FINANCIAL REVIEW AND OUTLOOK

GROUP	Financial Year ended 31 March 2023 S$'000	2022 S$'000	Change %
Revenue	**1,872,259**	1,665,579	12.4
Operating profit	**93,166**	112,074	(16.9)
Share of profit of associated companies and joint ventures	**23**	4,847	(99.5)
Profit after tax	**38,760**	87,743	(55.8)
Exceptional items, net of tax [(1)]	**(7,705)**	1,858	N.M.
Net profit attributable to equity holders	**24,679**	83,112	(70.3)
Underlying net profit [(2)]	**32,384**	81,254	(60.1)
Basic earnings per share (S cents)	**0.62**	3.09	(79.9)
Underlying earnings per share (S cents) [(2)]	**0.96**	3.01	(68.1)

Note:

(1) Exceptional items comprised one-off items such as asset impairment, fair value changes on investment properties, fair value loss on put option redemption liability, gains or losses on sale of investments and property, plant and equipment, M&A related expenses and others.

(2) Underlying net profit is defined as net profit before exceptional items, net of tax. Underlying earnings per share has been re-presented to exclude the underlying net profit attributable to perpetual securities holders of the Company.

N.M. Not meaningful.

REVENUE	Financial Year ended 31 March 2023 S$'000	2022 S$'000	Change %
Logistics	**1,322,358**	998,530	32.4
Post and Parcel	**521,347**	622,334	(16.2)
Property	**88,331**	114,906	(23.1)
Inter-segment eliminations*	**(59,777)**	(70,191)	(14.8)
	1,872,259	1,665,579	12.4

* Inter-segment eliminations relate to the elimination of inter-segment billings for internal services to better reflect the profitability of each business segment.

OPERATING PROFIT	Financial Year ended 31 March 2023 S$'000	2022 S$'000	Change %
Logistics	**84,742**	44,295	91.3
Post and Parcel	**(15,874)**	24,851	N.M.
Property	**44,012**	52,867	(16.7)
Others [#]	**(19,714)**	(9,939)	(98.3)
	93,166	112,074	(16.9)

[#] Others refer to unallocated corporate overhead items

N.M. Not meaningful.

FINANCIAL REVIEW AND OUTLOOK

Group

The Group's transformation yielded results as revenue grew 12.4% to a record of S$1.87 billion for the full year ended 31 March 2023 ("FY22/23"). The Group's new engine of growth in Australia replaced the declines in revenues from Post & Parcel and freight forwarding businesses during the year.

Logistics

Logistics revenue increased by 32.4% in FY22/23, mainly due to the consolidation of FMH for the full year compared to four months in the previous financial year.

Revenue from the Australia businesses – FMH and CouriersPlease, nearly doubled from S$413.6 million to S$815.1 million for the full year with the consolidation of FMH. FMH's B2B business continued to perform well, driven by increased volumes from customers and acquisition of new customers, as well as inorganic contribution from its strategic acquisitions. This helped to offset the impact of lower revenue from CouriersPlease's B2C last mile delivery business due to decrease in eCommerce delivery volumes following the easing of pandemic restrictions.

In the freight forwarding business, Famous Holdings recorded exceptional revenues during the pandemic. Freight rates and volumes have since begun to normalise. Consequently, revenue declined 12.7% from S$478.4 million to S$417.7 million.

Overall Logistics operating profit grew by 91.3% for the full year, largely contributed by the strong performance of both FMH and Famous Holdings.

Post and Parcel

The Post & Parcel segment recorded revenue decline of 16.2% for FY2022/23.

Domestic Post and Parcel ("DPP") revenue declined by 9.3% for the full year. There was a higher base effect from the previous year which recorded significant eCommerce volumes during the pandemic. eCommerce logistics volumes were also lower due to reduced volumes from a major eCommerce customer who insourced part of its logistics. The volume of letters and printed papers continued to decline.

International Post & Parcel ("IPP") revenue declined by 20.5% for the full year. IPP was negatively impacted, particularly in the first quarter of the financial year, by pandemic-related lockdowns in China which reduced cross-border eCommerce logistics volumes.

The Post & Parcel segment recorded an operating loss of S$15.9 million, compared to a profit of S$24.9 million in the previous financial year. The full year loss in DPP and IPP was due to the decline in delivery volumes, coupled with inflationary increases in labour, utility, fuel and conveyance expenses.

Property

Property revenue, comprising revenue from SingPost Centre and other properties, was lower following the divestment of self-storage business General Storage Company in December 2021. Overall occupancy at SingPost Centre was higher at 98.2% as at 31 March 2023, compared to 95.8% as at 31 March 2022, due to increased take-up of office space.

Others

The Others segment refers to corporate overhead expenses which include share-based compensation. Prior year expenses included a reversal of share-based compensation. On a comparable basis, corporate overhead expenses were relatively flat.

FINANCIAL REVIEW AND OUTLOOK

Operating Expenses

Total operating expenses rose 14.3% to S$1.78 billion for the full year.

