



COMPANY ANNOUNCEMENT

The following is a Company Announcement issued by MaltaPost p.l.c. pursuant to the Malta Financial Services Authority Listing Rules:

QUOTE

The Board of Directors of MaltaPost p.l.c. approved the audited financial statements for the financial year ended 30 September 2018 and resolved that these statements be submitted for approval at the forthcoming Annual General Meeting to be held on 13 February 2019. The attached Preliminary Statement of annual results is being published in terms of the Listing Rules.

The Board of Directors further resolved to recommend for the approval of the Annual General Meeting:

1. The payment of a final Gross Dividend of €0.0615 (Net: €0.04) per nominal €0.25 share.
2. Shareholders shall receive the Dividend either by direct transfer or by cheque.

The Dividend, if approved at the Annual General Meeting, will be paid on 13 March 2019 to shareholders on the Company's share register at the Central Securities Depository of the Malta Stock Exchange as at close of business on 14 January 2019.

Shareholders on the Company's share register at the Central Securities Depository of the Malta Stock Exchange, as at close of business on 14 January 2019 will receive notice of the Annual General Meeting together with the Financial Statements for the financial year ended 30 September 2018.

UNQUOTE

A handwritten signature in black ink, appearing to read "Graham A. Fairclough", written over a horizontal line.

Graham A. Fairclough
Company Secretary

17 December 2018

Review of Performance

For the year ended 30th September 2018, MaltaPost registered a profit before tax of €2.62 million (2017: €3.05 million).

- Growth of services related to international mail, parcels business and document management services, contributed to higher revenue of €40.2 million (2017: €38.4 million);
- The higher level of operational activities, resulted in an overall increased expense charge of €37.7 million (2017: €35.5 million);
- Cost to income ratio stood at 93.5% (2017: 92.1%);
- Total Assets rose by 15.9% to €47.9 million (2017: €41.6 million);
- Revaluation Reserve increased by €2.6 million, following revaluation of property owned by the Company;
- Shareholders' funds reached €26.4 million (2017: €23.6 million);

The Company's postal activity remains conditioned by the stringent Universal Service Obligation coupled with a postal tariff structure that has not been revised since a number of years and this despite year-on-year increases in overall operational costs. The significant volume growth in international mail services registered has been dampened by lower margins due to increased competition in this sector.

Outlook

MaltaPost remains committed to its Universal Service Obligation within a revised tariff structure and is working with its Regulator, the Malta Communications Authority to achieve this during the next financial year. In comparative terms, tariffs for mail services in Malta remain the lowest in the EU. While the Company strives to improve operational efficiency and manage costs, the timely introduction of a revised tariff structure is vital given that this industry is labour and transaction-intensive, which also necessitates an extensive delivery and retail network so as to remain efficient. It also needs to be in a position to invest so as to respond effectively to the challenges presented by the market in general and those unregulated operators in particular.

The Directors are confident that the continued diversification into logistics, document management and financial services, while maintaining a core letter mail service bode well for the future so as to provide a fair return on investment to shareholders.

MaltaPost p.l.c.
Preliminary Statement of annual Results for year ended 30 September 2018

Statements of financial position

| | Group | | Company | |
|---------------------------------------|--------------------|---------------|---------------|---------------|
| | As at 30 September | | | |
| | 2018 €'000 | 2017 €'000 | 2018 €'000 | 2017 €'000 |
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 17,289 | 14,390 | 17,289 | 14,390 |
| Intangible assets | 286 | - | 286 | - |
| Investment in subsidiary | - | - | 1 | 1 |
| Available-for-sale financial assets | 3,826 | 3,613 | 3,826 | 3,613 |
| Deferred tax asset | 582 | 611 | 582 | 611 |
| Total non-current assets | 21,983 | 18,614 | 21,984 | 18,615 |
| Current assets | | | | |
| Inventories | 606 | 758 | 606 | 758 |
| Trade and other receivables | 7,879 | 11,272 | 7,951 | 11,272 |
| Current tax asset | 183 | - | 183 | - |
| Deposits with financial institutions | 4,714 | 2,014 | 4,714 | 2,014 |
| Cash and cash equivalents | 12,565 | 8,854 | 12,458 | 8,827 |
| Total current assets | 25,947 | 22,898 | 25,912 | 22,871 |
| Total assets | 47,930 | 41,512 | 47,896 | 41,486 |
| EQUITY AND LIABILITIES | | | | |
| Capital and reserves | | | | |
| Share capital | 9,414 | 9,414 | 9,414 | 9,414 |
| Share premium | 7,367 | 7,367 | 7,367 | 7,367 |
| Other reserves | 2,534 | (20) | 2,534 | (20) |
| Retained earnings | 7,101 | 6,879 | 7,092 | 6,878 |
| Total equity | 26,416 | 23,640 | 26,407 | 23,639 |
| Non-current liabilities | | | | |
| Deferred tax liability | 1,028 | 777 | 1,028 | 777 |
| Provision for liabilities and charges | 1,964 | 2,047 | 1,964 | 2,047 |
| Total non-current liabilities | 2,992 | 2,824 | 2,992 | 2,824 |
| Current liabilities | | | | |
| Trade and other payables | 18,522 | 14,819 | 18,497 | 14,794 |
| Current tax liability | - | 229 | - | 229 |
| Total current liabilities | 18,522 | 15,048 | 18,497 | 15,023 |
| Total liabilities | 21,514 | 17,872 | 21,489 | 17,847 |
| Total equity and liabilities | 47,930 | 41,512 | 47,896 | 41,486 |

