Financial results
H2 & FY2020/21

6 May 2021

Disclaimer

The following presentation contains forward looking statements by the management of Singapore Post Limited (“SingPost”) relating to financial trends for future periods, compared to the results for previous periods.

Some of the statements contained in this presentation that are not historical facts are statements of future expectations with respect to the financial conditions, results of operations and businesses, and related plans and objectives. Forward looking information is based on management's current views and assumptions including, but not limited to, prevailing economic and market conditions. These statements involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those in the statements as originally made. Such statements are not, and should not be construed as a representation as to future performance of SingPost. In particular, such targets should not be regarded as a forecast or projection of future performance of SingPost. It should be noted that the actual performance of SingPost may vary significantly from such statements.

“$” means Singapore dollars unless otherwise indicated.

Singapore POST

H2 & FY2020/21 Financials

Cash flow and Financial Indicators

eCommerce Update

Segmental Performance

Outlook & Dividends

Resilient performance amid Covid-19 impact

Group P&L, S$M	FY19/20	FY20/21	% change
Revenue	**1,313.8**	**1,404.7**	**6.9%**
Operating expenses	(1,174.8)	(1,335.1)	13.6%
Profit on Operating Activities	**143.6**	**79.3**	**(44.8%)**
Share of Assoc & JV	(0.1)	1.0	N.M.
Exceptional items	(9.1)	(12.5)	36.9%
Income tax	(28.3)	(13.3)	(53.2%)
Loss from discontinued operations	(12.0)	-	N.M.
Net profit attributable to equity holders	**91.1**	**47.6**	**(47.7%)**
Underlying net profit	**100.2**	**60.1**	**(40.0%)**

Led by strong eCommerce volume growth in the Logistics and Domestic Post and Parcel segments, offset by lower International Post & Parcel revenue

Due largely to increase in volume-related expenses as a result of Covid-19 disruptions and eCommerce volume growth

Profit impacted by Covid-19 related disruptions, partly offset by higher earnings contribution from the Logistics segment, as well as the absence of losses from discontinued operations

N.M. denotes Not Meaningful

Increase in line haul costs due to Covid-19 related disruptions as well as eCommerce volume growth

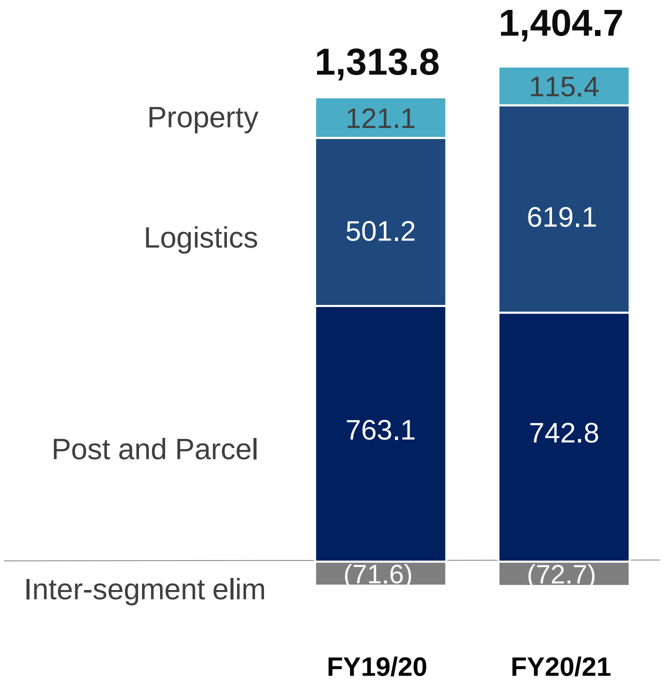
Group Expenses, S$M	FY19/20	FY20/21	% change
Volume-related	710.5	842.2	18.5%
Labour & related	282.4	304.2	7.7%
Admin, Selling-related & others	113.9	119.9	5.3%
Depreciation & amortisation	68.0	68.7	1.1%
Operating Expenses	**1,174.8**	**1,335.1**	**13.6%**
Finance Expenses	12.6	11.0	(12.8%)

- Volume-related: Due largely to increase in per unit rates for line haul costs as a result of Covid-19 disruptions, as well as growth in eCommerce volumes
- Labour & related: Due to increased eCommerce related deliveries in line with volume growth, as well as higher costs domestically in relation to Covid-19 disruptions, partially offset by Jobs Support Scheme
- Admin, Selling-related & others: Largely due to the roll out of a new information system in Australia to improve customer experience and manage higher volumes
- Finance Expenses: Lower interest expense

