Financial results H1 FY2021/22

3 November 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 condition, 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that could cause actual results, performance or events to differ materially from those in the statements as originally made.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 the 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.

- H1 FY2021/22 Financials
- Cashflow and Financial Indicators
- Business Update
- Segment Results
- Outlook and Dividends

Improved performance despite absence of government grants

Group P&L, S$M	H1 FY20/21	H1 FY21/22	% change
Revenue	**707.8**	**731.4**	**3.3%**
Operating expenses	(670.4)	(682.6)	1.8%
Operating Profit	**39.8**	**51.1**	**28.4%**
Share of Assoc & JV	0.3	2.7	@
Exceptional items	(0.5)	(2.4)	@
EBIT	**39.6**	**51.5**	**30.1%**
Net interest and investment income	3.3	1.3	(60.4%)
Finance expenses	(5.1)	(7.1)	39.8%
Income tax	(7.0)	(10.7)	53.7%
Net profit attributable to equity holders	**30.9**	**35.0**	**13.3%**
Underlying net profit	**31.5**	**37.4**	**18.8%**

Led by growth in the Domestic Post & Parcel, Logistics and Property segments, supported by strong eCommerce logistics volume growth

Higher due to contribution from Freight Management Holdings (“FMH”) in Australia

@ denotes variance exceeding 300%

Higher operating expenses driven by volume growth

Group Expenses, S$M	H1 FY20/21	H1 FY21/22	% change
Volume-related	(429.2)	(439.4)	2.4%
Labour & related	(149.9)	(150.8)	0.6%
Admin, Selling-related & others	(58.2)	(58.6)	0.6%
Depreciation & amortisation	(33.1)	(33.9)	2.4%
Operating Expenses	**(670.4)**	**(682.6)**	**1.8%**
Finance Expenses	(5.1)	(7.1)	39.8%

Driven by higher freight forwarding and eCommerce logistics volumes

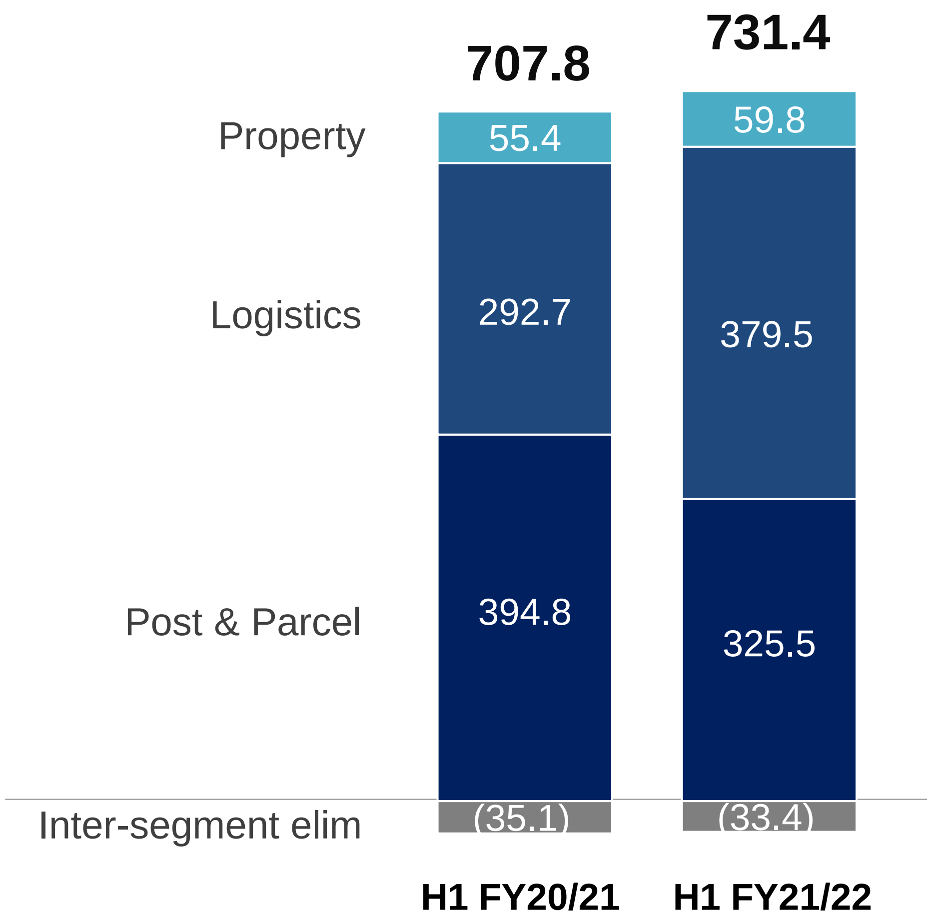
Mainly due to higher labour costs in Australia in line with strong volume growth

Higher interest expense and borrowing costs

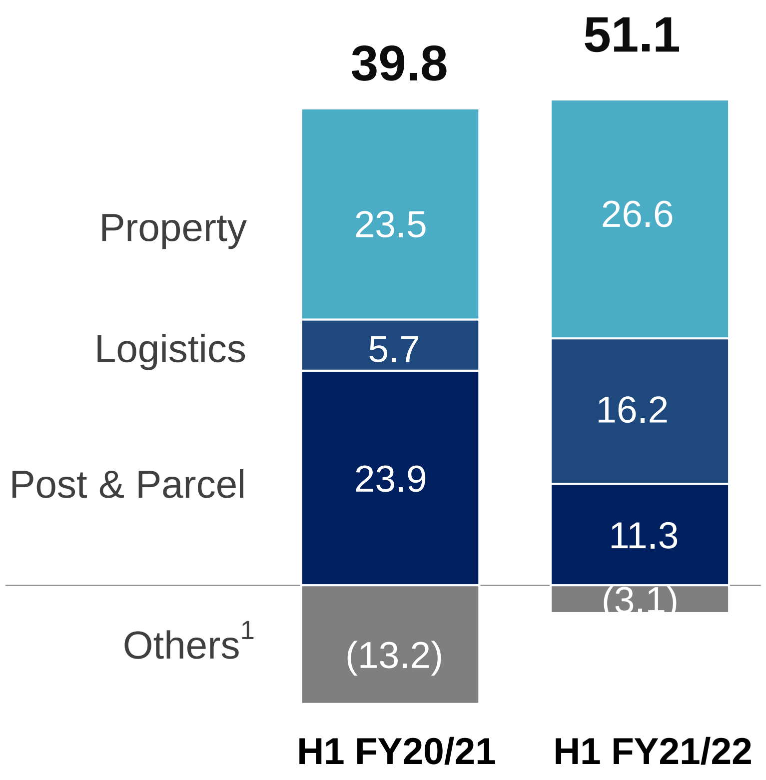
Revenue and Operating Profit breakdown by segment

