last year. This was because of lower capital expenditure, following the completion of the Regional

eCommerce Logistics Hub and SingPost Centre retail mall.

As at 31 December 2017, SingPost's cash and cash equivalents stood at S\$284.3 million, down from S\$366.6 million as at 31 March 2017. The decrease was largely due to net repayment of short term bank loans. The Group's net cash position improved to S\$49.0 million as at 31 December 2017, from S\$2.6 million as at 31 March 2017.

Interim dividend

For the third quarter of FY2017/18, the Board of Directors has declared an interim dividend of 0.5 cent per ordinary share (tax exempt one-tier) to be paid on 28 February 2018.

Source: [SingPost](#)