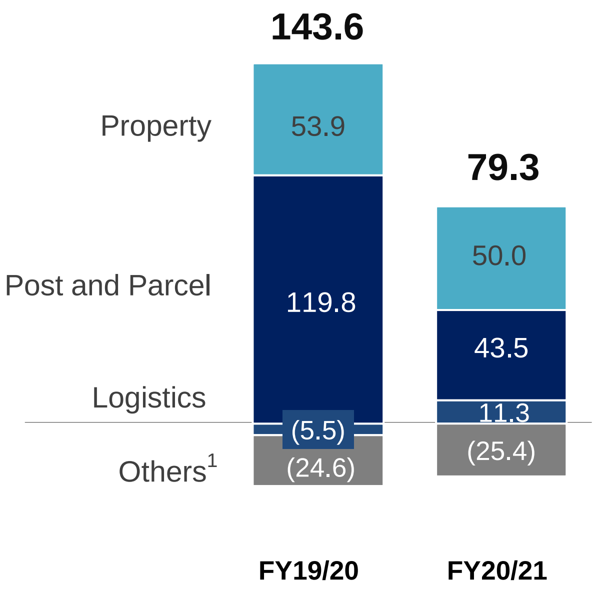
Revenue & POA breakdown by segments

S$M

Revenue



Profit on operating activities



With effect from 1 April 2020, corporate cost allocation has been revised and prior year numbers have been restated for comparative purposes.

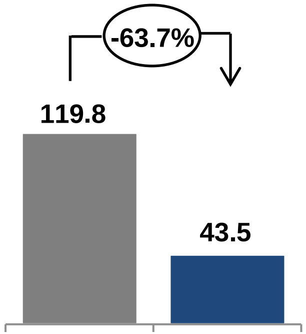
1. Refers to unallocated corporate overhead items

Summary of Segmental POA Performance

FY19/20 POA FY20/21 POA

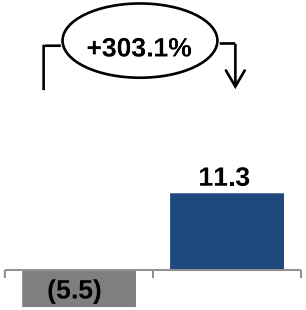
S$M

Post & Parcel



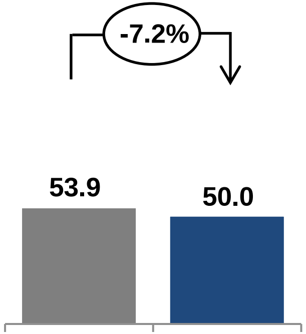
International margins largely eroded due to Covid-19 related air freight disruption; Higher Domestic Covid-19 related costs, partly offset by strong growth in Domestic eCommerce

Logistics



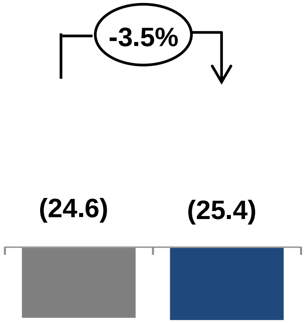
Increased adoption of eCommerce activities in Asia-Pacific resulted in more customers coming on board for eCommerce solutions – leading to improved revenue & economies of scale

Property



Largely due to rental rebates provided for eligible tenants in the first half of the year, as well as lower receipts from car-park and atrium sales

Others



Higher largely due to reversals of one-off expenses last year. Excluding this, the Others segment remained stable.

With effect from 1 April 2020, corporate cost allocation has been revised and prior year numbers have been restated for comparative purposes.
Others refer to unallocated corporate overhead items

Resilient performance amid Covid-19 impact

Group P&L, S$M	H2 FY19/20	H2 FY20/21	% change
Revenue	**668.1**	**696.9**	**4.3%**
Operating expenses	(607.2)	(664.7)	9.5%
Profit on Operating Activities	**62.6**	**39.5**	**(36.9%)**
Share of Assoc & JV	(0.2)	0.7	N.M.
Exceptional items	(10.1)	(12.0)	18.3%
Income tax	(11.5)	(6.3)	(45.6%)
Net profit attributable to equity holders	**37.7**	**16.7**	**(55.7%)**
Underlying net profit	**47.8**	**28.6**	**(40.1%)**

Led by strong eCommerce volume growth in the Logistics and Domestic Post and Parcel segments, offset by lower International Post & Parcel revenue

Due largely to increase in volume-related expenses as a result of Covid-19 disruptions and eCommerce volume growth

Profit impacted by Covid-19 related disruptions, partly offset by higher earnings contribution from the Logistics segment and eCommerce growth in Singapore

N.M. denotes Not Meaningful

Increase in line haul costs due to Covid-19 related disruptions as well as eCommerce volume growth

Group Expenses, S$M	H2 FY19/20	H2 FY20/21	% change
Volume-related	371.8	413.0	11.1%
Labour & related	141.4	154.4	9.1%
Admin, Selling-related & others	60.2	61.7	2.5%
Depreciation & amortisation	33.8	35.7	5.6%
Operating Expenses	**607.2**	**664.7**	**9.5%**
Finance Expenses	6.3	6.0	(5.3%)

Due largely to increase in per unit rates for line haul costs as a result of Covid-19 disruption, as well as growth in eCommerce volumes

