SingPost third quarter net profit rises 15.6 per cent to S$50.2 million

01-02-2019

Singapore Post Limited (â€œSingPostâ€□) today announced its results for the third quarte ended 31 December 2018. Revenue for the quarter increased 7.6 per cent to S$441.4 million, on stronger contributions across all business segments during the global eCommerce peak season.

Net profit attributable to equity holders rose 15.6 per cent to S$50.2 million, largely due to an exceptional gain on the dilution of interest in 4PX. As announced previously, 4PX ceased to be an associated company of SingPost after the Group's shareholding was diluted by the issuance of additional 4PX shares to an existing shareholder of the China-based logistics company.

Profit on operating activities declined 8.5 per cent to S$42.2 million as higher contributions from the Post & Parcel, Logistics and Property segments were largely offset by losses at the US eCommerce businesses. Underlying net profit, which excludes exceptional items, was down 7.5 per cent from last year at S$32.9 million.

Mr Paul Coutts, Group Chief Executive Officer, said: "It has been an exceptional quarter, with strong performance across the Group, other than the US which remains challenging. We continue to advance our integration and cost transformation programmes to enhance operational synergies and improve profitability amid intense competition in eCommerce logistics."

Business segment performance

In the Post and Parcel segment, increased domestic and international eCommerce deliveries over the eCommerce peak season drove revenue up 9.0 per cent. Profit on operating activities rose 10.0 per cent, with domestic margins improving on operating synergies from the ongoing integration of its postal and parcel last mile delivery networks.

The Logistics segment recorded a 67.4 per cent rise in profit on operating activities, largely on lower losses at Quantium Solutions, which continues to improve its profitability.

The eCommerce segment saw higher volumes, driven by festive shopping in the US. Operating loss, however, rose amid intense competitive pressures in the US. Costs, such as freight and outsourced services, were up significantly to support the increased volumes. The Group continues to face challenges in the eCommerce operating environment in the US, due to intensifying competition and rising customer bankruptcies. There is a risk of impairment to the carrying value of the US businesses, which are underperforming and are expected to remain loss-making this financial year. Impairments, if any, will be assessed based on the full financial year results and future plans for the businesses.

Profit on operating activities from Property rose 18.2 per cent, due mainly to rental income from the SingPost Centre retail mall.

Committed occupancy for the mall was at 99 per cent as at 31 December 2018, compared with 86 per cent a year ago.

Interim dividend

For the third quarter of FY2018/19, 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 2019.

Source: [SingPost]