S$M

Revenue



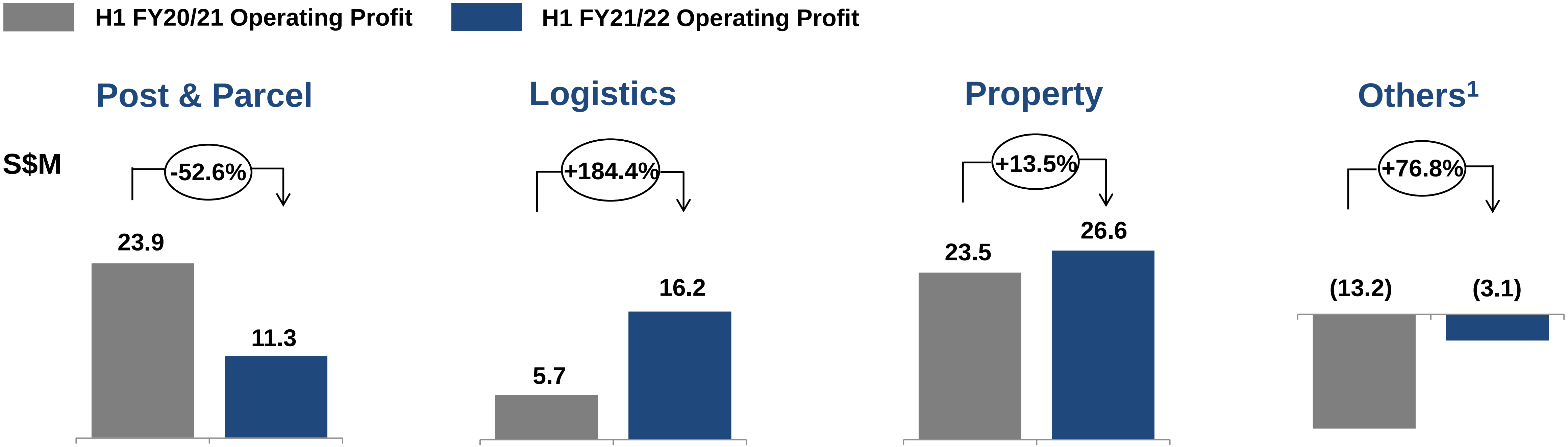
Operating Profit



1. Refers to unallocated corporate overhead items

Prior period numbers have been restated for comparative purposes

Segment Operating Profit performance



Post & Parcel: Mainly due to the absence of government grants such as JSS and property tax rebates

Logistics: Driven by strong growth in freight forwarding revenue under Famous Holdings, which benefitted from higher volume and sea freight rates

Property: Mainly due to lower rental rebates given to tenants, and higher receipts from car-park and other charges driven by higher footfall

Others: Mainly due to the reversal of share option costs as performance conditions were not satisfied

1. Refers to unallocated corporate overhead items

Prior period numbers have been restated for comparative purposes

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Improved net cashflow in H1

Cashflow, S$M	H1 FY20/21	H1 FY21/22
Operating cashflow before WC changes	75.5	76.5
Changes in working capital	63.9	(36.6)
Income tax paid	(13.8)	(5.5)
Operating cashflow	125.6	34.5
Investing cashflow	(1.8)	(6.1)
Financing cashflow	(158.0)	(49.0)
Net increase / (decrease) in cash	**(34.3)**	**(20.7)**
Cash transferred to assets held for sale	-	(15.5)

Lower operating cashflow mainly due to changes in working capital movements

Mainly due to absence of proceeds from maturity of financial assets, partially offset by lower Capex

Mainly due to lower net repayment of bank loans

Due to the reclassification of subsidiaries an assets held for sale

Prior period numbers have been restated for comparative purposes
Total figures may not tally due to rounding

Strong financial indicators and liquidity position

	As at Mar 21	As at Sep 21
Cash and cash equivalents	501.2	480.5[1]
Borrowings	322.3	314.8[1]
Net cash / (debt) position	**178.9**	**165.8**

The Group remains in a net cash position

	H1 FY20/21	H1 FY21/22
EBITDA[2]	72.6	85.3
EBITDA to finance expense	**14.4x**	**12.1x**

Lower coverage ratio due to higher finance expenses

1. Includes cash balances and borrowings transferred to assets classified as held for sale
2. EBITDA is defined as profit before tax, adding back interest and depreciation and amortisation expenses

Total figures may not tally due to rounding

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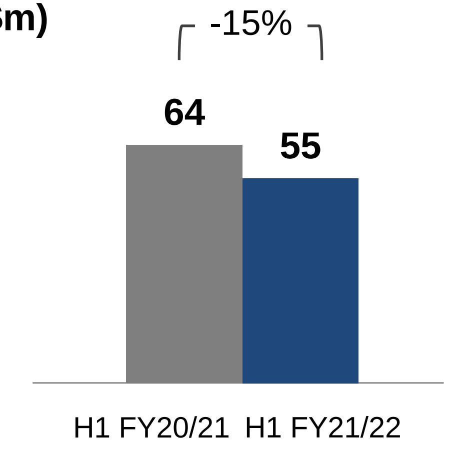
Post and Parcel