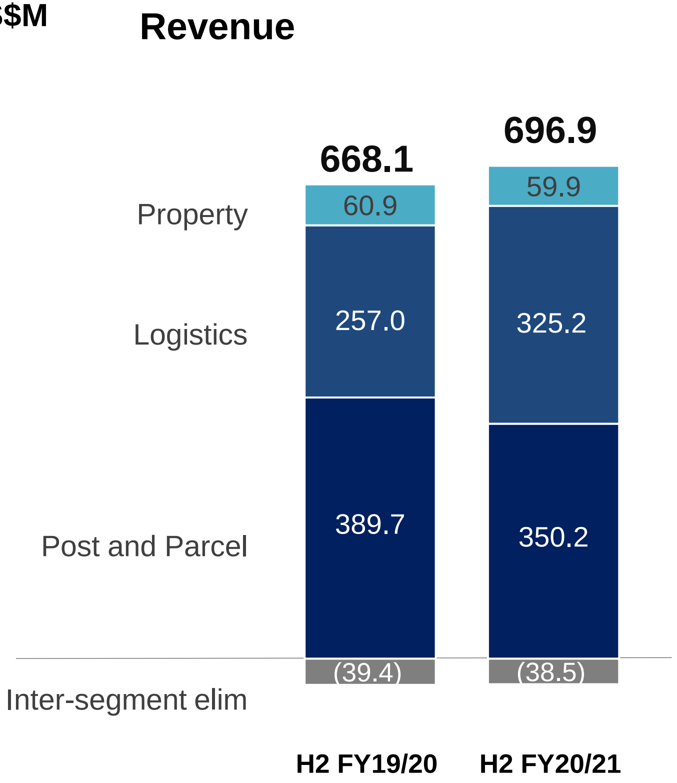
Due to increased eCommerce related deliveries in line with volume growth, as well as higher costs domestically in relation to Covid-19 disruptions, partially offset by Jobs Support Scheme

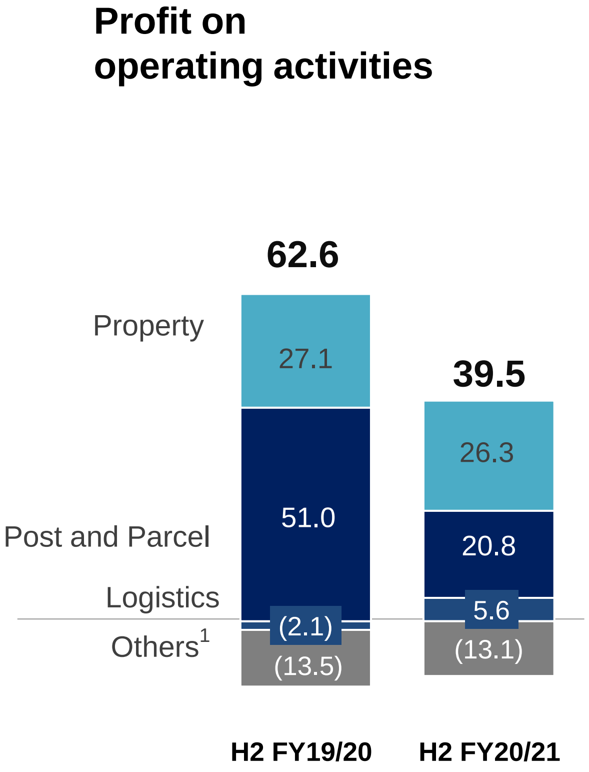
Largely due to the roll out of a new information system in Australia to improve customer experience and manage higher volumes

Lower interest expense

Revenue & POA breakdown by segments

S$M





With effect from 1 April 2020, corporate cost allocation has been revised and prior year numbers have been restated for comparative purposes.

1. Refer to unallocated corporate overhead items

H2 & FY2020/21 Financials

Cash flow and Financial Indicators

eCommerce Update

Segmental Performance

Outlook & Dividends

FY20/21 cash flow reflects resilience of the business

Cashflow, S$M	FY19/20	FY20/21
Operating cashflow before WC changes	194.6	141.5
Changes in working capital	24.8	109.3
Income tax paid	(36.3)	(35.5)
Operating cashflow	183.2	215.4
Investing cashflow	(17.8)	(67.5)
Financing cashflow	(64.6)	(139.7)
Net increase / (decrease) in cash	**100.8**	**8.2**

Strong improvement in operating cashflow due to positive movements in working capital

Largely due to the Group's investment in FMH[1]

Largely due to net repayment of bank loans for the year, compared to net proceeds last year

1. Freight Management Holdings Pty Ltd

Strong financial indicators and liquidity position

	As at Mar 20	As at Mar 21
Cash and cash equivalents	493.0	501.2
Borrowings	364.4	322.3
Net cash / (debt) position	**128.6**	**178.9**

The Group remains in a net cash position, which improved compared to last year due to positive working capital movements

