Media Release

Singapore Post full year net profit declines 47.7% to S$47.6 million, reflecting COVID-19 impact

- Revenue rose 6.9% to S$1.4 billion, largely led by strong eCommerce volume growth in Logistics, Domestic Post and Parcel segments
- eCommerce-related revenue rose to 34% of total Domestic Post and Parcel revenue, up from 21% in the same period last year
- Underlying net profit down 40% to S$60.1 million, as COVID-19 disruptions led to a sharp increase in international conveyance and line-haul costs
- Final dividend of 0.6 cent per share proposed

Financial Highlights

GROUP RESULTS	Full year FY20/21 (S$'000)	Full year FY19/20 (S$'000)	Variance (%)	H2 FY20/21 (S$'000)	H2 FY19/20 (S$'000)	Variance (%)
***Continuing operations*[1]**						
Revenue	1,404,681	1,313,783	6.9	696,900	668,135	4.3
Operating expenses	(1,335,087)	(1,174,815)	13.6	(664,722)	(607,199)	9.5
Profit on operating activities	79,332	143,605	(44.8)	39,549	62,640	(36.9)
Share of profit/(loss) of associated companies	989	(114)	N.M.	670	(178)	N.M.
Exceptional items	(12,491)	(9,122)	36.9	(11,959)	(10,107)	18.3
***Discontinued operations*[2]**						
Loss from discontinued operations	-	(11,994)	N.M.	-	-	N.M.
Group total						
Net profit	47,620	91,078	(47.7)	16,680	37,667	(55.7)
Underlying net profit	60,111	100,200	(40.0)	28,639	47,774	(40.1)
Dividend per share(cents)	1.1	2.7		0.6	1.7	

N.M. – Not meaningful

SINGAPORE, 6 May 2021 – Singapore Post Limited ("SingPost") today announced its results for the full year ended 31 March 2021.

[1,2] SingPost announced on 19 September 2019 that its U.S eCommerce subsidiaries, Jagged Peak and TradeGlobal, filed for voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States.

Following the announcement, SingPost has since deconsolidated the financials for the U.S. businesses from the rest of the Group, and no longer recognise profit or loss from the U.S. subsidiaries. As such, since the second quarter ended 30 September 2019, the consolidated financial statement of the Group has been presented as 'Continuing Operations', which excludes the U.S. subsidiaries. Losses from the U.S. subsidiaries for the same period are presented as a single line item in the financial statement as 'Discontinued Operations'.

Group revenue for the financial year rose by 6.9% to S$1.4 billion, largely led by strong eCommerce volume growth in both the Logistics as well as Domestic Post and Parcel segments. For the full year, eCommerce revenue represented 34% of total Domestic Post and Parcel revenue, up from 21% the year before.

Net profit attributable to equity holders however, declined to S$47.6 million, mainly due to COVID-19 related disruptions. This was partly offset by higher earnings contribution from the Logistics segment, as well as the absence of losses from discontinued operations.

For the full year, underlying net profit, which excludes the impact of exceptional items and other one-off items, declined 40% to S$60.1 million.

For the half year between 1 October 2020 and 31 March 2021 ("H2"), revenue rose 4.3% to S$696.9 million. Net profit attributable to equity holders for the half year was recorded at S$16.7 million, down 55.7% from the previous year as a result of higher costs due to COVID-19. Correspondingly, underlying net profit declined 40.1% to S$28.6 million in H2.

Business segments performance

In the Post and Parcel segment, revenue declined 10.1% for H2 and 2.7% for the full year. International Post and Parcel volumes continued to be impacted by the constraints on air capacity in and out of Changi Airport. This has resulted in significantly higher conveyance costs with substantial reductions in margins for International Post and Parcel.

The Domestic Post and Parcel business saw significant eCommerce volume and revenue growth on higher eCommerce adoption especially in H2, offsetting the continued decline in volumes of letters and printed papers.

In addition, higher costs were also incurred for Domestic Post and Parcel as a result of health and safety arrangements for COVID-19, including temporary housing for Malaysian staff members in Singapore.

Profit on operating activities for the segment consequently dropped 59.2% to S$20.8 million for H2 and 63.7% to S$43.5 million for the full year.