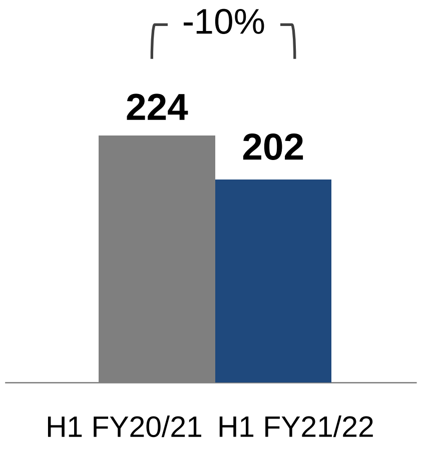
Domestic Post & Parcel: Decline in Letters & Printed Papers continues as expected while service quality has improved

Revenue & volume trends for Letters & Printed Papers

Revenue (S$m)

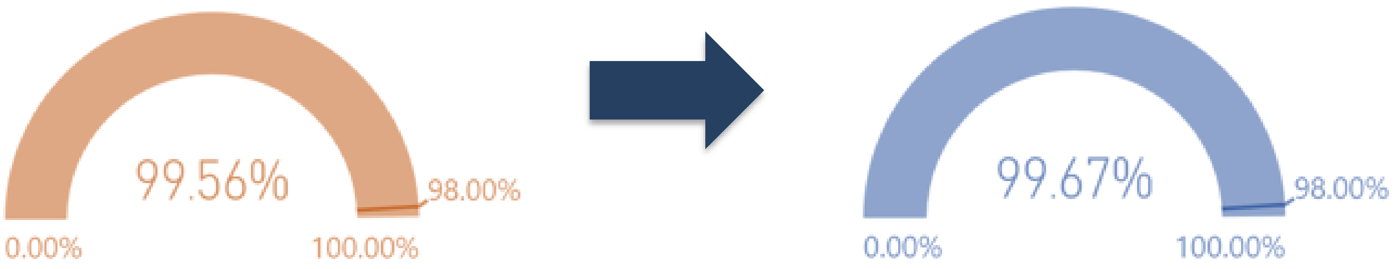


Volume (Mil)

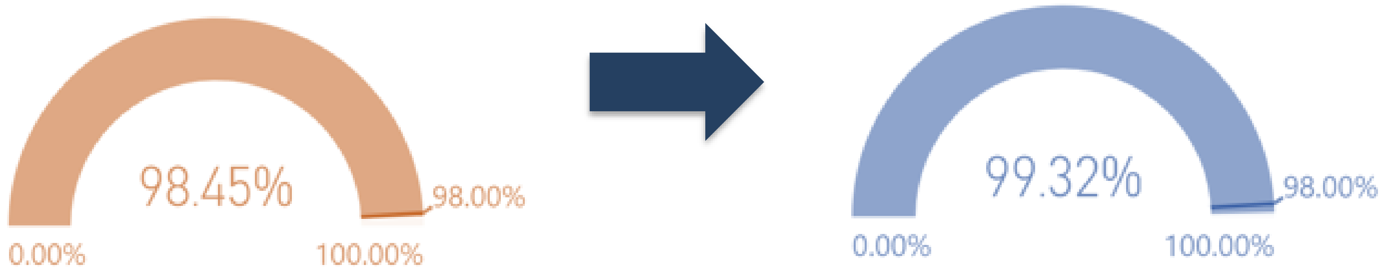


Post & Parcel service quality metrics have improved

Postal SLA Q1 FY21/22 **Postal SLA Q2 FY21/22**



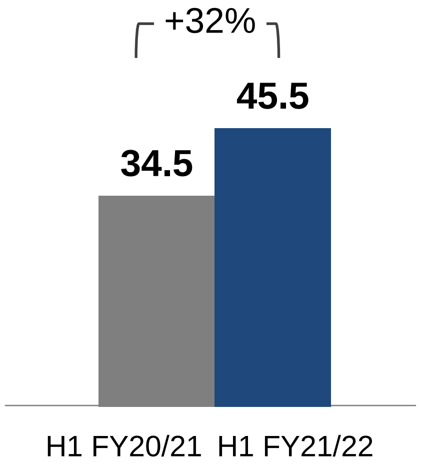
Parcel SLA Q1 FY21/22 **Parcel SLA Q2 FY21/22**



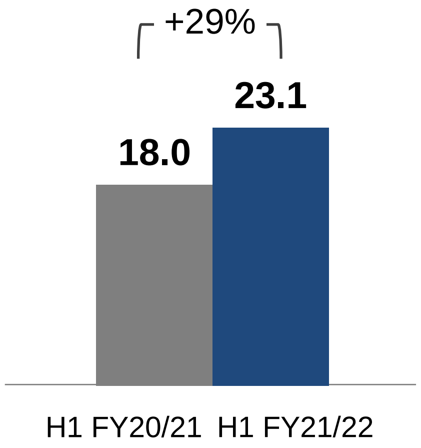
Domestic Post & Parcel: eCommerce logistics continues to grow and now accounts for 40% of revenue

Revenue & volume trends for eCommerce logistics (DPP)