	FY19/20	FY20/21
EBITDA	191.3	136.6
EBITDA to finance expense	**14.2x**	**12.4x**

Lower coverage ratio due to lower EBITDA

1. EBITDA is defined as profit before tax, adding back interest and depreciation and amortisation expenses.

H2 & FY2020/21 Financials

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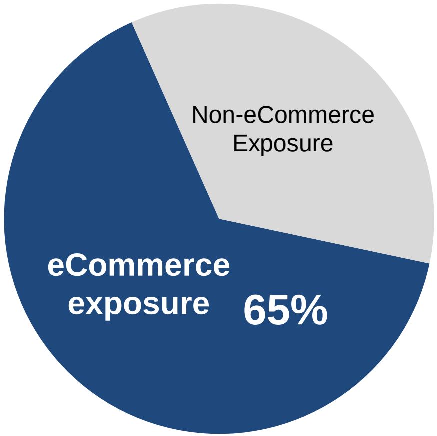
Group: eCommerce now drives 65% of Group revenues

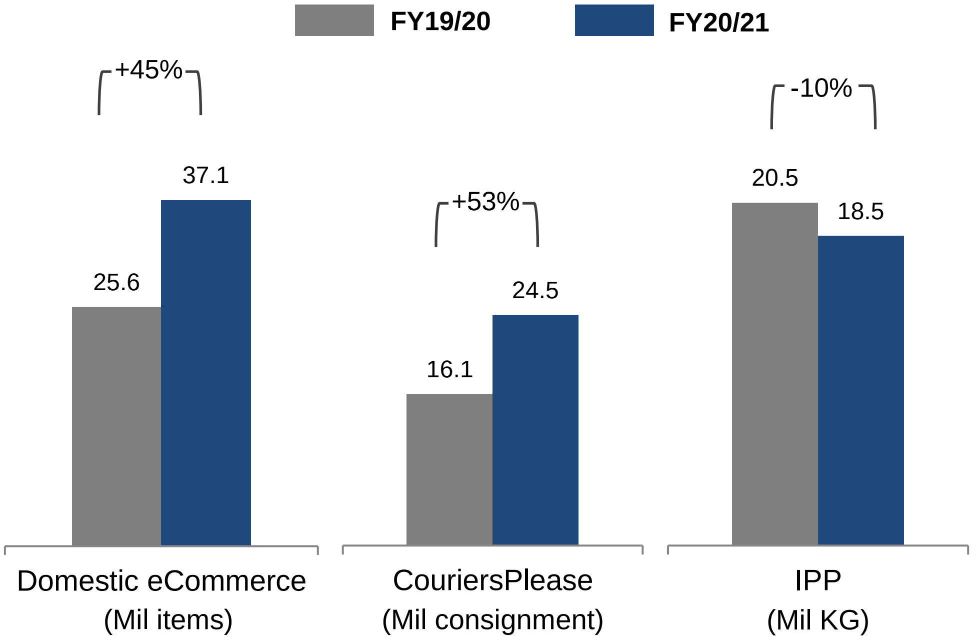
eCommerce related revenues estimated to be around 65% of Group revenue



eCommerce exposed entities:
DPP (eCommerce), IPP
CP, QS, SPeC

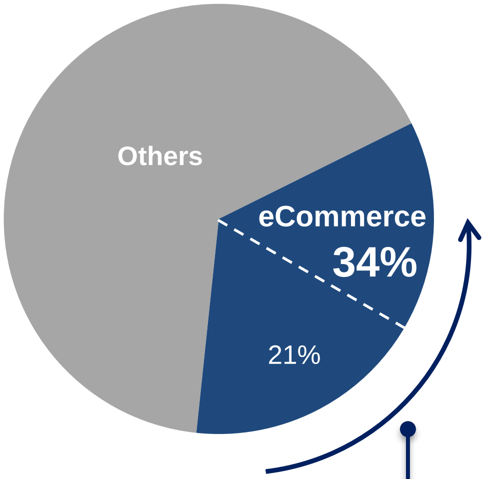
Non eComm exposed entities:
DPP (Mail)
Famous, Property

Strong growth in eCommerce volumes for Singapore and Australia last-mile deliveries