Income statements

| | Group | | Company | |
|---------------------------------------|-------------------------|---------------|---------------|---------------|
| | Year ended 30 September | | | |
| | 2018 €'000 | 2017 €'000 | 2018 €'000 | 2017 €'000 |
| Revenue | 40,167 | 38,438 | 40,169 | 38,441 |
| Employee benefits expense | (15,340) | (13,830) | (14,764) | (13,531) |
| Depreciation and amortisation expense | (964) | (789) | (964) | (789) |
| Other expenses | (21,391) | (20,910) | (21,982) | (21,214) |
| Operating profit | 2,472 | 2,909 | 2,459 | 2,907 |
| Finance income | 164 | 145 | 164 | 145 |
| Profit before tax | 2,636 | 3,054 | 2,623 | 3,052 |
| Tax expense | (908) | (1,041) | (903) | (1,040) |
| Profit for the year | 1,728 | 2,013 | 1,720 | 2,012 |
| Earnings per share | €0.05 | €0.05 | | |

Statements of comprehensive income

| | Group | | Company | |
|---|-------------------------|---------------|---------------|---------------|
| | Year ended 30 September | | | |
| | 2018 €'000 | 2017 €'000 | 2018 €'000 | 2017 €'000 |
| Comprehensive income | | | | |
| Profit for the year | 1,728 | 2,013 | 1,720 | 2,012 |
| Other comprehensive income | | | | |
| <i>Items that may be subsequently reclassified to profit or loss</i> | | | | |
| Available-for-sale financial assets: | | | | |
| Losses from changes in fair value | (34) | (132) | (34) | (132) |
| <i>Items that will not be reclassified to profit or loss</i> | | | | |
| Remeasurements of defined benefit obligations | (11) | (528) | (11) | (528) |
| Surplus arising on revaluation of land and buildings | 2,846 | - | 2,846 | - |
| <i>Income tax relating to components of other comprehensive income:</i> | | | | |
| Remeasurements of defined benefit obligations | 4 | 305 | 4 | 305 |
| Surplus arising on revaluation of land and buildings | (251) | - | (251) | - |
| Total other comprehensive income for the year | 2,554 | (355) | 2,554 | (355) |
| Total comprehensive income for the year | 4,282 | 1,658 | 4,274 | 1,657 |

Statements of changes in equity

| Group | Attributable to equity shareholders | | | | |
|--|-------------------------------------|------------------------|-------------------------|----------------------------|----------------|
| | Share capital €'000 | Share premium €'000 | Other reserves €'000 | Retained earnings €'000 | Total €'000 |
| Balance at 1 October 2016 | 9,247 | 6,298 | 335 | 6,345 | 22,225 |
| Comprehensive income | | | | | |
| Profit for the year | - | - | - | 2,013 | 2,013 |
| Other comprehensive income | | | | | |
| Available-for-sale financial assets: | | | | | |
| Losses from changes in fair value | - | - | (132) | - | (132) |
| Remeasurements of defined benefit obligations, net of deferred tax | - | - | (223) | - | (223) |
| Total other comprehensive income | - | - | (355) | - | (355) |
| Total comprehensive income | - | - | (355) | 2,013 | 1,658 |
| Transactions with owners | | | | | |
| Allotment of shares | 167 | 1,069 | - | - | 1,236 |
| Dividends | - | - | - | (1,479) | (1,479) |
| Total transactions with owners | 167 | 1,069 | - | (1,479) | (243) |
| Balance at 30 September 2017 | 9,414 | 7,367 | (20) | 6,879 | 23,640 |

Statements of changes in equity - continued

| Group | Attributable to equity shareholders | | | | |
|---|-------------------------------------|------------------------|-------------------------|----------------------------|----------------|
| | Share capital €'000 | Share premium €'000 | Other reserves €'000 | Retained earnings €'000 | Total €'000 |
| Balance at 1 October 2017 | 9,414 | 7,367 | (20) | 6,879 | 23,640 |
| Comprehensive income | | | | | |
| Profit for the year | - | - | - | 1,728 | 1,728 |
| Other comprehensive income | | | | | |
| Available-for-sale financial assets: | | | | | |
| Losses from changes in fair value | - | - | (34) | - | (34) |
| Remeasurements of defined benefit obligations, net of deferred tax | - | - | (7) | - | (7) |
| Surplus arising on revaluation of land and buildings, net of deferred tax | - | - | 2,595 | - | 2,595 |
| Total other comprehensive income | - | - | 2,554 | - | 2,554 |
| Total comprehensive income | - | - | 2,554 | 1,728 | 4,282 |
| Transactions with owners | | | | | |
| Dividends | - | - | - | (1,506) | (1,506) |
| Total transactions with owners | - | - | - | (1,506) | (1,506) |
| Balance at 30 September 2018 | 9,414 | 7,367 | 2,534 | 7,101 | 26,416 |