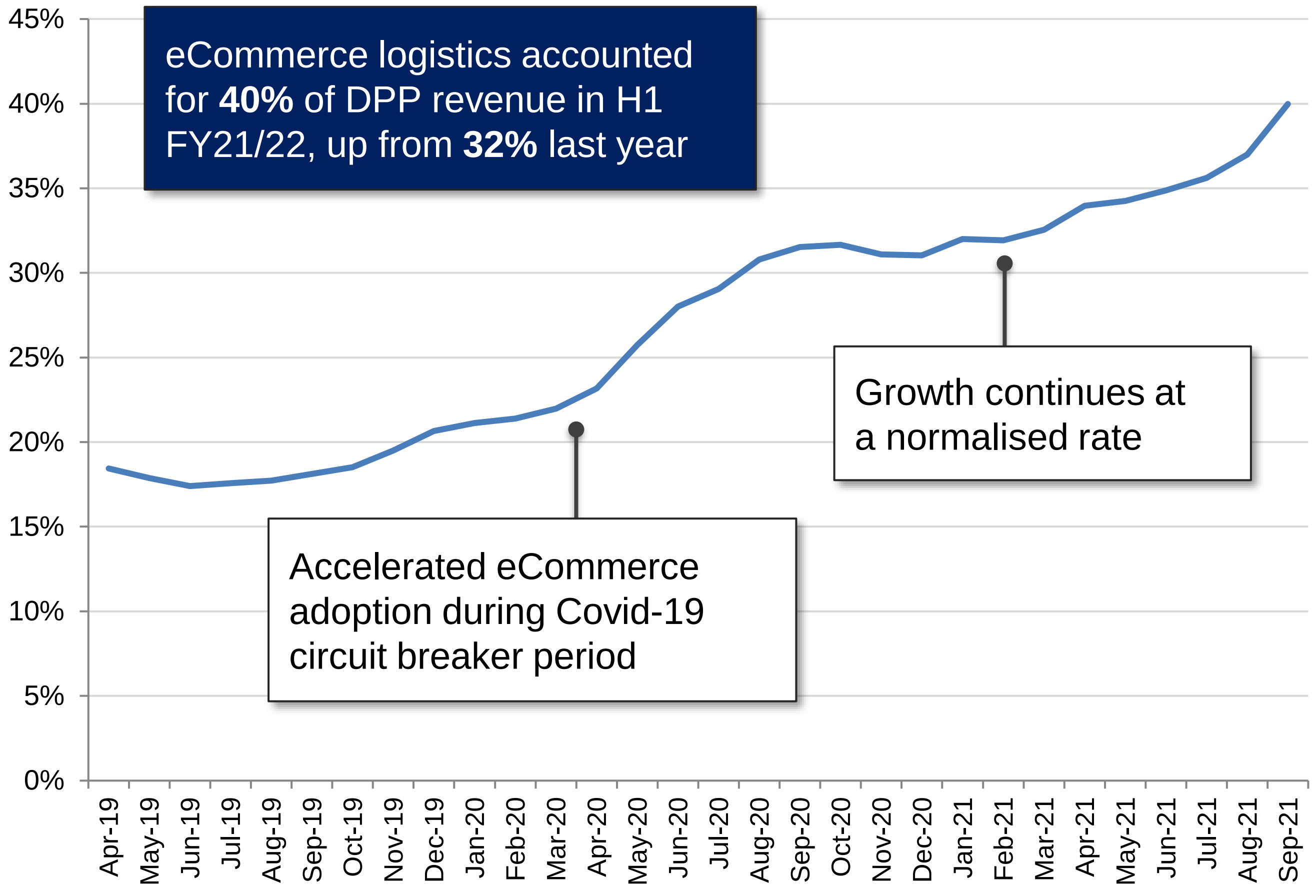
Revenue (S$m)



Volume (Mil)

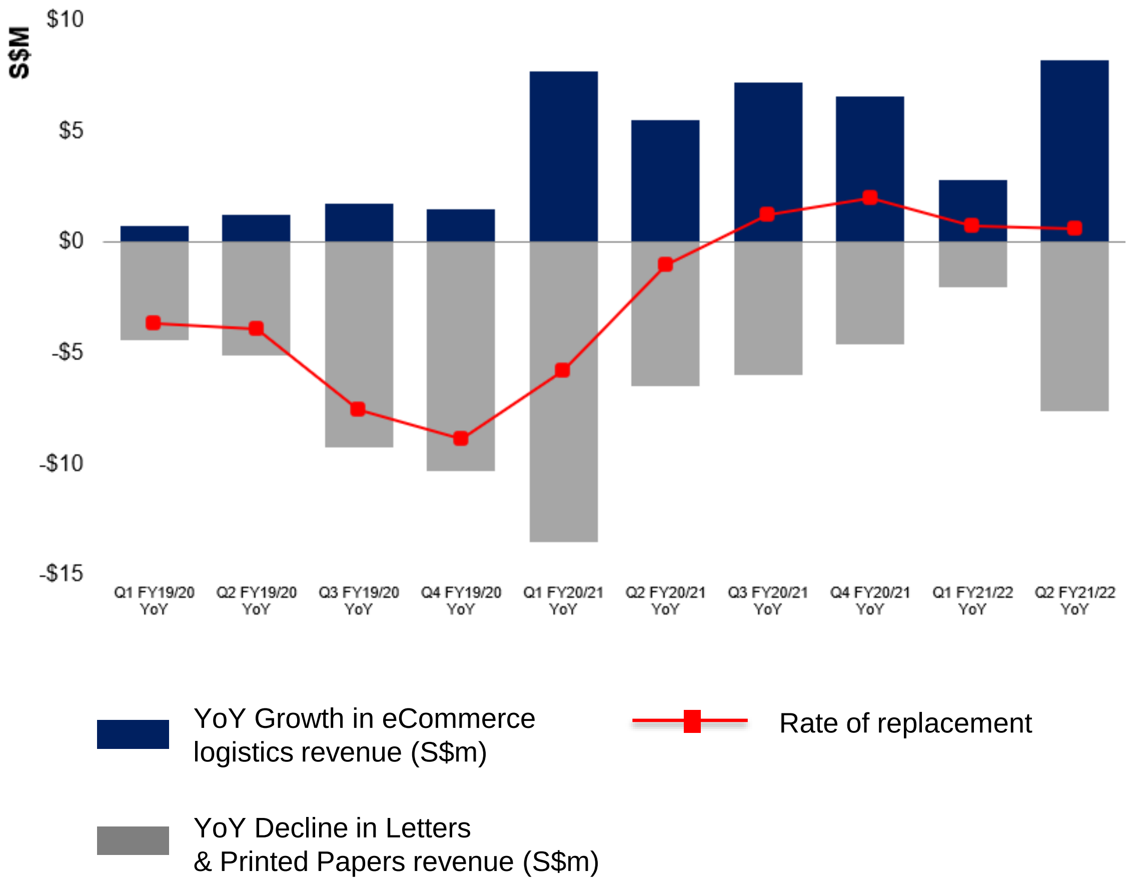


eCommerce logistics revenue as % of Total DPP revenue (rolling 6 months)



Domestic Post & Parcel: Revenue continues to grow on the back of eCommerce growth

Growth in eCommerce logistics revenue has offset letter mail decline for four straight quarters