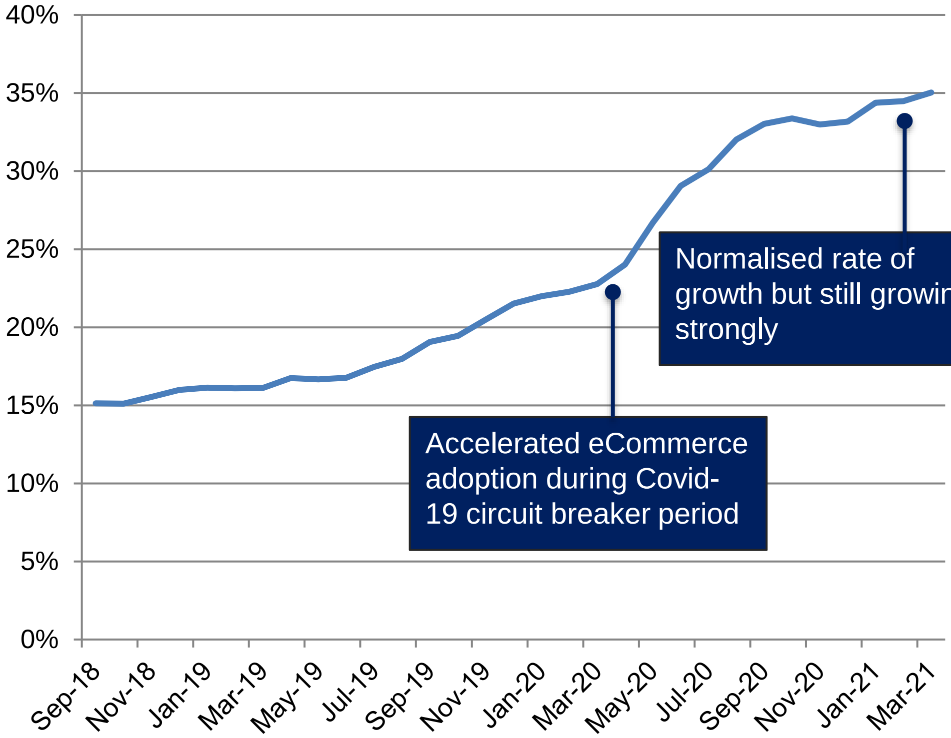
Domestic Post & Parcel:
eCommerce is now one-third of DPP revenue

FY20/21
DPP Revenue



eCommerce revenue contribution rose 13 percentage points compared to FY19/20

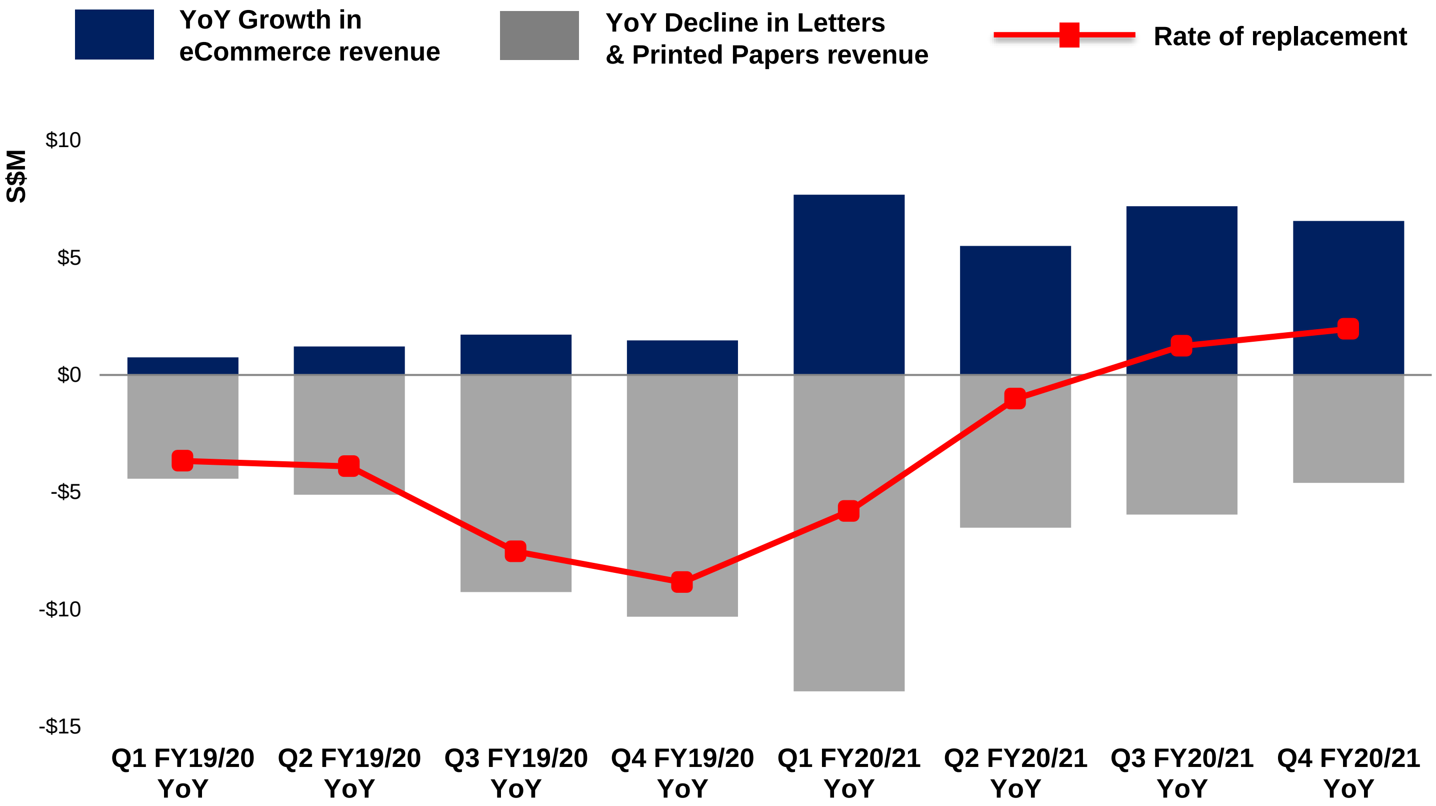
eCommerce revenue as % of Total DPP revenue (rolling 6 months)



