

LETTER TO SHAREHOLDERS



Dear Shareholders,

COVID-19 resulted in significant disruption and challenges to the business over the past year. While the business demonstrated resilience, the financial impact is seen in a 40% decline in underlying net profit. This reduction largely came from the decline in domestic mail, the disruption of our International Post and Parcel (IPP) business and heightened COVID-related costs. Shareholders would have noted that the restricted flight capacity in and out of Changi Airport has severely disrupted the IPP business, a significant profit contributor

to the Group. Yet, Management has kept the business operating at a break-even level, while continuing to serve key customers, against the expectation that there will be a rebound in the new normal that emerges from this.

Moreover, strong eCommerce volume growth in the Logistics, Domestic Post and Parcel (DPP) segments had buttressed the business against the worst of the headwinds brought about by the pandemic, resulting in a 6.9% rise in Group revenue to S\$1.4 billion, and further validating the repositioning of SingPost as an eCommerce logistics provider.

RESILIENCE

In a COVID-19 environment and given the ongoing uncertainty, your Board has placed emphasis on ensuring the ongoing resilience of the business. It is important that we have liquidity and resources to deal with the possibility of further uncertainty, and the capacity to continue investing in transformation to secure our future. This prudence is reflected in this year's dividend recommendation to shareholders. For the first half year, interim dividends of 0.5 cents per share were paid out, and the Board is recommending a final dividend of 0.6 cents per share for your approval at the upcoming Annual General Meeting. Including the proposed final dividend, total dividends for the financial year would be 1.1 cents per share.

TRANSFORMATION

Overall, the Group has seen strong growth in eCommerce Logistics with a significant uplift in the profitability of our Logistics segment in particular for the year.

COVID-19 proved to be a catalyst for eCommerce adoption globally and Logistics hence moved back into the black for the first time in three years, with the segment poised to grow further as eCommerce cements its position as a new shopping norm.

SINGAPORE

Singapore saw very strong eCommerce logistics growth on the back of market growth and share gains, driven by our innovative, trackable letterbox eCommerce product. For the first time, this growth was able to offset the decline in domestic mail volumes.

Our Future of Post project will put in place new infrastructure to provide better customer experience for mail and parcels, enabled by technology. We will be investing to capture eCommerce logistics growth while providing improved Post and Parcel operations, boosting our productivity and reducing our carbon footprint. Deployment is subject to a successful pilot which is currently underway and subject to receiving the necessary regulatory approvals.

AUSTRALIA

Our Australian businesses have shown strong growth in revenue and profitability and this has been accelerated by our investment into Freight Management Holdings (FMH). Australia is an attractive large logistics

market which is structurally profitable. There is an opportunity for us to build out our platform, achieve greater scale and evolve Australia into a second home market and a key source of future earnings for the Group.

PROPERTY

Your Board regards Property as a business enabler and a source of relatively stable earnings as it has demonstrated through COVID-19. There is potential to further optimise our Property portfolio as we evolve.

OUR EMPLOYEES

It has been a very tough year for all our employees and the Board extends its thanks for their tireless efforts. Our postal workers continued to serve the community throughout COVID-19 and we express our thanks to our Malaysian colleagues who remained in Singapore to do this, many of whom who have not seen their families for more than a year.

GOVERNANCE

Your Board is committed to improving and upholding the highest standards of governance. During the year, the Company moved up 20 places to rank 12th in the Singapore Governance and Transparency Index (SGTI) 2020.

During the year, the Board placed sustainability high on the Company's agenda. Sustainability will be embedded in our strategy, investments, operations and decision-making. To support this, the Board has formed a Sustainability Committee to provide guidance and oversight to Management.

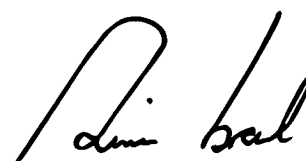
APPRECIATION

Subsequent to the end of the financial year, Paul Coutts resigned as a Director effective 31 May 2021 and as Group Chief Executive Officer with effect from 31 August 2021. In the past four years, Paul has put in place a new management team and reset the Group's strategy around high growth eCommerce logistics in Singapore and the region. The Board and I extend our thanks to Paul for his service and contribution. The Board has embarked on the GCEO succession process, and will announce the appointment of a new GCEO in due course.

I would like to extend my thanks to my fellow Directors who met often during the year, formally and informally, to provide guidance to Management in navigating a difficult year.

On behalf of the Board, I extend our thanks to shareholders for their support and we look forward to meeting with you at this year's AGM.

Yours sincerely,



SIMON ISRAEL
Chairman