Media Release

Singapore Post revenue rises 9.6% to S$707.8 million in first half of FY2020/21

- **Increased revenue led by strong eCommerce volume growth in the Post and Parcel as well as Logistics segments across the Group**
- **eCommerce-related revenue grows to 32% of total Domestic Post and Parcel, up from 18% in the same period last year**
- **Net profit attributable to equity holders of the Company declined 42.1% to S$30.9 million and profit on operating activities declined 50.9% to S$39.8 million, as Covid-19 disruptions led to a sharp rise in international conveyance costs and labour-related expenses**
- **Interim dividend of 0.5 cent per share declared for first half of financial year**

Financial Highlights

GROUP RESULTS	H1 FY20/21 (S$'000)	H1 FY19/20 (S$'000)	Variance
Continuing operations[1]			
Revenue	707,781	645,648	9.6%
Operating expenses	(670,365)	(567,616)	18.1%
Profit on operating activities	39,783	80,965	(50.9%)
Share of profit of associated companies and joint venture	319	64	@
Exceptional items	(532)	985	N.M.
Discontinued operations[2]			
Loss from discontinued operations	-	(11,994)	N.M.
Group total			
Net profit	30,940	53,411	(42.1%)
Underlying net profit	31,472	52,426	(40.0%)
Dividend per share(cents)	0.5	1.0	-

N.M. – Not meaningful; @ - denotes variance of more than 300%

SINGAPORE, 6 November 2020 – Singapore Post Limited (SingPost) today announced its results for the half year ending 30 September 2020.

[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 will no longer recognise profit or loss from the U.S. subsidiaries. As such, since the half year ended 30 September 2019, the consolidated financial statement of the Group is 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’.

Revenue for the first half of the year rose 9.6% to S$707.8 million, led by growth in the Post and Parcel as well as Logistics segments, with strong eCommerce volume growth across the Group.

However, profit on operating activities declined 50.9%, as the Group incurred higher costs on eCommerce volume growth, exacerbated by Covid-19 related disruptions, in particular, severe escalation of cross-border conveyance costs as a result of flight disruptions.

Correspondingly, net profit attributable to equity holders declined by 42.1% to S$30.9 million in the first half of the year, and the Group recorded an underlying net profit of S$31.5 million, down 40% from the previous year.

Mr Paul Coutts, Group Chief Executive Officer, said: "SingPost is capitalising on the growth in eCommerce, which has resulted in our rise in revenue, off-setting the decline in letter mail volumes in the Domestic Post and Parcel segment.

"Despite the strong demand for our logistics and delivery services, margins for some of our business segments have been eroded through higher costs associated with Covid-19, and we expect this to be the case for as long as the global pandemic continues.

"While we remain optimistic in the strategies taken to reposition ourselves for the new norm, Covid-19 continues to pose significant challenges to the operating environment for businesses. Therefore, we remain judicious in managing our expenses, cashflow and liquidity, even as we execute our key strategic initiatives such as the Future of Post and recent investment in Australia in order to secure our future," said Mr Coutts.

Performance of Business Segments

In the Post and Parcel segment, revenue rose 5.2% for the half year. Domestic Post and Parcel saw significant eCommerce volume growth of 43% for the half year ended September, as initiatives such the new tracked letterbox product were well-received by customers. eCommerce revenue now stands at 32% of all Domestic Post and Parcel revenues, up from 18% the previous year.

Volumes of letters and printed papers continue to decline as expected due to electronic substitution. The Group also faced higher costs with additional health and safety arrangements for Covid-19, including temporary housing for our Malaysian colleagues in Singapore. These measures, while costly, have allowed SingPost to continue its service obligations to Singapore.

In the International Post and Parcel business, cross-border eCommerce volumes were largely resilient. This was achieved despite Covid-19 causing a massive disruption to international air freight out of Changi Airport, with a 96% reduction in passenger fleet movement. The resulting long delays and limited cargo space meant significantly higher conveyance costs that largely eroded International Post and Parcel's margins.