Normalised rate of growth but still growing strongly

Accelerated eCommerce adoption during Covid-19 circuit breaker period

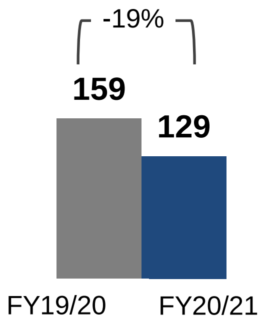
Domestic Post & Parcel: eCommerce is starting to cover Letters & Printed Papers decline



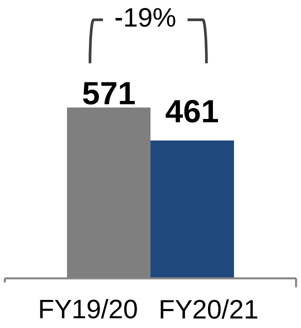
Decline in Letters & Printed Papers continues; Service quality metrics at Domestic Post & Parcel have improved

Revenue & volume trends for Letters & Printed Papers

Revenue (S$m)

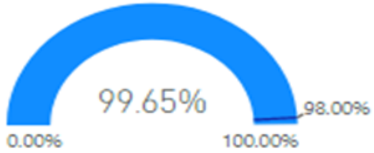


Volume (Mil)

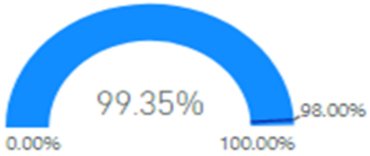


Post & Parcel meeting Service Standards; Ready for peak season

Tracked Postal Products SLA by Month (latest)



Parcel SLA by Month (latest)

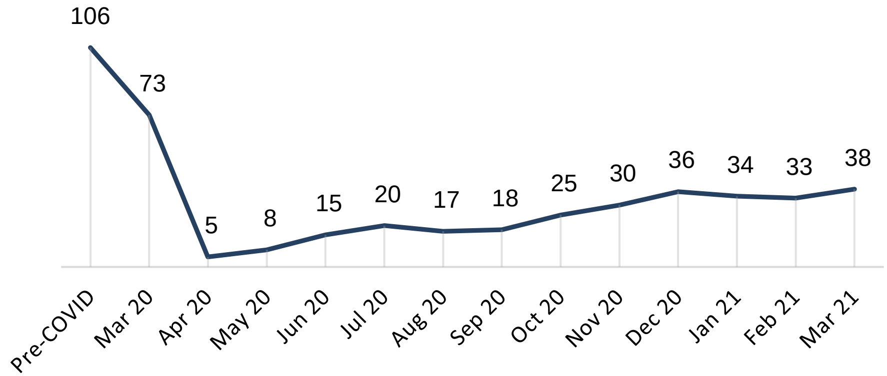


Covid-19 has severely impacted air freight capacity and increased conveyance costs significantly

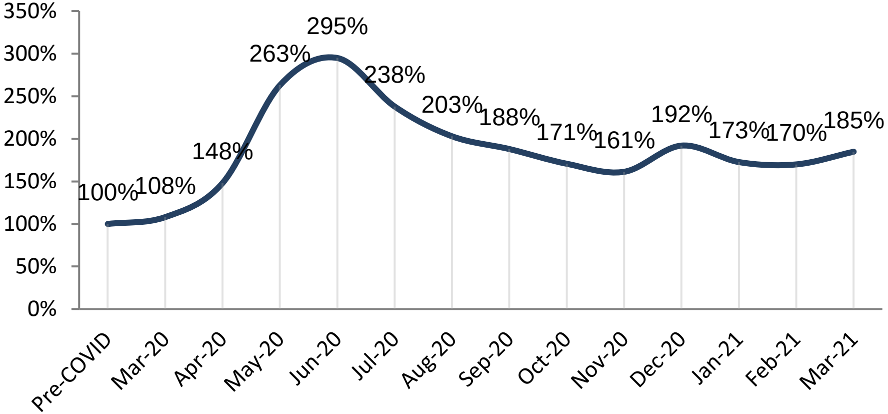
Reduced flight capacity from Changi Airport

Surge in ex-Singapore Conveyance Costs (S$/KG)

Avg No. of Departing Passenger Flights per Day



Change in ex-SIN conveyance cost/kg



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Post and Parcel

Group P&L, S$M	FY19/20	FY20/21	% change	H2 FY19/20	H2 FY20/21	% change
Revenue	**763.1**	**742.8**	**(2.7%)**	**389.7**	**350.2**	**(10.1%)**
International	512.4	496.5	(3.1%)	268.5	221.0	(17.7%)
Domestic[1]	250.6	246.4	(1.7%)	121.2	129.3	+6.6%
eCommerce	*45.4*	*72.3*	*+59.3%*	*24.1*	*37.9*	*+57.3%*
Profit on Operating Activities	**119.8**	**43.5**	**(63.7%)**	**51.0**	**20.8**	**(59.2%)**

