International Post Corporation

SingPost reports first quarter net profit of S$18.7 million

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Singapore Post Limited (â€œSingPostâ€☐) today announced its results for the quarter ended 3 June 2018. Revenue for the quarter increased 3.3 per cent to S$372.6 million, as international mail and last-mile deliveries grew, driven by eCommerce, and property rental income rose.

Net profit attributable to equity holders declined 40.4 per cent to S$18.7 million, due mainly to an exceptional fair value loss on warrants from an associated company, reflecting changes in the market value of the financial instrument, and higher tax. Excluding one-off items, operating profit rose 1.2 per cent to S$39.2 million. Underlying net profit was down 9.8 per cent to S$24.7 million, as the improved operating profit before exceptional items was offset by lower contributions from associates investing for growth and increased tax.

Mr Paul Coutts, Group Chief Executive Officer, said: “As strong growth in global eCommerce drives cross-border and last-mile deliveries, we are focused on executing well to keep up our operational momentum as we transform SingPost for the future.”

Revenue grows on cross-border and domestic eCommerce deliveries

From 1 April 2018, SingPost has reclassified the reporting of its business units into four key segments, namely Post and Parcel, Logistics, eCommerce and Property. Post and Parcel comprises the Group’s core postal and Singapore parcel delivery business; the Logistics segment includes Quantium Solutions, Couriers Please and Famous Holdings; while eCommerce is made up of the Group’s front end-related eCommerce businesses, such as SP eCommerce in the Asia Pacific and the US eCommerce businesses. The Property segment includes commercial property rental, as well as the self-storage business of General Storage Company.

International mail and parcel revenue rose on higher cross-border and Singapore eCommerce deliveries, mitigating lower domestic letter mail volumes. While measures to mitigate the impact of higher terminal dues have been implemented, international mail margins were lower compared to last year, resulting in a 3.8 per cent decline in Post and Parcel operating profit.

Logistics revenue decreased 2.2 per cent due largely to lower freight forwarding volumes. The segment reversed an operating loss of S$2.5 million last year, attributed mainly to a turnaround at Quantium Solutions, where losses were reduced by 44.6 per cent.

The eCommerce segment, as reported, saw a 4.3 per cent decline in revenue as a result of changes in business mix. Operating profit was impacted by ongoing integration efforts of the US businesses.

Overall, the Group continues to benefit from positive global eCommerce trends, with eCommerce-related revenue from across the segments rising 8.8 per cent to make up 53.7 per cent of Group revenue.

Property posted a 67.1 per cent increase in operating profit, due mainly to rental income from the SingPost Centre retail mall, which saw committed occupancy improve further to 96.7 per cent as at 30 June 2018.

Strong cash flow generation

For the quarter ended 30 June 2018, free cash flow grew strongly to S$62.1 million, from S$32.0 million the previous year. This was due to improved cash generation from operating activities, as well as reduced capital expenditure, following the completion of the SingPost Centre retail mall.

Interim dividend

For the first 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 31 August 2018.

Source: SingPost