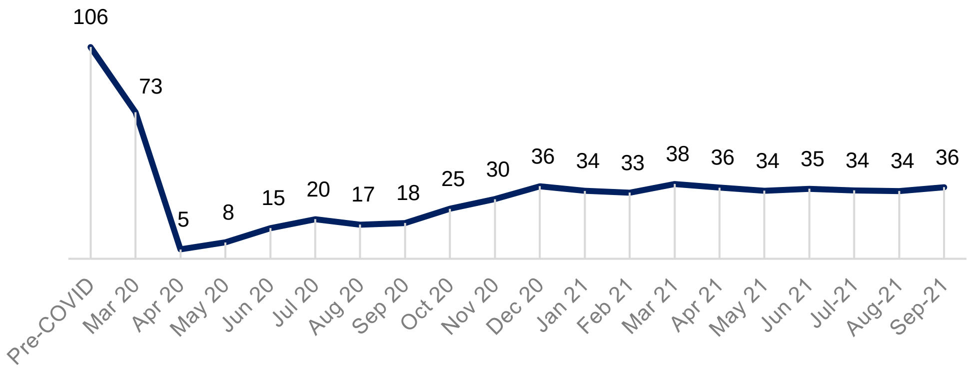
Key Highlights

- Excluding the benefit of government grants last year, earnings have stabilised year on year and provides a foundation for future growth
- Continue to drive growth in eCommerce volume using tracked letterbox deliveries
- Continue Future of Post strategy, re-engineering Postal infrastructure to capture broader urban logistics growth in the domestic market
- Drive sustainability efforts and related innovations

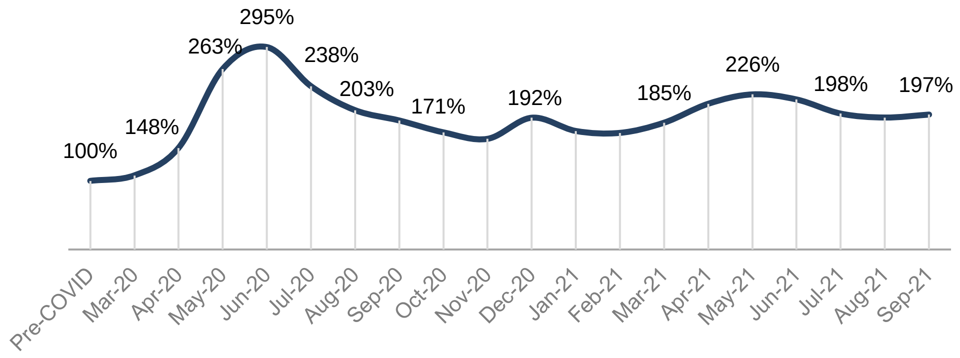
International Post & Parcel: Amid continued impact of Covid-19 disruptions, active measures have been taken to stabilise the business

Covid-19 continues to impact air freight capacity and conveyance costs

Average No. of Daily Departing Passenger Flights from Changi Airport

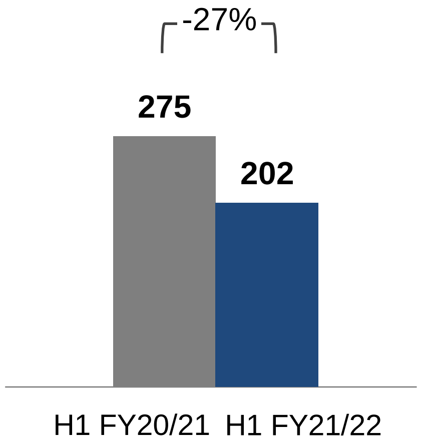


Change in ex-SIN conveyance costs (S$/kg)

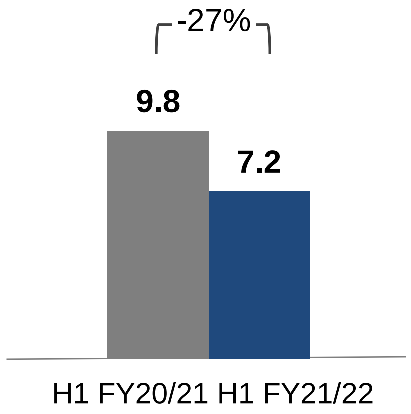


Lower revenue due to rationalisation of volumes considering tradelane economics

IPP Revenue (S$m)



IPP Volume (Mil KG)



- Careful rationalisation of volumes balancing business preservation and loss avoidance under present challenging operating conditions
- Optimised routes and partner selection to manage costs
- Continue to develop new income streams and diversify tradelanes beyond Singapore, building on synergies between IPP and Logistics

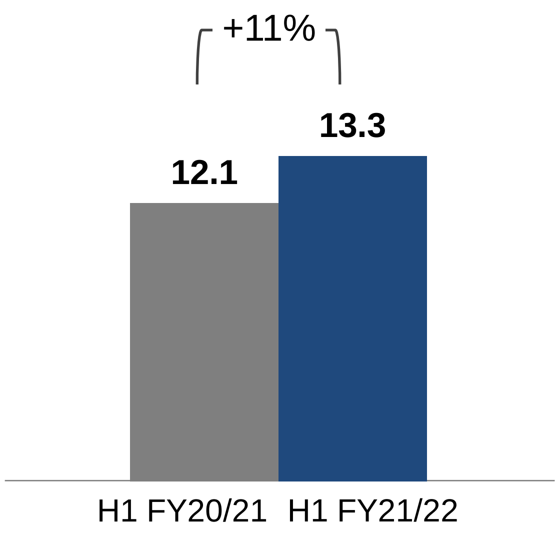
Logistics

CouriersPlease: Volume and revenue growth supported by accelerated eCommerce adoption and new business wins amid the pandemic

CouriersPlease

Volume growth

No. of consignments (mil)



Key Highlights

Network capacity expansion and enhancement underway

Technology upgrade in progress to improve efficiency and service

Higher costs incurred due to Covid-19 infections in workforce

Increase collaboration and synergies with FMH

Key Highlights for Quantium Solutions & Famous Holdings

Quantium Solutions

Performance continues to improve due to new business wins, cost management and process re-engineering

Warehouse utilization close to full, and capacity is being expanded

Build resilience and strengthen cross border and last mile transportation business through synergy with IPP and collaboration with strategic partners