1. Includes products and services transacted at the post offices

Logistics

Group P&L, S$M	FY19/20	FY20/21	% change	H2 FY19/20	H2 FY20/21	% change
Revenue	**501.2**	**619.1**	**+23.5%**	**257.0**	**325.2**	**+26.6%**
eCommerce logistics[1]	255.0	337.2	+32.2%	134.7	170.0	+26.2%
Freight forwarding[2]	246.2	281.9	+14.5%	122.2	155.3	+27.0%
Profit on Operating Activities	**(5.5)**	**11.3**	**+303.1%**	**(2.1)**	**5.6**	**+370.3%**

1. Includes Quantium Solutions, Couriers Please and SP eCommerce
2. Famous Holdings

Total might not add up due to rounding

Property & Self-storage

Group P&L, S$M	FY19/20	FY20/21	% change	H2 FY19/20	H2 FY20/21	% change
Revenue	**121.1**	**115.4**	**(4.7%)**	**60.9**	**59.9**	**(1.6%)**
Property	99.0	93.8	(5.2%)	49.9	49.2	(1.4%)
Self-storage	22.1	21.6	(2.3%)	11.0	10.7	(2.8%)
Profit on Operating Activities	**53.9**	**50.0**	**(7.2%)**	**27.1**	**26.3**	**(3.1%)**

Committed occupancy at SPC remains high despite a challenging leasing market

Committed Occupancy

As at	Mar 20	Sep 20	Dec 20	Mar 21
Mall	100.0%	100.0%	99.8%	94.1%[1]
Office/ Enrichment	98.1%	99.1%	98.1%	96.6%[2]

1. Due to plans to reposition part of the mall upon the exit of a F&B tenant. Since the close of the financial period, a portion of this space has been taken up, and committed occupancy stood at **96.0%** as at 20 April 2021. The balance vacant spaces are pending lease documentation, which upon completion, will bring the retail mall occupancy rate back up to close to 100%.

2. Since the close of the financial period, a portion of the vacant space has been taken up, and committed occupancy stood at **97.6%** as at 20 April 2021

Leases expiring in FY20/21 have been substantially renewed or replaced

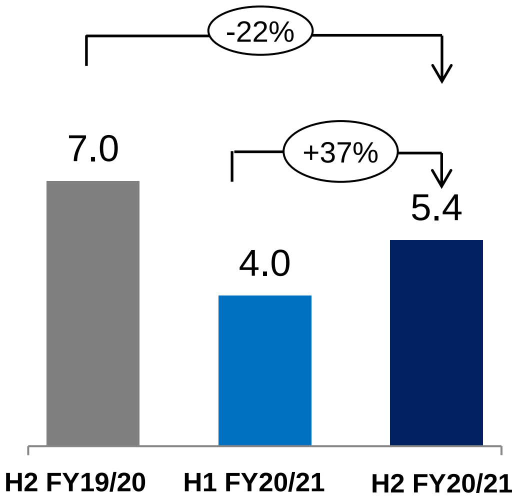
Lease Expiries & renewals

	FY20/21			FY20/21 (Renewed or replaced)			Renewal / Replacement rate
	No. of leases	NLA (‘000 sq ft)	As % of total NLA	No. of leases	NLA (‘000 sq ft)	As % of total NLA	
Mall	75	89	52%	72	88	51%	99%
Office / Enrichment	12	76	17%	11	70	16%	92%

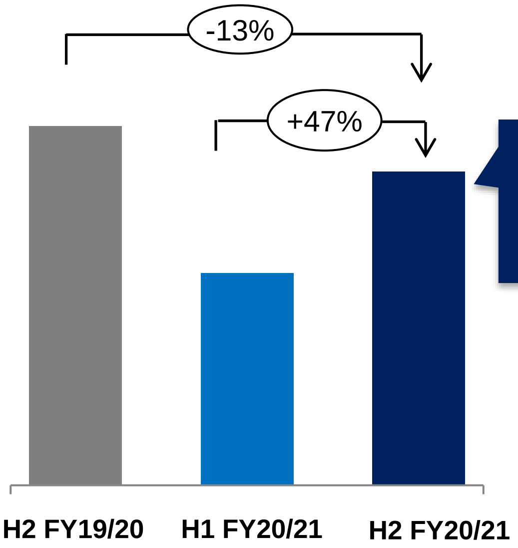
As at 31 March 2021

SPC Mall Footfall and Tenant sales remain down year-on-year due to Covid-19, but have been on a recovery sequentially