Statements of changes in equity - continued

| Company | Attributable to equity shareholders | | | | |
|--|-------------------------------------|------------------------|-------------------------|----------------------------|----------------|
| | Share capital €'000 | Share premium €'000 | Other reserves €'000 | Retained earnings €'000 | Total €'000 |
| Balance at 1 October 2016 | 9,247 | 6,298 | 335 | 6,345 | 22,225 |
| Comprehensive income | | | | | |
| Profit for the year | - | - | - | 2,012 | 2,012 |
| Other comprehensive income | | | | | |
| Available-for-sale financial assets: | | | | | |
| Losses from changes in fair value | - | - | (132) | - | (132) |
| Remeasurements of defined benefit obligations, net of deferred tax | - | - | (223) | - | (223) |
| Total other comprehensive income | - | - | (355) | - | (355) |
| Total comprehensive income | - | - | (355) | 2,012 | 1,657 |
| Transactions with owners | | | | | |
| Allotment of shares | 167 | 1,069 | - | - | 1,236 |
| Dividends | - | - | - | (1,479) | (1,479) |
| Total transactions with owners | 167 | 1,069 | - | (1,479) | (243) |
| Balance at 30 September 2017 | 9,414 | 7,367 | (20) | 6,878 | 23,639 |

Statements of changes in equity - continued

| Company | Attributable to equity shareholders | | | | |
|---|-------------------------------------|------------------------|-------------------------|----------------------------|----------------|
| | Share capital €'000 | Share premium €'000 | Other reserves €'000 | Retained earnings €'000 | Total €'000 |
| Balance at 1 October 2017 | 9,414 | 7,367 | (20) | 6,878 | 23,639 |
| Comprehensive income | | | | | |
| Profit for the year | - | - | - | 1,720 | 1,720 |
| Other comprehensive income | | | | | |
| Available-for-sale financial assets: | | | | | |
| Losses from changes in fair value | - | - | (34) | - | (34) |
| Remeasurements of defined benefit obligations, net of deferred tax | - | - | (7) | - | (7) |
| Surplus arising on revaluation of land and buildings, net of deferred tax | - | - | 2,595 | - | 2,595 |
| Total other comprehensive income | - | - | 2,554 | - | 2,554 |
| Total comprehensive income | - | - | 2,554 | 1,720 | 4,274 |
| Transactions with owners | | | | | |
| Dividends | - | - | - | (1,506) | (1,506) |
| Total transactions with owners | | | - | (1,506) | (1,506) |
| Balance at 30 September 2018 | 9,414 | 7,367 | 2,534 | 7,092 | 26,407 |

Statements of cash flows

| | Group | | Company | |
|---|-------------------------|----------------|----------------|----------------|
| | Year ended 30 September | | | |
| | 2018 €'000 | 2017 €'000 | 2018 €'000 | 2017 €'000 |
| Cash flows from operating activities | | | | |
| Cash from customers | 43,633 | 31,974 | 43,633 | 31,974 |
| Cash paid to suppliers and employees | (40,869) | (31,629) | (40,950) | (31,656) |
| Cash flows attributable to funds collected on behalf of third parties | 7,873 | 2,498 | 7,873 | 2,498 |
| Cash from operating activities | 10,637 | 2,843 | 10,556 | 2,816 |
| Income tax paid | (1,293) | (1,088) | (1,292) | (1,088) |
| Net cash generated from operating activities | 9,344 | 1,755 | 9,264 | 1,728 |
| Cash flows from investing activities | | | | |
| Finance income | 166 | 158 | 166 | 158 |
| Purchase of property, plant and equipment | (1,345) | (1,545) | (1,345) | (1,545) |
| Purchase of financial assets | (500) | (26) | (500) | (26) |
| Proceeds from disposals/redemptions of financial assets | 250 | 434 | 250 | 434 |
| Maturity of deposits with financial institutions | (2,700) | (464) | (2,700) | (464) |
| Net cash used in investing activities | (4,129) | (1,443) | (4,129) | (1,443) |
| Cash flows from financing activities | | | | |
| Dividends paid | (1,504) | (244) | (1,504) | (244) |
| Net cash used in financing activities | (1,504) | (244) | (1,504) | (244) |
| Net movement in cash and cash equivalents | 3,711 | 68 | 3,631 | 41 |
| Cash and cash equivalents at beginning of year | 8,854 | 8,786 | 8,827 | 8,786 |
| Cash and cash equivalents at end of year | 12,565 | 8,854 | 12,458 | 8,827 |