Famous Holdings

Benefitted from higher volume and sea freight rates amid disruption to global supply chains

Able to leverage strong network and relationships thus far to secure capacity and capture new volume

Australia: Scaling up eCommerce logistics capabilities and driving synergies as we build a 2nd home market

Building end-to-end capabilities

- CROSS BORDER SHIPPING
- WAREHOUSE-FULFILLMENT
- FREIGHT FORWARDING
- LAST MILE DELIVERY
- 4PL
- TRANSPORT
- TECH SOLUTIONS

Property

Committed occupancy for SPC Mall and Office remains high; more Industrial space available for lease

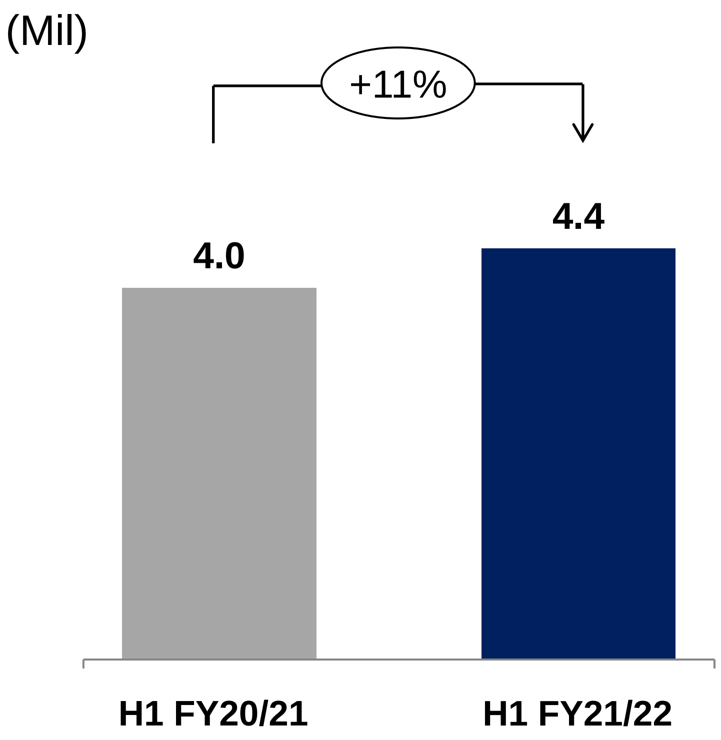
Committed Occupancy

As at	Mar 20	Sep 20	Mar 21	Sep 21
SPC Mall	100%	100%	94.1%	100%
SPC Office/ Enrichment	97.8%	98.8%	96.6%	97.6%
SPC Industrial	100%	100%	100%	0%[1]
SPC Total	**98.5%**	**99.2%**	**96.1%**	**93.3%**
Others[2]	90.9%	96.4%	96.1%	98.4%
Overall	**96.1%**	**98.3%**	**96.1%**	**94.9%**

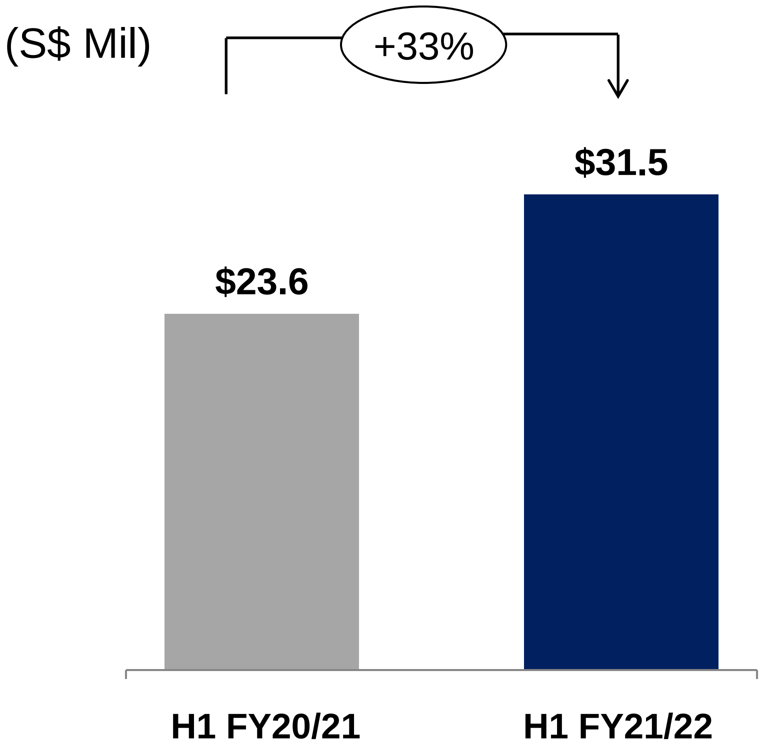
1. Occupancy fell as the sole external tenant in the industrial segment exited
2. Refers to smaller properties such as shophouses and the portion of delivery bases leased to external tenants