Footfall up 37% sequentially



Tenant sales has grown faster than footfall



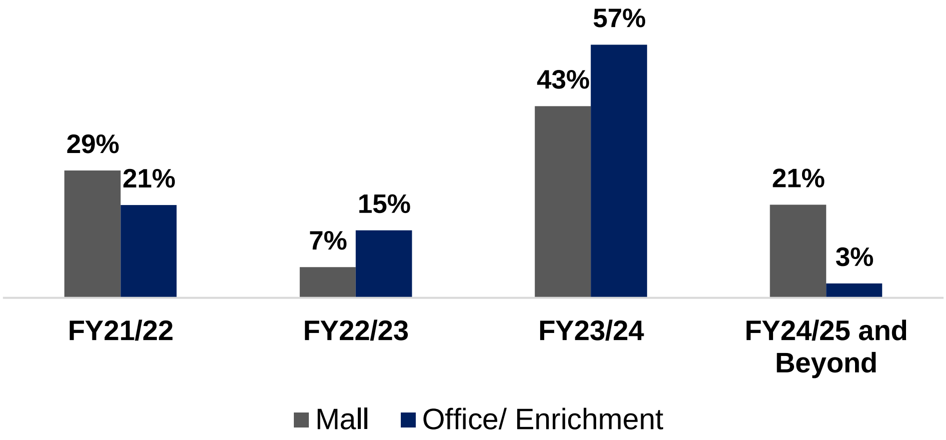
Tenant sales have recovered to ~85% of pre Covid-19 levels

FY21/22: 29% of SPC Mall NLA and 21% of Office NLA up for renewal

Lease Expiries

	FY21/22 (Expiring)		
	No. of leases	NLA ('000 sq ft)	As % of total NLA
Mall	39	49	29%
Office / Enrichment	19	87	21%

Lease expiry Profile (as at 31 Mar 2021)



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Outlook & Dividends

Outlook

As the Covid-19 pandemic continues to create disruptions across the global economy, the Group is actively adapting measures to navigate the current environment, including seeking new eCommerce growth opportunities in Singapore, Australia and the Asia-Pacific region.

The Group's performance in certain business segments will continue to be affected by factors beyond its control, including the impact of higher international conveyance costs out of Changi Airport. While the recovery of the International Post and Parcel business will largely be driven by any recovery in the number of flights departing from Singapore, the Group is also actively exploring different ways to improve the performance of the International Post and Parcel segment.

In Singapore, the Group is implementing the Future of Post initiative, which will reengineer the Postal business to capture the broader growing opportunities for smart urban logistics. Public trials have commenced for a key component of this ecosystem, called PostPal, the world's first-ever "Smart Letterbox".

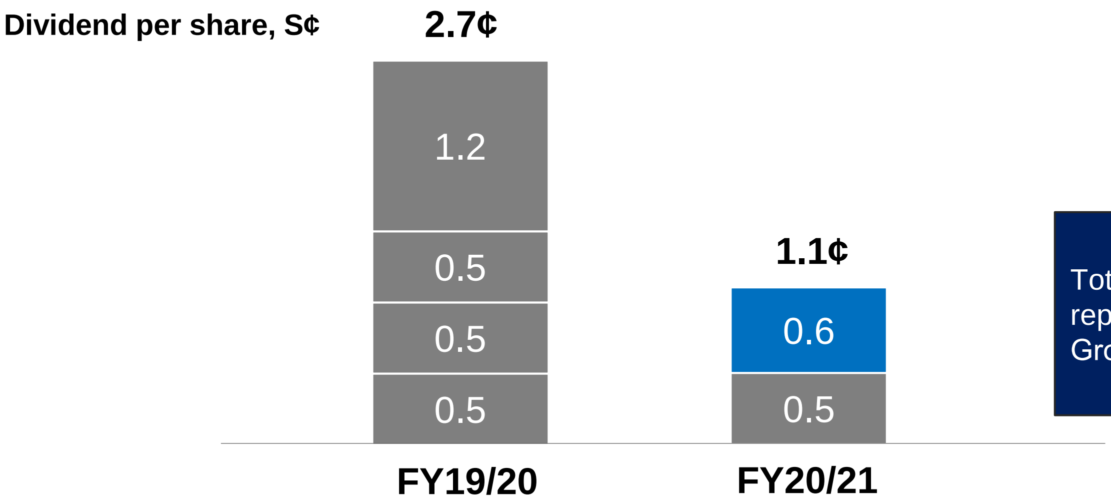
On 31 December 2020, the Group completed the Tranche One acquisition of FMH which will allow it to further scale its Business-to-Business-to-Consumer ('B2B2C') logistics capabilities as well as to make further inroads in the eCommerce market in Australia. This will further entrench Australia as a second home market for the Group.

The Group will continue to execute on its transformation initiatives to reposition itself for the long term while carefully managing expenses, cashflow and liquidity.

Proposed final dividend of 0.6 cent per share

Proposed final dividend of 0.6 cent per share for the FY ended 31 March 2021, bringing total dividends for the year to 1.1 cent per share.

With an uncertain outlook due to the ongoing pandemic, the Group continues to adopt a prudent approach in managing cash flows and conserving cash, for the ongoing execution of the Group's transformation initiatives.



Total dividend of 1.1 cent represents about 40% of the Group's underlying net profit

Thank You