Volume-related expenses, which include conveyance costs and outpayments for international postal terminal dues, recorded an increase of 15.5% to S$1.2 billion, mainly due to the consolidation of the full year results of FMH which offset declines in conveyance costs in the cross-border eCommerce logistics and freight forwarding businesses.

The consolidation of FMH's full year results also resulted in increases in labour and related, administrative, depreciation and amortisation, and selling-related expenses.

Labour and related expenses were higher by 13.2% to S$350.7 million, largely due to higher manpower costs.

Administrative expenses rose by 9.5% to S$126.2 million. Besides the consolidation of FMH, the higher administrative expenses were also due to increase in property-related expenses.

Depreciation and amortisation expenses increased by 10.9% to S$82.6 million for the full year.

Selling-related expenses were higher by 32.2% to S$9.7 million from S$7.4 million.

Other Income

Other income decreased from S$6.7 million to S$4.1 million for the full year primarily due to a decrease in trade-related foreign exchange gains.

Share of Results of Associated Companies and Joint Ventures

Bulk of the share of profit from associated companies and joint ventures in the previous year was from FMH when it was an associated company. Following the increase in shareholding in FMH and its consolidation as a subsidiary, share of profit from associated companies and joint ventures was not significant as contributions from associated companies in Hong Kong and Vietnam offset declines from associated companies in Malaysia.

Exceptional Items

Exceptional loss amounted to S$7.7 million, compared to a gain of S$1.9 million last year. This was largely attributable to a fair value charge of S$21.7 million arising from a higher put option redemption liability on FMH as a result of a higher valuation of the company, partially offset by fair value gain on investment properties of S$18.6 million.

Interest Income and Finance Expense

Interest and investment income amounted to S$2.1 million, as higher interest income offset foreign exchange loss on foreign currency loans.

Finance Expenses

The increase in finance expenses was due to higher interest expenses on the Group's borrowings.

Income Tax Expense

Income tax expense increased by 49.1% to S$29.2 million, largely due to higher tax expense from FMH contributions.

Non-controlling Interest

Non-controlling interest was higher largely attributable to the consolidation of FMH.

FINANCIAL REVIEW AND OUTLOOK

Net Profit and Underlying Net Profit

Compared to the previous year, net profit declined by 70.3% for the full year, mainly due to operating losses in Post & Parcel of S$15.9 million, and increased finance and tax expenses. Excluding exceptional items, underlying net profit was S$32.4 million for the full year.

CASH FLOW	Financial Year ended 31 March 2023 S$'000	2022 S$'000	Change %
Net cash inflow from operating activities	**115,656**	89,526	29.2
Net cash used in investing activities	**(27,182)**	(53,303)	(49.0)
Net cash provided by / (used in) financing activities	**126,784**	(255,767)	N.M.
Net increase / (decrease) in cash and cash equivalents	**215,258**	(219,544)	N.M.
Cash and cash equivalents at beginning of year	**280,438**	501,212	(44.0)
Changes in cash and cash equivalents transferred to assets held for sale	**–**	(1,230)	N.M.
Cash and cash equivalents at end of year	**495,696**	280,438	76.8
Free cash flow	**87,227**	65,268	33.6
Cash capital expenditure as a percentage of revenue	**1.5%**	1.5%	

N.M. Not meaningful.

Operating Activities

Operating cash flow before working capital changes as at 31 March 2023 was S$156.6 million, compared to S$169.1 million last year. Changes in net working capital of S$8.2 million were largely due to movements in trade and other payables. Operating cash flow from operating activities was higher at S$115.7 million compared to S$89.5 million previously.

Investing Activities

Net cash used in investing activities was S$27.2 million, compared to S$53.3 million in the previous period. The decrease was largely due to the proceeds from the maturity of financial assets, interest received, repayment of loans by associated companies and proceeds from the disposal of an associated company, compared to the significant cash outflow in prior years to acquire new subsidiaries.

Financing Activities

Net cash inflow from financing activities amounted to S$126.8 million, compared to outflow of S$255.8 million last year. This was mainly due to proceeds from the issuance of perpetual securities and additional bank loans, which offset cash paid for the acquisition of non-controlling interests in existing subsidiaries, repayments of other bank loans and principal portion of lease liabilities, interest paid, dividends paid to shareholders and non-controlling interests, and distribution paid to perpetual securities holders.

Free Cash Flow

The Group's free cash flow (operating cash flow less capital expenditure) was higher at S$87.2 million, compared to S$65.3 million in the previous year. This due to higher operating cash flow and lower capital expenditure of S$27.2 million which comprised expenditure on computer hardware, software applications, motor vehicles and furniture & fittings.

FINANCIAL REVIEW AND OUTLOOK

CAPITAL MANAGEMENT

The Group remains committed to an optimal capital structure and regularly reviews its capital structure to balance capital efficiency and financial flexibility.

The Group issued S$250 million of perpetual securities in April 2022, as part of its exercise to restructure its debt and equity profile, so as to manage overall financing costs and optimise the balance sheet for the financing of future growth and investments.