In the Logistics segment, revenue rose 20.3% for the half year. CouriersPlease, Quantium Solutions and SP eCommerce experienced robust growth as a result of increased adoption of eCommerce activities in Asia-Pacific. In particular, CouriersPlease saw solid volume growth in Australia, with revenue rising 48% for the half-year.

Both Quantium Solutions and SP eCommerce continue to benefit from the reengineering of processes to improve customer experience, efficiency, and scalability. This has resulted in more customers taking up their suite of eCommerce logistics solutions, which include warehousing, fulfilment as well as front-end solutions.

The Group's freight forwarding entity Famous Holdings delivered a resilient performance despite facing a global trade slowdown.

As a result, the Logistics segment delivered a strong turnaround to a profit of S$5.7 million for the half year ended 30 September 2020, from a loss of S$3.5 million in the same period last year.

For the Property segment, which comprises commercial property, rental and self-storage business, revenue declined 7.8% to S$55.5 million in the half-year, largely due to rental rebates provided for eligible tenants amounting to about S$3.2 million, as well as lower receipts from car-park and atrium sales. Correspondingly, profit on operating activities fell 11.4% to S$23.7 million.

In the first quarter of the financial year, SingPost Centre retail mall saw a substantial decline in footfall due to the circuit breaker measures. Many tenants had to temporarily close as a result, but this has since recovered with the gradual opening and easing of safe management measures over the past few months.

In spite of a soft leasing market due to the challenging economic environment, the SingPost Centre retail mall and office remained at close to full occupancy as at 30 September 2020. Through proactive leasing efforts, contribution from SingPost Centre retail mall and office is expected to remain relatively stable for the rest of the year, barring any unforeseen circumstances.

Strategic investment in Australia

On 19 October 2020, the Group announced that it has entered into a conditional sale and purchase agreement to invest an aggregate 38% equity interest in Freight Management Holdings Pty Ltd ("FMH") for an aggregate consideration of approximately A$85.0 million (approximately S$84.1 million).

FMH is a leading 4th party logistics service company in Australia. Through the use of proprietary technology, FMH manages and executes its customers' supply chain and distribution requirements.

The investment will allow the SingPost Group to further scale its Business-to-Business-to-Consumer (B2B2C) logistics capabilities in Australia and capitalise on the growing eCommerce segment.

Together with CouriersPlease and Quantium Solutions Australia, the Group aims to derive synergistic benefits, grow volumes and build scale. This provides a strong platform for the SingPost Group to drive revenue and earnings in Australia over the long term.

Future of Post

Since last year, SingPost had embarked on its Smart Urban Logistics initiative, aimed at reinventing a sustainable national mail delivery system to drive long-term business performance and value creation. In September 2019, SingPost unveiled a smart letterbox delivery system prototype.

SingPost will commence a one-year public trial of smart letterboxes by the end of the year. Residents will enjoy unprecedented convenience, security and accuracy for their mail, paving the way for an eCommerce-led future of postal services in Singapore. The new smart letterbox will have several state-of-the-art features, including push notification through an app for residents whenever they receive mail; larger containers/drawers to hold eCommerce items; and a keyless access system for mail retrieval.

More details will be unveiled in a separate announcement later this month.

Interim dividend

The outlook remains uncertain due to the ongoing Covid-19 situation, and the Group continues to adopt a prudent approach in managing cash flows. For the first half of FY2020/21, the Board of Directors has declared an interim dividend of 0.5 cent per ordinary share (tax exempt one-tier), to be paid on 29 November 2020.

- End -

Media Contacts

Robin Goh
Tel: +65 9093 5772
Email: robingoh@singpost.com

Shannon Lim (Mr)
Tel: +65 9728 8580
Email: shannonlim@singpost.com

About Singapore Post Limited

For over 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.