Higher SPC Mall Footfall and Tenant Sales

Footfall up 11%



Tenant sales up 33%

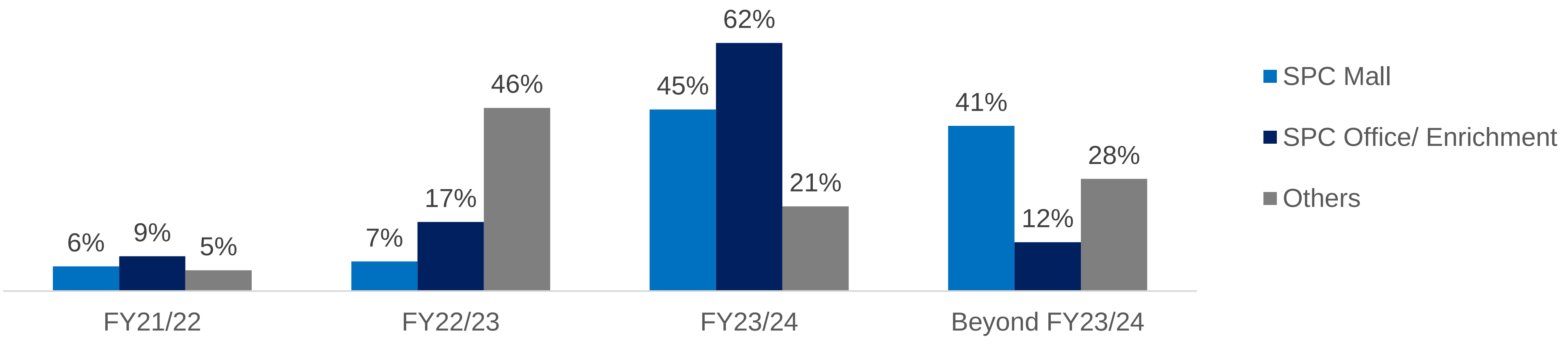


Majority of leases expiring in FY21/22 have been renewed or replaced

Lease Expiries & Renewals

	FY21/22 (Expiring leases)			FY21/22 (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	
SPC Mall	41	50	29%	37	38	22%	77%
SPC Office/ Enrichment	19	87	21%	12	52	13%	60%
Others[1]	15	88	32%	15	74	27%	85%

Lease expiry profile (as at 30 Sep 2021)

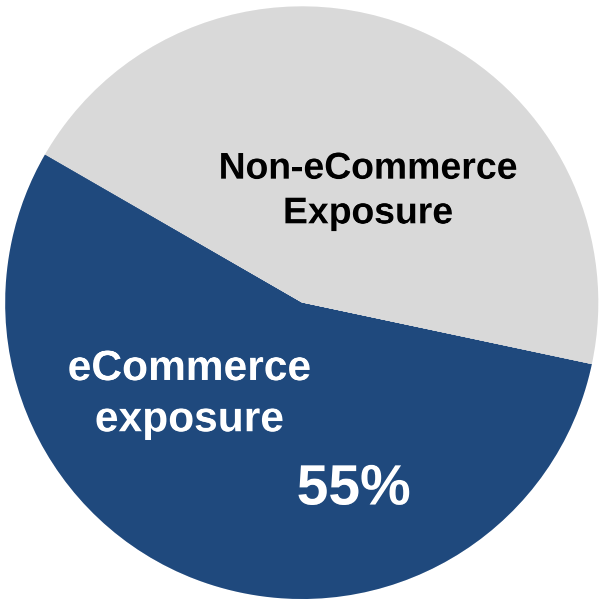


1. Refers to smaller properties such as shophouses and the portion of delivery bases leased to external tenants

Group

Group: eCommerce logistics accounts for ~55% of Group revenue

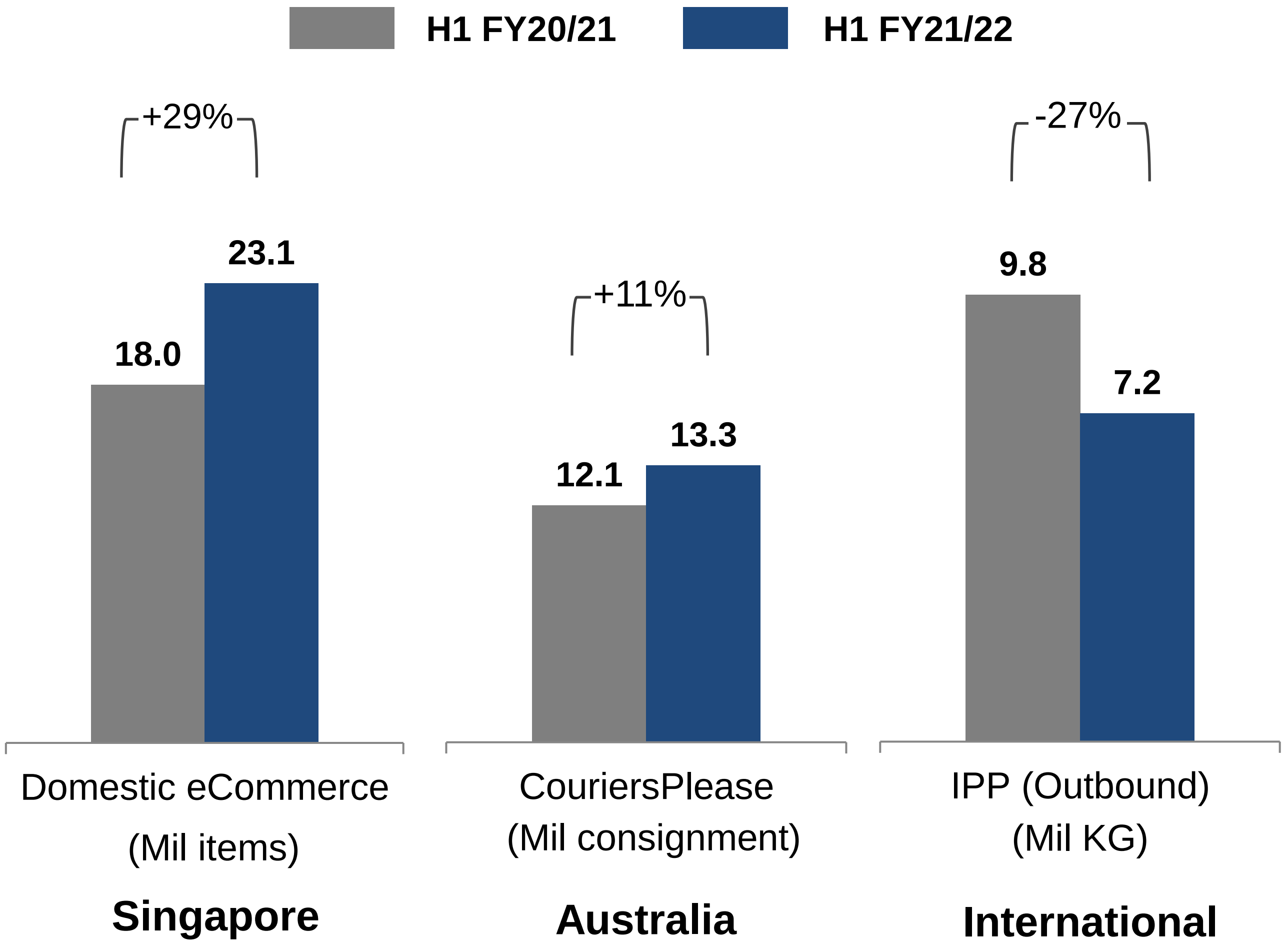
eCommerce related revenue accounted for ~55% of Group revenue in H1 FY21/22