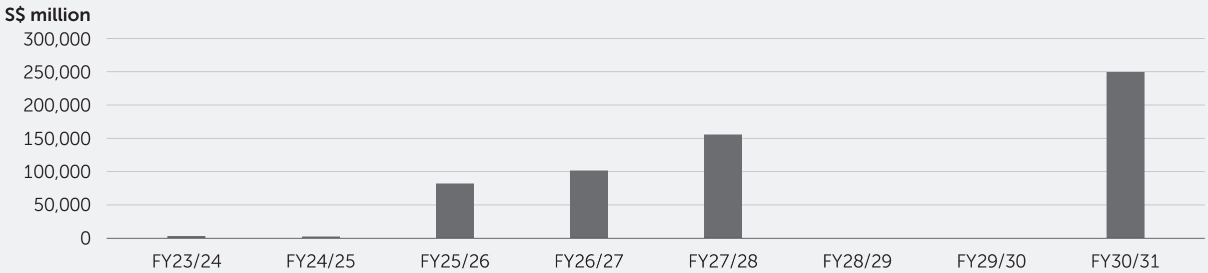
As the Group invests further for long-term growth, it regularly reviews its assets for strategic fit and financial returns considerations, as well as opportunities to unlock value. During the financial year, the Group divested its holdings in indirect subsidiary Sino-Famous Intertrans Co., Ltd, associated company Hubbed Holdings Pty Ltd, and the eCommerce business of SP eCommerce. The Group also announced the potential disposal of its interest in Shenzhen 4PX Information and Technology Co., Limited.

	Financial Year ended 31 March		
	2023	2022	Change
GROUP DEBT AND PERPETUAL SECURITIES	**S$'000**	S$'000	%
Total debt	**624,390**	517,008	20.8
Cash	**495,696**	280,438	76.8
Net debt	**(128,694)**	(236,570)	(45.6)
Total shareholders' equity	**1,374,298**	1,142,101	20.3
Perpetual securities	**251,504**	–	N.M.
Net debt plus perpetual securities to total shareholders' equity (%) *	**27.7%**	20.7%	
EBITDA to finance expenses (number of times)	**8.6**	13.1	

* Presented for comparative purposes.
N.M. Not meaningful.

Total borrowings increased from S$517.0 million as at 31 March 2022 to S$624.4 million as at 31 March 2023, largely due to additional long-term Australian dollar bank loan. The Group's borrowings are predominantly medium to long term in tenure, with approximately 93% locked in at fixed rates.

Debt Maturity Profile as at 31 March 2023



The Group was in a net debt of S$128.7 million as at 31 March 2023, compared to S$236.6 million as at 31 March 2022. EBITDA to interest expense was 8.6 times, compared to 13.1 times in the previous year.

Total shareholders' equity stood at S$1.4 billion as at 31 March 2023, compared to S$1.1 billion as at 31 March 2022. The increase was mainly due to the issue of perpetual securities in April 2022.

FINANCIAL REVIEW AND OUTLOOK

DIVIDEND

	Cents per share
Interim dividend	0.18
Proposed final dividend *	0.40
Total dividends paid and proposed in relation to FY2022/23	**0.58**

* Subject to shareholders' approval at the AGM.

OUTLOOK

In the near term, the operating environment continues to pose challenges as the global economic outlook remains weak amidst inflationary pressures and tight financial conditions. Weaker consumer spending may continue to negatively impact eCommerce activities, which have normalised to pre-pandemic growth trajectory. Operating costs such as manpower costs have increased across all our markets.

In Australia, the accelerated acquisition of additional interest in FMH, which raised SingPost's shareholdings in FMH from 51% to 88%, was completed on 31 March 2023. The Group is exploring further transformative acquisitions, as well as driving greater synergies among the Australian businesses.

Famous Holdings recorded exceptional profits during the pandemic. With the reduction in sea freight rates, its profit is expected to decline.

The Post & Parcel segment recorded its first-ever loss for FY2022/23, and the Group expects it to continue to be loss making in FY2023/24. SingPost is reviewing the commercial sustainability of the domestic postal business.

With the reopening of China and lower conveyance costs, IPP's cross-border eCommerce business is showing improvement. The Group will continue to expand its presence in key markets and strengthen its cross-border eCommerce logistics capabilities with new cross-border solutions and networks to further tap the global eCommerce logistics market.

In the Property business demand for commercial leasing in the Paya Lebar Central area remains healthy, and we are actively engaging with tenants and prospects to renew expiring leases and sign up new leases.

Board initiates Group strategic review

SingPost is transforming into a global logistics enterprise and is well-positioned in high growth markets, with the scope for further transformational investment. As the next step in transformation, the Board has initiated a strategic review of the Group's portfolio of businesses, with a view to enhancing shareholder returns and ensuring the Group is appropriately valued.

The Group will make further announcements as appropriate on the outcome of the strategic review. Shareholders and investors are advised to exercise caution when dealing in the shares of the Company.