

# GCEO REVIEW

The past year has been the most challenging for the business in a most unprecedented manner, as we experienced the full-year impact of the COVID-19 pandemic. On a positive note, SingPost's efforts to overcome these difficulties has shown our resilience, even as we continue to navigate and transform, against the backdrop of uncertainty.

Amid the pandemic, SingPost managed to maintain profitability with a 6.9% rise in Group revenue for the financial year, although we experienced a drop of 40% in underlying net profit. In Singapore, we have increased our market-share in eCommerce deliveries to over 50% of the market, riding on record-growth eCommerce volumes as more people shopped online during the pandemic – which, for the first time, has off-set the accelerated decline in letter mail revenues.

## RESILIENCE AND SOLIDARITY

Starting the financial year just a week prior to Singapore's Circuit Breaker, SingPost sharpened its focus on ensuring the safety of our employees and steadfast commitment to postal delivery as the country locked down to curb the spread of the coronavirus.

Unlike many across the globe, Singapore's postal service remained undisrupted despite a dire manpower shortage from COVID-19 cases, quarantined employees and team members across the Causeway affected by Malaysia's Movement Control Order. Yet, it was also during this time that we stepped up to support many government and community initiatives in the fight against COVID-19. This included the distribution of medication, hand sanitisers and face masks, alongside other efforts in helping the vulnerable cope with the fallout brought about by the pandemic.

We also launched Asia's first charity stamps on World Kindness Day to help children with special needs from the Movement for the Intellectually Disabled of Singapore (MINDS). These

stamps were the first in the region to have their sales proceeds wholly donated to charity.

As a show of solidarity, the Board and my executive team voluntarily took salary reductions for a year. The additional funds were channeled towards allowances and bonuses of frontline team members, who continued to serve the community with much bravery and pride during the pandemic.

## COMMITMENT TO TRANSFORMATION

Continuous innovation remains the way forward for SingPost to stay relevant and competitive. Beyond simply transforming our infrastructure, products and processes, the mindsets of our people will have to shift too, for our collective development towards the future. And to progress as one, we need to identify the right talent to lead our transformation efforts.

Our investment in a digital transformation and Future of Post has made us more agile in face of the challenges brought about by the pandemic. With rapid growth in eCommerce volumes, we forged ahead with our Future of Post vision, with a one-year public trial of our next-generation smart letterbox, PostPal, in December 2020.

PostPal, with its fully automated mail sorting and delivery technology, will overhaul Singapore's traditional letterbox infrastructure, upgrade the role of the postman, and upskill our people.

This is but the first step in our re-engineering of our postal business to capitalise on smart urban logistics in Singapore, with the aim to transform the national postal system into a national delivery infrastructure and network to move and with the potential to distribute all goods, beyond postal items.

On World Post Day, and for the first time since 2011, we introduced new designs for the entire suite of uniforms

for uniformed team members. The new look represents a modern and relevant take on the storied history of Singapore's postal service, even as SingPost embarks on Singapore's urban transformation with its PostPal smart letterbox initiative and the job upskilling of the postman.

In 2020, SingPost was ranked amongst the world's Top 10 Postal Service operators by the Universal Postal Union (UPU), a jump of eight places from the year before. We were also recognised by our regulator for achieving good performance in their recent assessment of our Quality of Service for 2020, even during the pandemic.

## BUILDING A SECOND HOME MARKET

Even as the pandemic continues to create disruptions across the global economy, SingPost actively explored opportunities to navigate through the challenges, and at the same time, sought new eCommerce growth opportunities in both Singapore, and the Asia-Pacific.

In October 2020, we announced our strategic investment in Freight Management Holdings (FMH), a 4<sup>th</sup> party logistics (4PL) service company, to scale up our eCommerce logistics capabilities in Australia.

With our current presence in one of the largest eCommerce markets in Asia-Pacific, our latest investment in Australia will be an additional boost to both CouriersPlease as well as Quantum Solutions Australia in providing an end-to-end eCommerce logistics solution, via a hybrid 4PL carrier integrated network. This fulfils both B2B as well as B2C requirements and provides a seamless service within Australia and the wider Asia-Pacific region. We will no doubt reap synergistic benefits, build scale, and grow volumes as we make further inroads in Australia's eCommerce market.

Australia is therefore evolving into a second home market for the Group



and we are building a strong B2B2C network to capitalise on the growing demand for integrated supply chains as well as eCommerce.

## GOING FORWARD

There remains significant uncertainty in the operating environment due to COVID-19. The extent and duration of the headwinds are dependent on the developments of the global pandemic. The performance of certain business segments will continue to be affected by factors beyond our control, including the impact of higher international conveyance costs out of Changi Airport in Singapore.

Even as the world continues to battle the pandemic, the climate crisis is yet another priority we have our eye keenly set on fighting against. The recent

hiring of our Head of Sustainability to spearhead the Environmental, Sustainability and Governance (ESG) pillars across the business is just but a start of our strengthened emphasis in this arena.

SingPost will continue to execute our transformation initiatives to reposition ourselves for the long term while carefully managing expenses, cashflow and liquidity. We remain committed to the Future of Post, building new growth avenues, and moving forward with our Sustainability agenda.

## THANK YOU

I would like to extend my heartfelt appreciation to all our employees, in particular our postmen, parcel ambassadors and post office teams, for their commitment to serving the

public throughout the pandemic. Without our people, SingPost will not be where it is today, as we are Stronger as One.

Also, to the Board of Directors, shareholders, partners, customers, and the Union, thank you for your support, commitment, and patience, as SingPost manages the challenges and the journey ahead.

Yours sincerely,

**PAUL COUTTS**  
Group Chief Executive Officer