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

Non-eCommerce exposed:
DPP (Mail)
Famous, Property

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



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Post & Parcel

Segment P&L, S$M	H1 FY20/21	H1 FY21/22	% change
Revenue	**394.8**	**325.5**	**(17.5%)**
International	274.7	201.8	(26.6%)
Domestic[1]	120.0	123.8	+3.1%
eCommerce logistics	*34.5*	*45.5*	*+32.0%*
Operating Profit	**23.9**	**11.3**	**(52.6%)**

Decline in International Post & Parcel revenue, partially offset by strong growth in domestic eCommerce logistics

Impacted by absence of government grants such as JSS

1. Includes products and services transacted at the post offices

Total figures may not tally due to rounding

Logistics

Segment P&L, S$M	H1 FY20/21	H1 FY21/22	% change
Revenue	**292.7**	**379.5**	**+29.6%**
eCommerce logistics[1]	166.1	172.7	+4.0%
Freight forwarding[2]	126.7	206.9	+63.3%
Operating Profit	**5.7**	**16.2**	**+184.4%**

Driven by higher revenue from Famous Holdings and CouriersPlease

Mainly due to higher revenue and margins for Famous Holdings

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

Total figures may not tally due to rounding

Property & Self-storage

Segment P&L, S$M	H1 FY20/21	H1 FY21/22	% change
Revenue	**55.4**	**59.8**	**+7.9%**
Property	44.5	48.5	+9.1%
Self-storage	10.9	11.2	+3.1%
Operating Profit	**23.5**	**26.6**	**+13.5%**

Mainly due to lower rental rebates given to tenants

Total figures may not tally due to rounding

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Outlook

Covid-19 continues to create disruption and uncertainty, but has also created opportunities for SingPost

Accelerate investment in Freight Management Holdings (“FMH”), in line with strategy to build a second home market in Australia

The International Post and Parcel business is expected to gradually recover as and when flight capacity normalises

SingPost will continue to invest and execute strategic initiatives to reposition the Group for long term success

SingPost Group Strategy

Transformation to a leading eCommerce logistics solutions provider in Asia-Pacific

Future of Post to dominate domestic market

Second home market in Australia

International logistics business re-engineering

Property as an enabler

Acceleration of investment in FMH

Second home market in Australia

Increase shareholding in Freight Management Holdings ("FMH") from 28% to 51%, subject to shareholder approval

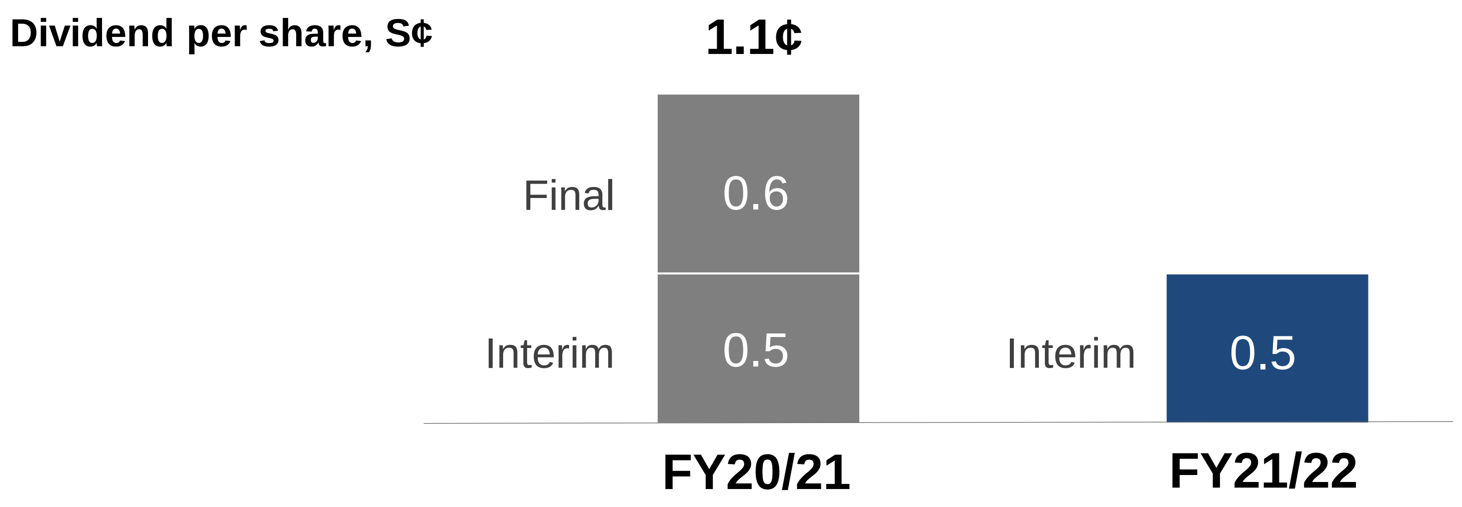
- In line with strategic goals of building a 2nd home market in Australia and transforming into a leading eCommerce logistics solutions provider in Asia-Pacific
- FMH has performed ahead of expectations in the last 12 months, supported by accelerated growth in eCommerce
- Better derive synergies and build scale with FMH being a subsidiary of SingPost Group
- Immediately earnings accretive upon completion

Prudent approach to dividends

While the Group's performance has improved, the International Post & Parcel business continues to be affected by air freight disruptions caused by Covid-19, and it remains unclear when the situation will improve.

The Group will continue to adopt a prudent approach in managing cash flows and conserving cash, taking into account the ongoing execution of strategic initiatives.

For the half year ended 30 September 2021, the Board has announced an interim dividend of 0.5 cent per share.



The interim dividend of 0.5 cent represents around 30% of H1 underlying net profit

Thank You