In the Logistics segment, revenue rose 26.6% in H2 and 23.5% for the full year from a year ago. The segment delivered a strong turnaround to record a profit on operating activities of S$5.6 million in H2 and S$11.3 million for the full year respectively, as all entities benefitted from the accelerated adoption of eCommerce activities in the past year.

CouriersPlease has seen solid volume growth in Australia, with revenue rising 52.4% in H2 and 50.3% for the full year. In December 2020, SingPost has also completed the Tranche One investment of Freight Management Holdings Pty Ltd ('FMH'), a fourth-party logistics provider in Australia, which will allow SingPost to further scale its Business-to-Business-to-Consumer ('B2B2C') logistics capabilities as well as to make further inroads in the eCommerce market in Australia. This will further entrench Australia as a second home market for the Group and capitalise on the growing eCommerce volumes within Australia.

Quantium Solutions and SP eCommerce benefited from the re-engineering of processes to improve customer experience, efficiency, and scalability. This resulted in more customers coming on board for eCommerce logistics solutions, including warehousing, fulfilment as well as front-end solutions. This helped cushioned the impact of lower cross-border volumes via Changi Airport for Quantium Solutions.

SingPost's freight forwarding entity Famous Holdings, recorded higher volumes as well as higher sea freight rates, in particular for H2, resulting in revenue rising 27.0% for H2 and 14.5% for the full year.

The Property segment saw its revenue decline by 4.7% for the full year to S$115.4 million, largely due to rental rebates provided for eligible tenants amounting to S$3.2 million early in the financial year, as well as lower receipts from carpark and atrium sales. In H2, revenue dipped only slightly by 1.6%. Correspondingly, the segment saw its profit on operating activities fell 3.1% to S$26.3 million for H2 and 7.2% to S$50 million for full year respectively.

In the first half of the financial year, SingPost Centre retail mall saw a substantial decline in footfall due to Singapore's Circuit Breaker measures, resulting in the temporary closure of many tenants. This has since recovered with the gradual opening and easing of safe management measures over the past few months. Tenants have also reported recovery of sales receipts to about 85% of pre-pandemic levels.

In spite of a soft leasing market due to the challenging economic environment, the SingPost Centre retail mall and office remained at high occupancy as at 31 March 2021.

Longer term focus

As the pandemic continues to create disruptions across the global economy, SingPost is actively adapting measures to navigate the current environment, including seeking new eCommerce growth opportunities in Singapore, Australia and the Asia-Pacific region.

SingPost's performance in certain business segments will continue to be affected by factors beyond its control, including the impact of border closures and higher international conveyance costs out of Changi Airport. While the recovery of the International Post and Parcel business is dependent on reopening of the Singapore air hub, the Group continues to explore various means to improve the performance of the International Post and Parcel segment.

In Singapore, SingPost is implementing the Future of Post initiative, which will redefine the Postal business to capture the broader growing opportunities for smart urban logistics. Public trials for a key component of this ecosystem, PostPal, the world's first-ever "Smart Letterbox", has already begun in two blocks in Clementi since December 2020.

As a Group, SingPost will continue to carefully manage expenses, cashflow and liquidity to help fund its transformation initiatives for the longer term.

Final dividend

In relation to financial year ended 31 March 2021, the Board of Directors is proposing a final dividend of 0.6 cent per ordinary share. This would bring the annual dividend for the financial year to 1.1 cent per share.

Mr Paul Coutts, SingPost Group CEO, said: "It's been more than a year since COVID-19 struck the world, and the operating environment for businesses across all industries has changed as a result. SingPost has not been spared from the huge challenges the pandemic presented in the last year.

"Despite this, we delivered a resilient performance and remained profitable. More importantly, we have positioned SingPost for the rebound which will come in time. We continue to adapt as needed in order to execute on our longer-term strategy, forging ahead with our vision to be a leading eCommerce logistics provider," Mr Coutts added.

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About Singapore Post Limited

For more than 160 years, Singapore Post (SingPost) as the country's postal service provider, has been delivering trusted and reliable services to homes and businesses in Singapore.

Today, SingPost is pioneering and leading in eCommerce logistics as well as providing innovative mail and logistics solutions in Singapore and around the world, with operations in 19 markets.

Building on its trusted communications through domestic and international postal services, SingPost is taking the lead in end-to-end integrated and digital mail solutions. The suite of SingPost eCommerce logistics solutions includes front end web management, warehousing and fulfilment, last mile delivery and international freight forwarding.